

WASHINGTON WATER DEPARTMENT



WASHINGTON, ARKANSAS

DECEMBER 31, 2020

WASHINGTON WATER DEPARTMENT
WASHINGTON, ARKANSAS

TABLE OF CONTENTS
DECEMBER 31, 2020

	<u>PAGE NO.</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1 - 2
Independent Accountants' Compilation Report	3
Statement of Net Position - Cash Basis - December 31, 2020	4
Statements of Cash Receipts and Cash Disbursements - For Year Ended December 31, 2020	5

TURNER, RODGERS, MANNING & PLYLER, PLLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Washington, Arkansas

We have performed the procedures enumerated below on the accounting records of Washington Water Department as of and for the year ended December 31, 2020. Washington Water Department's management is responsible for the accounting records.

Washington Water Department 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 one deposit, agree the cash/check composition of the deposit with receipt information.

Finding: Step 2c could not be completed as the receipt reports for Washington Water Department do not distinguish between cash/check payments.

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 Washington Water Department 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 Washington Water Department. 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 Washington Water Department 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 Washington Water Department 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

January 31, 2022

TURNER, RODGERS, MANNING & PLYLER, PLLC
Certified Public Accountants

Page 3

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Washington Water Department
Washington, AR

Management is responsible for the accompanying financial statements of Washington Water Department, which comprise the statement of net position – cash basis as of December 31, 2020, and the related statement of cash receipts and cash disbursements for the year then ended, 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 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 elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Washington Water Department's cash position, and results of operations – cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

Management has omitted the management's discussion and analysis and budgetary comparison schedule that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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
January 31, 2022

WASHINGTON WATER DEPARTMENT
STATEMENT OF NET POSITION
CASH BASIS
DECEMBER 31, 2020

Page 4

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 5,108
Certificates of Deposit	8,217
TOTAL CURRENT ASSETS	<u>13,325</u>

RESTRICTED ASSETS:

Cash - Meter Deposit Fund	7,849
Cash - Debt Service	4,829
TOTAL RESTRICTED ASSETS	<u>12,678</u>

TOTAL ASSETS

\$ 26,003

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Current Portion of Note Payable	\$ 4,311
---------------------------------	----------

LIABILITIES PAYABLE FROM RESTRICTED ASSETS:

Meter Deposits Payable	6,834
------------------------	-------

LONG-TERM LIABILITIES:

Note Payable	64,315
--------------	--------

TOTAL LIABILITIES

75,460

NET POSITION:

Restricted Net Assets	5,844
Unrestricted Net Assets	(55,301)
TOTAL NET POSITION	<u>(49,457)</u>

TOTAL LIABILITIES AND NET POSITION

\$ 26,003

See Independent Accountants' Compilation Report.

WASHINGTON WATER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND
CASH DISBURSEMENTS
FOR YEAR ENDED DECEMBER 31, 2020

Page 5

CASH RECEIPTS:

Customer Collections	\$ 47,516
Capital Fund Assistance	8,080
Redeemed Certificate of Deposit	22,067
Interest Received	206
TOTAL CASH RECEIPTS	<u>77,869</u>

CASH DISBURSEMENTS:

Payroll Expenses	32,473
Debt Service - Interest	3,637
Debt Service - Principal	4,106
Dues and Subscriptions	1,459
Insurance	1,747
Invested in Certificate of Deposit	8,217
Office Expense	679
Repairs and Maintenance	2,082
Property, Plant & Equipment Purchases	13,860
Sales Tax Remittance	4,234
Supplies and Chemicals	414
Travel Expenses	548
Utilities	3,977
Miscellaneous	374
TOTAL CASH DISBURSEMENTS	<u>77,807</u>

NET CHANGE IN CASH

62

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

17,724

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 17,786

See Independent Accountants' Compilation Report.