

WHEATLEY WATER AND SEWER DEPARTMENT
WHEATLEY, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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, 2024, and for the year then ended. The City of Wheatley Water and Sewer Department's management is responsible for the Department's accounting records.

The City of Wheatley 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 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 this report, and as such users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and 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 City of Wheatley Water and Sewer Department:

Cash and Investments (cont'd):

First National Bank of Eastern Arkansas		
Cash - Water and Sewer O&M	\$	48,779
Cash - Meter Deposits		46,807
Cash - Depreciation		10,492
Cash - Depreciation 87		14,570
Cash - Rural Development CD		8,946
	\$	<u>129,594</u>

3. 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 cash 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.

We found no exceptions as a result of these procedures.

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

1. 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. Long-Term debt was confirmed with lenders; balances are as summarized below:

	<u>12/31/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2024</u>
5.0% ANRC Loan, secured by pledge of future revenues	\$ 26,717		\$ 2,796	\$ 23,921
2.6% US Bank Loan, secured by water meters	51,294		12,378	38,916
4.0% Bank of Brinkley Loan, unsecured	57,189		13,421	43,768
	<u>\$ 135,200</u>	<u>\$ -</u>	<u>\$ 28,595</u>	<u>\$ 106,605</u>

Terms of the loan agreements require that transfers be made to debt service reserve accounts. We noted that the appropriate transfers were made.

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 perform an audit, the objective of which would be the expression of an opinion 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 other ethical responsibilities related to our agreed upon procedure engagement.

This report is intended solely for the information and use of the City of Wheatley 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

March 26, 2025

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
AND
INDEPENDENT ACCOUNTANT’S
COMPILATION REPORT

MEYER AND WARD, P.A.
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CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
WHEATLEY, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the City of Wheatley Water and Sewer Department, which comprise the statement of assets, liabilities and net position – cash basis and the related statement of revenues and expenses- cash basis as of December 31, 2024 and 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.

Meyer & Ward

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

March 26, 2025

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2024

ASSETS

Current Assets:	
Cash	\$ 48,779
Total Current Assets	<u>48,779</u>
Restricted Assets:	
Cash - Meter Deposits	46,807
Cash - Depreciation	10,492
Cash - Depreciation 87	14,570
Cash - Rural Development 87 CD	8,946
Total Restricted Assets	<u>80,815</u>
Property, Plant and Equipment:	
Land and Right of Way	5,082
Water and Sewer System	1,026,998
Storage Tank	120,060
Equipment	680,539
(Less) Accumulated Depreciation	<u>(1,253,528)</u>
Net Property, Plant and Equipment	<u>579,151</u>
Total Assets	<u><u>\$ 708,745</u></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, 2024

LIABILITIES AND NET POSITION

Current Liabilities:	
Current Portion of Notes Payable	29,615
Total Current Liabilities	29,615
Payable From Restricted Assets:	
Customer Meter Deposits	35,386
Customer Meter Deposits	35,386
Long Term Liabilities:	
Notes Payable Net of Current Portion	76,990
Notes Payable Net of Current Portion	76,990
Net Position	
Net Investment in Capital Assets	472,546
Restricted for Debt Service	34,008
Unrestricted	60,200
Total Net Position	566,754
Total Liabilities and Net Position	\$ 708,745

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Operating Revenues:	
Water Fees	\$ 122,471
Sewer Fees	65,373
Other Revenues	3,638
Total Operating Revenues	191,482
Operating Expenses:	
Purchased Water	47,267
Salaries & Payroll Taxes	22,851
Contract Labor	12,140
Depreciation	34,960
Utilities	13,402
Operating Supplies & Maintenance	16,286
Repairs	4,421
Testing Fees & Chemicals	3,217
Fuel & Oil	3,883
License & Fees	4,988
Insurance	2,187
Accounting	2,750
Office Supplies & Postage	3,045
Uniforms	2,488
Miscellaneous	884
Total Operating Expenses	174,769
Operating Income (Loss)	16,713
Non-Operating Revenues (Expenses):	
Transfers Out to City	(7,428)
Interest Income	488
Interest Expense	(4,884)
	(11,824)
Excess (Deficiency) of Revenue Over Expense	\$ 4,889

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT