

CITY OF MARMADUKE WATER AND SEWER DEPARTMENT
Marmaduke, Arkansas

For the Year Ended December 31, 2021

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
AND COMPILATION REPORT

CITY OF MARMADUKE
WATER AND SEWER DEPARTMENT
MARMADUKE, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
Of City of Marmaduke, Arkansas Water and Sewer Department
Marmaduke, Arkansas

We have performed the procedures enumerated below, which were agreed to by the Mayor, City Council and management on the procedures specified by the Arkansas Legislative Joint Auditing Committee, in accordance with Arkansas Code Ann. § 14-234-119 for the City of Marmaduke, Arkansas, Water and Sewer Department (the Department), for the year ended December 31, 2021. The Department's management is responsible for the Department's accounting records. The sufficiency of these procedures is solely the responsibility of the Arkansas Legislative Joint Committee. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- B. Confirm with depository institutions the cash on deposit and investments.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Findings: We found no exceptions as a result of the above procedures.

2. Receipts

- A. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- B. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information.

Findings: We found no exceptions as a result of the above procedures.

3. Accounts Receivable

- A. Agree ten customer billings to the accounts receivable subledger.
- B. Determine that five customer adjustments were properly authorized.

Findings: We found no exceptions as a result of the above procedures.

4. Disbursements

- A. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- B. Analyze all property, plant, and equipment disbursements.
- C. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

Findings: We found no exceptions as a result of the above procedures.

5. Property, Plant & Equipment

- A. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment of \$500, whichever is greater.)

Findings: We found no exceptions as a result of the above procedures.

6. Long-Term Debt

- A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes and contracts payable with the lender/trustee/contractor.
- C. Determine that the appropriate debt service accounts have been established and maintained.

Findings: We found no exceptions as a result of the above procedures.

7. General

- A. Determine that any items of financial significance were approved and documented in the minutes of the governing body’s meetings.

Findings: We found no exceptions as a result of the above procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on procedures specified by Arkansas Code Ann. § 14-234-119. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Arkansas Legislative Joint Auditing Committee, USDA Rural Development and City of Marmaduke Water and Sewer Department and is not intended to be and should not be used by anyone other than those specified parties.



Scherer, Grayham & Clark, LLP
Kennett, Missouri
March 15, 2023

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor, City Council and Management of
the City of Marmaduke, Arkansas Water and Sewer Department
Marmaduke, Arkansas

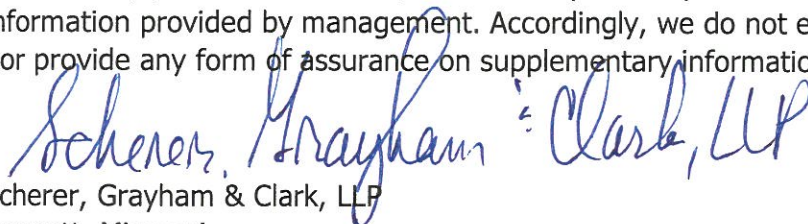
Management is responsible for the accompanying financial statements of the City of Marmaduke Water and Sewer Department (a governmental organization), which comprise the statement of assets, liabilities, and net position-modified cash basis as of December 31, 2021 and the related statement of cash receipts and cash disbursements for the year then ended. Management is also responsible for determining the modified-cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures required in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Department's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the modified cash financial statements. We did not audit or review the supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the supplementary information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on supplementary information.


Scherer, Grayham & Clark, LLP

Kennett, Missouri
March 15, 2023

**CITY OF MARMADUKE WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

ASSETS

CURRENT ASSETS

| | |
|-------------------------|-----------|
| Cash | \$ 88,331 |
| Certificate of deposits | 74,380 |
| | 162,711 |

RESTRICTED ASSETS

| | |
|------|--------|
| Cash | 92,128 |
|------|--------|

CAPITAL ASSETS

| | |
|---|------------|
| Capital assets, net of accumulated depreciation | 366,828 |
| | \$ 621,667 |

TOTAL ASSETS

LIABILITIES AND NET POSITION

CURRENT LIABILITES

| | |
|--------------------------------------|-----------|
| Customer deposits | \$ 66,496 |
| Current maturities of long-term debt | 20,577 |
| | 87,073 |

