
CITY OF QUITMAN, ARKANSAS,
WATER AND SEWER DEPARTMENT

AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City Council,
City of Quitman, Arkansas, Water and Sewer Department

We have performed the procedures enumerated below, which were agreed upon by the management of the City of Quitman, Arkansas, Water and Sewer Department in order to comply with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Audit Committee solely to assist you with respect to the accounting records of City of Quitman, Arkansas, Water and Sewer Department as of and for the year ended December 31, 2023. City of Quitman, Arkansas, Water and Sewer Department's management is responsible for the entity's accounting records. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. 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

- a) Perform a proof of cash for the year and reconcile the year-end balances to book balances.
- 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.

We found no exceptions as a result of the 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 the receipt information.

We found no exceptions as a result of the procedures.

3) Accounts Receivable

- a) Agree ten customer billings to the accounts receivable subledger.
- b) Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the 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.

We found no exceptions as a result of the procedures.

5) Property, Plant and Equipment

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

We found no exceptions as a result of the 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 lender/trustee/contractor.
- c) Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

7) General

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

We found no exceptions as a result of the procedures.

- 8) We compiled a statement of net position of City of Quitman, Arkansas, Water and Sewer Department as of December 31, 2023, and the related statement of revenues, expenses and changes in net position for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A copy of our report is included with this submission.

This agreed-upon procedures report 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, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. 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 management of the Department, the Board of Directors, and Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Turner, Williams and Associates, P.A.

Turner, Williams and Associates, P.A.
Searcy, Arkansas

October 29, 2024

CITY OF QUITMAN, ARKANSAS,
WATER AND SEWER DEPARTMENT
COMPILED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the City Council,
City of Quitman, Arkansas, Water and Sewer Department

Management is responsible for the accompanying financial statements of City of Quitman, Arkansas, Water and Sewer Department, which comprise the statement of net position as of December 31, 2023 and the related statement of revenues, expenses and changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 assurance on these financial statements.

Management has elected to omit substantially all the disclosures and statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Department's net position and statement of revenues, expenses and changes in net position. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Turner, Williams and Associates, P.A.

Turner, Williams and Associates, P.A.
Searcy, Arkansas

October 29, 2024

CITY OF QUITMAN, ARKANSAS, WATER AND SEWER DEPARTMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

<u>Current assets</u>	
Cash	\$ 186,863
Accounts receivable	38,653
Prepaid expense	2,572
Total current assets	<u>228,088</u>
<u>Other assets</u>	
Restricted cash	<u>176,736</u>
<u>Long-term assets</u>	
Property and equipment, net of depreciation	<u>2,927,341</u>
Total long-term assets	<u>2,927,341</u>
TOTAL ASSETS	<u>3,332,165</u>
<u>Deferred outflows of resources</u>	
Deferred outflows of resources related to pension	<u>119,047</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,451,212</u>

LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND NET POSITION

<u>Current liabilities</u>	
Accounts payable	22,204
Accrued expenses	2,993
Customer meter deposits	70,562
Current portion of notes and bonds payable	20,508
Total current liabilities	<u>116,267</u>
<u>Long-term liabilities</u>	
Net pension liability	213,611
Notes and bonds payable, net of current portion	<u>878,682</u>
Total noncurrent liabilities	<u>1,092,293</u>
TOTAL LIABILITIES	<u>1,208,560</u>
<u>Deferred inflows of resources</u>	
Deferred inflows of resources related to pension	<u>69,785</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,278,345</u>
<u>Net position</u>	
Net investment in capital assets	2,028,151
Restricted	
Restricted for debt service	25,106
Restricted for capital improvements	81,068
Unrestricted	38,542
Total net position	<u>2,172,867</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,451,212</u>

The accompanying notes are an integral part of these financial statements.

CITY OF QUITMAN, ARKANSAS, WATER AND SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Operating revenue</u>	
Water, garbage and sewer revenue	491,930
Connection fees	9,820
Other revenue	4,941
Total operating revenue	<u>506,691</u>
<u>Operating expenses</u>	
Wages	128,435
Taxes - payroll	10,096
Contract labor	16,155
Fringe benefits	29,230
Utilities	33,740
Miscellaneous	4,347
Taxes - sales	34,015
Supplies and repair	47,913
Truck	7,639
Insurance	3,020
Professional fees	16,131
Administrative fees	2,674
Water	175,951
Depreciation	82,034
Total operating expenses	<u>591,380</u>
Net operating income/(loss)	<u>(84,689)</u>
<u>Nonoperating revenue/(expenses)</u>	
Interest income	28,807
Interest expense	(14,790)
Sales tax revenue contributed by city	74,481
Nonoperating revenue/(expenses), net	<u>88,498</u>
Increase/(Decrease) in net position	\$ 3,809
Net position, beginning of year	2,169,058
Net position, end of year	<u>\$ 2,172,867</u>

The accompanying notes are an integral part of these financial statements.