

TOLLETTE WATER AND SEWER SYSTEM

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TOLLETTE, ARKANSAS

DECEMBER 31, 2023

TOLLETTE WATER AND SEWER SYSTEM
TOLLETTE, ARKANSAS

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Tollette Water and Sewer System
Tollette, Arkansas

We have performed the procedures enumerated below on the accounting records of Tollette Water and Sewer System as of and for the year ended December 31, 2023. Tollette Water and Sewer System's management is responsible for the entity's accounting records.

Tollette Water and Sewer System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 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 sub ledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- 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 procedure.

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 procedure.

We were engaged by Tollette Water and Sewer System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of Tollette Water and Sewer System. 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.

We are required to be independent of Tollette Water and Sewer System and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
June 25, 2024

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Tollette Water and Sewer System
Tollette, AR

Management is responsible for the accompanying financial statements of Tollette Water and Sewer System, which comprise the statement of assets, liabilities, and net position – cash basis as of December 31, 2023, and the related statement of cash receipts and cash disbursements – cash basis for the year then ended in accordance with the cash basis of accounting, and for determining that the 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 statement 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.

The financial statements are prepared in accordance with the 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 by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Tollette Water and Sewer System's cash position, and results of operations – cash basis. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis and budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
June 25, 2024

TOLLETTE WATER AND SEWER SYSTEM
STATEMENT OF ASSETS, LIABILITIES
AND NET POSITION - CASH BASIS
DECEMBER 31, 2023

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ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents \$ 28,177

RESTRICTED ASSETS:

Restricted Cash - Debt Service 25,673

Restricted Cash - Asset Replacement Reserve 9,972

Restricted Cash - American Rescue Plan 17,159

Restricted Cash - Meter Deposits 6,119

Restricted Certificate of Deposit - Meter Deposits 2,600

TOTAL RESTRICTED ASSETS 61,523

TOTAL ASSETS \$ 89,700

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Current Portion of Long-Term Debt \$ 14,692

LIABILITIES PAYABLE FROM RESTRICTED ASSETS:

Meter Deposits Payable 8,770

LONG-TERM LIABILITIES:

Notes Payable 174,189

TOTAL LIABILITIES 197,651

NET POSITION:

Restricted 52,753

Unrestricted (160,704)

TOTAL NET POSITION (107,951)

TOTAL LIABILITIES AND NET POSITION \$ 89,700

See Independent Accountants' Compilation Report.

TOLLETTE WATER AND SEWER SYSTEM
 STATEMENT OF CASH RECEIPTS AND
 CASH DISBURSEMENTS
 FOR YEAR ENDED DECEMBER 31, 2023

CASH RECEIPTS:

Customer Collections	\$ 74,751
Meter Deposits Collected (Net)	390
Other Revenue	35,918
Interest Income	58
TOTAL CASH RECEIPTS	111,117

CASH DISBURSEMENTS:

Salaries, Wages, Labor and Payroll Taxes	48,333
Debt Service - Interest	9,566
Debt Service - Principal	13,990
Insurance	2,057
Office Expense	12,606
Professional Fees	2,442
Repairs and Supplies	10,569
Sales Tax Remittance	3,099
Trash Pickup / Dump Fees	1,487
Travel	4,984
Miscellaneous	7,175
Utilities	8,326
TOTAL CASH DISBURSEMENTS	124,634

NET CHANGE IN CASH	(13,517)
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	100,617
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CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 87,100
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See Independent Accountants' Compilation Report.