

HORSESHOE LAKE UTILITIES
HORSESHOE LAKE, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON
AGREED-UPON PROCEDURES

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

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To the Mayor and Members of the City Council
Horseshoe Lake Utilities
Horseshoe Lake, Arkansas

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 Horseshoe Lake Utilities as of December 31, 2022, and for the year then ended. The City of Horseshoe Lake's management is responsible for the Utilities accounting records.

The management of Horseshoe Lake Utilities 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 Horseshoe Lake Utilities 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. We performed a proof of cash for the year end and reconciled the year end bank balances to the book balances.
2. We confirmed the cash on deposit with depository institutions.

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

Fidelity Bank	
Cash - Operating	\$ 10,407
Cash - Depreciation	591
Cash - Water Reserve	<u>7,667</u>
	<u>\$ 18,665</u>

Regions Bank	
Cash - Debt Service Reserve	\$ 14,859
Cash - Bond Fund	<u>1,382</u>
	<u>\$ 16,241</u>

We found no exceptions as a result of the procedures.

Receipts

1. We agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal. Also, we agreed 10 customer payments on the accounts receivable subledger to the deposit and billing documents.

We found no exceptions as a result of the procedures.

Accounts Receivable

2. We agreed 10 customer billings to the accounts receivable subledger. We also reviewed the customer adjustment process to determine if adjustments were properly authorized.

We found no exceptions as a result of the procedures. We did note that independent review and approval of customer adjustments was not documented.

Disbursements

3. We agreed the disbursements per the proof of cash for the year with the disbursements per the general ledger. We analyzed all property, plant and equipment disbursements. We also tested a sample of 10 disbursements in order to determine if the disbursements 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.

Property, Plant, and Equipment – cont'd

We found no exceptions as a result of the procedures.

Long- Term Debt

Long-term debt was confirmed with lenders, balances are as summarized below:

4.5% note payable in semi annual installments of \$ 7,349, secured by mortgage lien and pledge of future revenues	\$ 48,692
5% note payable in annual installments of \$ 3,685, secured by properties and equipment in project	<u>43,079</u>
	<u>\$ 91,771</u>

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. 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 Horseshoe Lake Utilities 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 City of Horseshoe Lake Utilities 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

October 25, 2024

HORSESHOE LAKE UTILITIES
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
AND
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

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

HORSESHOE LAKE UTILITIES
HORSESHOE LAKE, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2022

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P.O. BOX 1045
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To the Mayor and Members of the City Council
Horseshoe Lake Utilities
Horseshoe Lake, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of the Horseshoe Lake Utilities, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2022 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 Utilities' 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 and Ward, CPAS
Wynne, AR 72396
October 25, 2024

HORSESHOE LAKE UTILITIES
 STATEMENT OF ASSETS, LIABILITES, AND NET POSITION - CASH BASIS
 DECEMBER 31, 2022

ASSETS

Current Assets	
Cash - Operating	\$ 10,407
Total Current Assets	<u>10,407</u>
Restricted Assets	
Cash - Water Reserve	7,667
Cash - Depreciation	591
Cash - Debt Service Reserve	14,859
Cash - Bond Fund	1,382
Total Restricted Assets	<u>24,499</u>
Property, Plant, and Equipment	
Water and Sewer System	1,773,306
Less: Accumulated Depreciation	<u>(892,655)</u>
Net Property, Plant, and Equipment	880,651
Total Assets	<u>\$ 915,557</u>

LIABILITIES AND NET POSITION

Current Liabilities	
Current maturities of long-term debt	\$ 14,179
Due to City	<u>57,470</u>
Total Current Liabilities	<u>71,649</u>
Long-Term Debt, net of current maturities	77,592
Total Liabilities	<u>149,241</u>
Net Position	
Unrestricted	(81,378)
Net Invested in capital assets	823,786
Restricted for debt service	<u>23,908</u>
Net Position	766,316
Total Liabilities and Net Position	<u>\$ 915,557</u>

See independent accountant's compilation report.

HORSESHOE LAKE UTILITIES
STATEMENT OF RECEIPTS AND CASH DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Operating Revenue	
Water Fees	\$ 46,685
Sewer Fees	52,020
Reconnects	2,160
Late Fees	1,844
Other	3,109
Total Cash Receipts	<u>\$ 105,818</u>
Operating Expenses	
Salaries	\$ 17,438
Contract Services	33,951
Depreciation	44,852
Utilities	12,383
Office Supplies and Postage	1,996
Operating Maintenance and Supplies	11,400
Professional Fees	4,700
License and Fees	2,460
Trustee Fees	1,102
Miscellaneous	519
Total Disbursements	<u>130,801</u>
Operating Income (Loss)	<u>(24,983)</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(4,828)
Interest Income	195
Non-Operating Income (Loss)	<u>(4,633)</u>
Excess (Deficiency) of Revenue over Expenses	<u>\$ (29,616)</u>

See independent accountant's compilation report.