

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
WHEATLEY, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

Members of the City Council
City of Wheatley Water and Sewer Department
Wheatley, Arkansas 72392

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES

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

City of Wheatley, Arkansas 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, City Council, and Management of the City of Wheatley, Arkansas Water and Sewer Department have agreed to and acknowledged 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 as 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 and Investments

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for the Wheatley Water and Sewer Department:

First National Bank of Eastern Arkansas	
Cash - Operating and Maintenance	\$ 49,770
Cash - Meter Deposits	44,064
Cash - Depreciation	9,788
Cash - Depreciation Reserve 87	14,183
Certificate of Deposit - Water 78	8,752
	<u>\$ 126,557</u>

Cash and Investments – cont'd

3. We agreed the proof of cash ending balances to the book balances.

We found no exceptions as a result of these procedures.

Receipts

1. Agreed the deposits per the proof of cash for the year with the deposits per the receipts journal.
2. Agreed 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

Accounts Receivable

1. Agreed 10 customer billings to the accounts receivable sub ledger.
2. Reviewed five customer adjustments for proper authorization.

As a result of these procedures, we noted that billings were properly posted and adjustments were properly documented as to review and authorization.

Cash Disbursements

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5 %.
2. Analyzed all property, plant and equipment disbursements.
3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant, and Equipment

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

1. We scheduled long-term debt and verified changes in the balances for the year.
2. We confirmed the loan payables with the lenders.
3. We reviewed debt service accounts to determine if appropriate reserves have been established and maintained.

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. We noted that the appropriate reserve accounts have been established and maintained.

A summary of long-term debt activity is as follows:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
5% ANCR Notes Payable in annual installments of \$4,132 through 2031	\$ 29,380		\$ 2,663	\$ 26,717
US Bank, \$13,589 in annual installments at 2.36% through 2027	63,387		12,093	51,294
Bank of Brinkley, \$15,759 in annual installments at 4% through 2027	70,150		12,961	57,189
	<u>\$ 162,917</u>	<u>\$ -</u>	<u>\$ 27,717</u>	<u>\$ 135,200</u>

We were engaged by the City of Wheatley Water and Sewer 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 specified elements, accounts or items. 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 City of Wheatley Water and Sewer Department and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR
April 15, 2024

CITY OF WHEATLEY 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.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
WHEATLEY, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Independent Accountant's Compilation Report on Financial Statements	1
Statement of Assets, Liabilities and Net Position – Cash Basis	2 -3
Statement of Cash Receipts and Disbursements – Cash Basis	4
Combining Schedule of Assets, Liabilities and Net Position by Division – Cash Basis	5
Combining Schedule of Cash Receipts and Disbursements– Cash Basis	7

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Members of the City Council
City of Wheatley Water and Sewer Department
Wheatley, Arkansas 72392

Management is responsible for the accompanying financial statements of Wheatley 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 cash 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 Department's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in pages 5 - 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Meyer & Ward

Meyer and Ward, CPAS
Wynne, AR 72396
April 15, 2024

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

ASSETS

CURRENT ASSETS

Cash - Water	\$ 49,770
Total Current Assets	<u>49,770</u>

RESTRICTED ASSETS

Cash - Depreciation Reserve 87	14,183
Cash - Depreciation	9,788
Cash - Customer Deposit	44,064
CD - Water 87	<u>8,752</u>
Total Restricted Assets	<u>76,787</u>

PROPERTY, PLANT, AND EQUIPMENT

Water and sewer system	1,129,464
Equipment	685,876
Land	<u>5,082</u>
	1,820,422
Less Accumulated Depreciation	<u>(1,218,568)</u>
Net Fixed Assets	<u>601,854</u>

TOTAL ASSETS	<u>\$ 728,411</u>
---------------------	--------------------------

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current Portion of notes payable	<u>\$ 28,639</u>
Total Current Liabilities	

PAYABLE FROM RESTRICTED ASSETS

Meter Deposits	<u>31,346</u>
----------------	---------------

LONG TERM LIABILITIES

Notes payable, net of current portion	<u>106,561</u>
---------------------------------------	----------------

TOTAL LIABILITIES

166,546

NET POSITION

Net investment in capital assets	466,654
Restricted for debt service	8,752
Unrestricted	<u>86,459</u>
Total Net Position	<u>561,865</u>

TOTAL LIABILITIES AND NET POSITION

\$ 728,411

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Cash Receipts	
Service Fees	\$ 185,593
Meter Deposits	4,416
Miscellaneous Receipts	2,806
Interest	463
Total Cash Receipts	<u>193,278</u>
 Cash Disbursement	
Salaries and Labor	32,470
Water Purchased	48,812
Deposit Refunds	1,910
Utilities	15,965
Operating Maintenance and Supplies	38,388
Insurance	1,499
Computer Support	3,034
Dues, Fees, and License	3,667
Pond Analysis	2,776
Fuel	4,520
Postage and Billing	2,054
Professional Fees	6,375
Note Payments	33,480
Equipment Purchases	5,028
Transfers to (from)	6,668
Miscellaneous	4,463
Total Cash Disbursements	<u>211,109</u>
 Increase (Decrease) in Cash and Restricted Cash	(17,831)
Cash and Restricted Cash - beginning of year	<u>144,388</u>
Cash and Restricted Cash - end of year	<u>\$ 126,557</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SUPPLEMENTARY INFORMATION

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION
- CASH BASIS
DECEMBER 31, 2023

ASSETS

	Total	Water	Sewer
CURRENT ASSETS			
Cash - Water	\$ 49,770	\$ 24,885	\$ 24,885
Total Current Assets	<u>49,770</u>	<u>24,885</u>	<u>24,885</u>
RESTRICTED ASSETS			
Cash - Depreciation Reserve 87	14,183	14,183	
Cash - Depreciation	9,788		9,788
Cash - Customer Deposit	44,064	22,032	22,032
CD - Water 87	<u>8,752</u>	<u>8,752</u>	
Total Restricted Assets	<u>76,787</u>	<u>44,967</u>	<u>31,820</u>
PROPERTY, PLANT, AND EQUIPMENT			
Water and sewer system	1,815,340	765,830	1,049,510
Land	<u>5,082</u>	<u>2,541</u>	<u>2,541</u>
	1,820,422	768,371	1,052,051
Less Accumulated Depreciation	<u>(1,218,568)</u>	<u>(639,261)</u>	<u>(579,307)</u>
Net Fixed Assets	<u>601,854</u>	<u>129,110</u>	<u>472,744</u>
TOTAL ASSETS	<u>\$ 728,411</u>	<u>\$ 198,962</u>	<u>\$ 529,449</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION
- CASH BASIS
DECEMBER 31, 2023**

LIABILITIES AND NET POSITION

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
CURRENT LIABILITIES			
Current Portion of Notes Payable	<u>\$28,639</u>	<u>\$9,001</u>	<u>\$19,638</u>
Total Current Liabilities	<u>28,639</u>	<u>9,001</u>	<u>19,638</u>
 PAYABLE FROM RESTRICTED ASSETS			
Meter Deposits	<u>31,346</u>	<u>15,673</u>	<u>15,673</u>
 LONG TERM LIABILITIES			
Notes Payable, net of Current Portion	<u>106,561</u>	<u>41,269</u>	<u>65,292</u>
 TOTAL LIABILITIES	<u>166,546</u>	<u>65,943</u>	<u>100,603</u>
 NET POSITION			
Net Investment in Capital Assets	466,654	72,504	394,150
Restricted for Debt Service	8,752	8,752	
Unrestricted	<u>86,459</u>	<u>41,515</u>	<u>44,944</u>
Total Net Position	<u>561,865</u>	<u>122,771</u>	<u>439,094</u>
 TOTAL LIABILITIES AND NET POSITION	<u>\$ 728,411</u>	<u>\$ 188,714</u>	<u>\$ 539,697</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
COMBING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
Cash Receipts			
Service Fees	\$ 185,593	\$ 124,347	\$ 61,246
Meter Deposits	4,416	2,959	1,457
Miscellaneous Receipts	2,806	1,880	926
Interest	463	232	231
Total Cash Receipts	<u>193,278</u>	<u>\$ 129,418</u>	<u>\$ 63,860</u>
 Cash Disbursement			
Salaries and Labor	32,470	21,755	10,715
Water Purchased	48,812	48,812	-
Deposit Refunds	1,910	955	955
Utilities	15,965	10,697	5,268
Operating Maintenance and Supplies	38,388	25,720	12,668
Insurance	1,499	1,004	495
Computer Support	3,034	2,033	1,001
Dues, Fees, and License	3,667	2,457	1,210
Pond Analysis	2,776	-	2,776
Fuel	4,520	3,028	1,492
Postage and Billing	2,054	1,376	678
Professional Fees	6,375	4,271	2,104
Note Payments	33,480	26,685	6,795
Equipment Purchases	5,028	2,514	2,514
Transfers to (from)	6,668	(12,392)	19,060
Miscellaneous	4,463	2,990	1,473
Total Cash Disbursements	<u>211,109</u>	<u>141,906</u>	<u>69,203</u>
 Increase (Decrease) in Cash and Restricted Cash	(17,831)	(12,488)	(5,343)
Cash and Restricted Cash - beginning of year	<u>144,388</u>	<u>82,340</u>	<u>62,048</u>
Cash and Restricted Cash - end of year	<u>\$ 126,557</u>	<u>\$ 69,852</u>	<u>\$ 56,705</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT