

TURRELL WATER AND SEWER DEPARTMENT
TURRELL, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON
AGREED-UPON PROCEDURES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Turrell Water and Sewer Department
Turrell, Arkansas 72384

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122, of the Turrell Water and Sewer Department as of December 31, 2023, and for the year then ended. The Turrell Water and Sewer Department's management is responsible for the Entity's accounting records.

The management of the Turrell Water and Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended compliance with Ark. Code Ann. 14-234-119 to 122. Additionally, the Mayor and Council of the City of Turrell have agreed to and acknowledge that the procedures performed are appropriate for its purpose. This report may not be suitable for other purposes. The procedures performed may not address all the items of interest of a user of this report and may not meet the needs of all users of the report and as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and the associated findings are as follows:

Cash

1. A. We performed a proof of cash for the year and reconciled the year-end bank balances to the book balance.
- B. We confirmed the cash on deposit with depository institutions.
- C. We agreed the proof of cash ending balances to the book balance within 5%.

Cash – continued

Regions Bank

Cash - Water and Sewer Operating	\$	24,755
Cash - Customer Meter Deposits		3,355
Cash - Depreciation Reserve		<u>10,811</u>
	\$	<u><u>38,921</u></u>

We found no exceptions as a result of the procedures.

Receipts

2. A. We agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.
- B. We agreed ten customer payments on the accounts receivable subledger to the deposit and billing documents.

We found no exceptions as a result of the procedures.

Disbursements

3. A. We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5%.
- B. We analyzed all property, plant and equipment disbursements.
- C. We tested a sample of ten disbursements in order to determine if they were adequately documented.

We found no exceptions as a result of the procedures.

Property, Plant, and Equipment

4. We determined that all additions and disposals were properly accounted for in the records.

We found no exceptions as a result of the procedures.

Long- Term Debt

5. A. Long-term debt was confirmed with lenders, the balances are summarized below:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
2.5% ANRC Notes Payable in annual installments of \$5,884 through 2023	\$ 11,343		\$ (11,343)	
2.75% ANRC Notes Payable in annual installments of 5,961 through 2026	19,161		(5,510)	13,651
5% USDA Note Payable in monthly installments of \$1,705 through 2032	154,065		(12,458)	141,607
	<u>\$ 184,569</u>	<u>\$ -</u>	<u>\$ (29,311)</u>	<u>\$ 155,258</u>

- B. Terms of the loan agreement require that transfers be made to a depreciation reserve account.

We noted that the appropriate transfers were made.

This engagement to apply agreed upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the specified procedures. 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.

We are required to be independent of the Turrell Water and Sewer Department and to meet other ethical responsibilities related to our agreed upon procedure engagement.

This report is intended solely for the information and use of the Turrell Water and Sewer Department and is not intended to be and should not be used by anyone other than this specified party.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR 72396
November 25, 2024

TURRELL WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023
AND
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.
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TURRELL WATER AND SEWER DEPARTMENT
TURRELL, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor and Members of the City Council
Turrell Water and Sewer Department
Turrell, Arkansas 72384

Management is responsible for the accompanying financial statements of the Turrell Water and Sewer Department, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2023 and the related statement of receipts and 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 statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis that the cash basis of accounting requires 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.

Management has elected to omit substantially all of the disclosures required by the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's assets, liabilities, net position, receipts, and disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR 72396

November 25, 2024

See Independent Accountant's Compilation Report.

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

ASSETS

Current Assets	
Cash - Sewer and Water Operating	\$ 24,755
Total Current Assets	<u>24,755</u>
Restricted Assets	
Cash - Customer Meter Deposits	3,355
Cash - Depreciation Reserve	10,811
Total Restricted Assets	<u>14,166</u>
Property, Plant, and Equipment	
Sewer Improvements	898,175
Water Improvements	51,500
(Less) Accumulated Depreciation	(322,368)
Net Property, Plant, and Equipment	<u>627,307</u>
Total Assets	<u><u>\$ 666,228</u></u>

LIABILITIES AND NET POSITION

Current Liabilities	
Current Maturities of Long-Term Debt	\$ 19,271
Sales Tax Payable	43,335
Due to City - General Fund	1,323
Due to City - Garbage	14,900
Total Current Liabilities	<u>78,829</u>
Long-Term Liabilities	
Long-Term Debt, Net of Current Maturities	<u>135,987</u>
Payables from Restricted Assets	
Customer Meter Deposits	5,567
Total Liabilities	<u>220,383</u>
Net Position	
Unrestricted	(26,204)
Net Invested in Capital Assets	472,049
Net Position	<u>445,845</u>
Total Liabilities and Net Position	<u><u>\$ 666,228</u></u>

See Independent Accountant's Compilation Report.

TURRELL WATER AND SEWER DEPARTMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Revenue	
Water Fees	\$ 84,046
Sewer Fees	45,817
Late Fees	6,405
Miscellaneous	5,620
Total Receipts	<u>\$ 141,888</u>
Operating Expenses	
Dues and Subscriptions	\$ 6,127
Operating Supplies	5,872
Equipment Purchases	435
Fire Protection	5,839
Salaries	44,133
Payroll Tax	2,231
Postage	1,166
Repairs and Maintenance	23,290
Insurance	1,354
Utilities	18,547
Depreciation	24,600
Total Disbursements	<u>133,594</u>
Operating Income (Loss)	<u>8,294</u>
Non-Operating Revenues (Expenses)	
Grant Proceeds - State of Arkansas	15,970
Interest Expense	(7,179)
Non-Operating Income (Loss)	<u>8,791</u>
Change in Net Position	17,085
Beginning Net Position	428,760
Ending Net Position	<u><u>\$ 445,845</u></u>

See Independent Accountant's Compilation Report.