TOTAL CURRENT LIABILITIES

LONG TERM LIABILITIES

| | |
|---|---------|
| Long term debt, net of current maturities | 152,319 |
|---|---------|

TOTAL LIABILITIES

| |
|---------|
| 239,392 |
|---------|

NET POSITION

| | |
|----------------------------------|---------|
| Net investment in capital assets | 211,522 |
| Restricted | 25,632 |
| Unrestricted | 145,121 |
| | 382,275 |

TOTAL NET POSITION

TOTAL LIABILITIES AND NET POSITION

| |
|------------|
| \$ 621,667 |
|------------|

**CITY OF MARMADUKE WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

CASH RECEIPTS

| | |
|---|------------|
| Water sales | \$ 176,614 |
| Sewer sales | 149,117 |
| Reconnect fees | 1,041 |
| Miscellaneous revenue | 2,064 |
| Meter deposits and taps | 7,280 |
| Interest | 113 |
| Sanitation | 100,684 |
| Contribution from General Fund- Sales Tax | 9,000 |
| Adjustment to Certificates of Deposit | 13,558 |

TOTAL CASH RECEIPTS

459,471

CASH DISBURSEMENTS

| | |
|---|-------------------|
| Debt Services: | |
| Principal | 19,576 |
| Interest | 6,056 |
| Capital Outlay | 12,281 |
| Chemicals | 66,528 |
| Clothing | 1,850 |
| Contract Labor | 2,272 |
| Deposit refunds | 1,881 |
| Employee benefits | 5,521 |
| Equipment lease | 8,322 |
| Insurance | 3,383 |
| Lab testing | 2,263 |
| Miscellaneous | 1,371 |
| Operation and maintenance | 35,450 |
| Payroll taxes | 3,167 |
| Professional fees | 2,728 |
| Retirement | 4,413 |
| Salaries | 116,513 |
| Sales tax | 11,221 |
| Sanitation fees | 100,684 |
| Software | 1,718 |
| Training | 961 |
| Utilities | 40,062 |
| Supplies | 10,357 |
| Network Managed Services | 3,900 |
| Transfer to City Emergency Fund | 80,000 |
| TOTAL CASH DISBURSEMENTS | <u>542,478</u> |
| INCREASE/(DECREASE) IN CASH | (83,007) |
| BEGINNING CASH, AT JANUARY 1, 2021 | <u>263,467</u> |
| ENDING CASH, AT DECEMBER 31, 2021 | <u>\$ 180,460</u> |

SUPPLEMENTARY
INFORMATION

CITY OF MARMADUKE WATER AND SEWER DEPARTMENT
WATER AND SEWER RATES
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

| WATER RATES | |
|---------------------|-----------------------------|
| Residential | |
| First 2,000 gallons | \$ 14.25 (minimum) |
| Next 3,000 gallons | \$ 3.10 (per 1,000 gallons) |
| Next 5,000 gallons | \$ 2.15 (per 1,000 gallons) |
| Over 10,000 gallons | \$ 1.85 (per 1,000 gallons) |
| Commercial | |
| First 5,000 gallons | \$ 23.50 (minimum) |
| Next 15,000 gallons | \$ 1.80 (per 1,000 gallons) |
| Next 20,000 gallons | \$ 1.80 (per 1,000 gallons) |
| Over 40,000 gallons | \$ 1.80 (per 1,000 gallons) |

| SEWER RATES | |
|---------------------|-----------------------------|
| Residential | |
| First 2,000 gallons | \$ 12.50 (minimum) |
| Next 3,000 gallons | \$ 2.60 (per 1,000 gallons) |
| Next 5,000 gallons | \$ 2.00 (per 1,000 gallons) |
| Over 10,000 gallons | \$ 1.75 (per 1,000 gallons) |
| Commercial | |
| First 5,000 gallons | \$ 19.50 (minimum) |
| Next 15,000 gallons | \$ 1.80 (per 1,000 gallons) |
| Next 20,000 gallons | \$ 1.80 (per 1,000 gallons) |
| Over 40,000 gallons | \$ 1.80 (per 1,000 gallons) |