

**CITY OF ASH FLAT, ARKANSAS
WATER AND SEWER FUNDS
(Proprietary Funds of the
City of Ash Flat, Arkansas)**

Accountant's Agreed-Upon Procedures

As of December 31, 2020



Welch, Couch & Company, PA
 Certified Public Accountants

John Ed Welch, CPA | William T. Couch, Jr., CPA
 Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA

Members of American Institute of Certified Public Accountants
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
 of City of Ash Flat, Arkansas Water and Sewer Funds
 Ash Flat, Arkansas

We have performed the procedures enumerated below, which were agreed to by the Mayor, City Council and management of the City of Ash Flat, Arkansas Water and Sewer Funds, solely to assist you in connection with compliance with Ark. Code. Ann. 14-234-119 to 122 as of December 31, 2020. City of Ash Flat, Arkansas Water and Sewer Funds' management is responsible for the Department's accounting records. The sufficiency of these procedures is solely the responsibility of the Mayor, City Council and management of City of Ash Flat, Arkansas Water and Sewer Funds. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Cash and Investments

We obtained confirmation of the cash on deposit from the following bank, and we agreed the confirmed balance to the amount shown on the bank reconciliations maintained by the City. We performed a proof of cash for the year and agreed the ending balances to the book balances within the greater of 5% or \$500. We reconciled the year-end bank balances to the book balance in the following amounts:

<u>First National Banking Company</u>	<u>Number</u>	<u>Reconciled Balances as of December 31, 2020</u>
Water Operating Account	15206	\$ 10,454
Water Depreciation	1000694	23,960
Water Revenue Bond Fund CD	5876	6,275
Water Depreciation CD	5878	2,446
Water Special Savings	10224935	56,922
Water Debt Service CD	2837586	2,123
Sewer Operating Account	83857	12,224
Sewer Bond Reserve	1177328	48,456
Sewer Depreciation	1069764	2,024
Sewer Pump Savings	10173763	121,398
Sewer Reserve	169756	20,249
Sewer Special Savings	1126275	12,001
Meter Deposit Checking	18614	23,395
Meter Deposit CD	5877	5,663

We noted no exceptions as a result of the above procedures.

2. **Receipts**

We agreed the deposits per the proof of cash for the year to the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable subledger to deposit and billing documents.

We noted no exceptions as a result of the above procedures.

3. **Accounts Receivable**

We agreed ten customer billings to the accounts receivable subledger. We selected five customer adjustments to verify proper authorization.

We noted no exceptions as a result of our procedures.

4. **Disbursements**

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We selected ten disbursements to determine if they were adequately documented.

We noted no exceptions as a result of our procedure.

5. **Property, Plant and Equipment**

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total property, plant and equipment or \$500, whichever was greater.

We noted no exceptions meeting the scope as a result of our procedure.

6. **Long-Term Debt**

We obtained confirmation of the following loans payable, verified changes in all balances for the year, and determined that the appropriate debt service accounts had been established and maintained.

6. Long-Term Debt (cont.)

<u>Lender</u>	<u>Number</u>	<u>Balance</u>	<u>Debt Service Reserve</u>	<u>Depreciation Reserve</u>
Arkansas Natural Resources Commission	WSSW-96- 02-D	\$ 126,321	\$ -	\$ -
Agriculture	91-04	72,794	8,399	-
United States Department of Agriculture	92-02	93,987	20,249	2,024

We noted no exception as a result of our procedure.

7. General

We determined that any item of financial significance was approved and documented in the minutes of governing body's meetings.

We noted no exception as a result of our procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct 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.

This report is intended solely for the information and use of the Mayor, City Council, management of City of Ash Flat Arkansas Water and Sewer Funds, the Arkansas Legislative Joint Auditing Committee, United States Department of Agriculture and the Arkansas Natural Resources Commission and is not intended to be and should not be used by anyone other than these specified parties.

Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
March 1, 2021

**CITY OF ASH FLAT, ARKANSAS
WATER AND SEWER FUNDS
(Proprietary Funds of the
City of Ash Flat, Arkansas)**

**Independent Accountant's Compilation Report
and Financial Statements**

December 31, 2020

**CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)**

Table of Contents

	<u>Page</u>
Independent Accountant's Compilation Report	1
Financial Statements	
Statement of Net Position	2-3
Statement of Revenues, Expenses and Changes in Net Position	4



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Independent Accountant's Compilation Report

To the Mayor, City Council and Management of
City of Ash Flat, Arkansas Water and Sewer Funds
Ash Flat, Arkansas

Management is responsible for the accompanying financial statements of City of Ash Flat, Arkansas Water and Sewer Funds, which comprise the statement of net position as of December 31, 2020, and the related statement of revenues, expenses and changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Department's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
March 1, 2021

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CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Net Position

December 31, 2020

Assets			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 10,505	\$ 60,681	\$ 71,186
Accounts receivable	26,428	25,647	52,075
Prepaid expenses	1,630	7,343	8,973
Total current assets	<u>38,563</u>	<u>93,671</u>	<u>132,234</u>
Noncurrent assets			
Cash and cash equivalents	104,278	155,672	259,950
Certificates of deposit	16,507	-	16,507
Total noncurrent assets	<u>120,785</u>	<u>155,672</u>	<u>276,457</u>
Capital assets			
Nondepreciable assets	25,285	-	25,285
Depreciable assets, net of accumulated depreciation	255,132	1,048,779	1,303,911
Total capital assets	<u>280,417</u>	<u>1,048,779</u>	<u>1,329,196</u>
Total assets	<u>\$ 439,765</u>	<u>\$ 1,298,122</u>	<u>\$ 1,737,887</u>

See independent accountant's compilation report.

**CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)**

Statement of Net Position

December 31, 2020

Liabilities and Net Position

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current liabilities			
Current maturities - long-term liabilities	\$ 4,650	\$ 21,037	\$ 25,687
Accounts payable	11,776	3,964	15,740
Accrued interest payable	29	5,957	5,986
Interfund payables	157,508	443	157,951
Total current liabilities	<u>173,963</u>	<u>31,401</u>	<u>205,364</u>
Noncurrent liabilities			
Meter deposits	22,173	-	22,173
Notes payable, net of current maturities	68,144	199,271	267,415
Total noncurrent liabilities	<u>90,317</u>	<u>199,271</u>	<u>289,588</u>
Total liabilities	<u>264,280</u>	<u>230,672</u>	<u>494,952</u>
Net position			
Net investment in capital assets	207,623	-	207,623
Restricted expendable:			
Debt service	8,398	20,249	28,647
Capital and related projects	83,329	14,025	97,354
Other - meter deposits	6,886	-	6,886
Other - pump savings	-	121,398	121,398
Unrestricted (deficit)	(130,751)	911,778	781,027
Total net position	<u>175,485</u>	<u>1,067,450</u>	<u>1,242,935</u>
Total liabilities and net position	<u><u>\$ 439,765</u></u>	<u><u>\$ 1,298,122</u></u>	<u><u>\$ 1,737,887</u></u>

See independent accountant's compilation report.

**CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)**

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2020

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenue			
Water service	\$ 294,588	\$ -	\$ 294,588
Sewer service	-	244,236	244,236
Connect/tapping fees	4,650	1,575	6,225
Late fees	6,996	-	6,996
Sales taxes	27,410	-	27,410
Total operating revenues	<u>333,644</u>	<u>245,811</u>	<u>579,455</u>
Operating expenses			
Depreciation	22,686	76,390	99,076
Dues and fees	4,575	2,169	6,744
Insurance	1,817	5,502	7,319
Lab testing	-	6,542	6,542
Legal and professional	3,275	3,275	6,550
Miscellaneous	860	237	1,097
Payroll taxes and benefits	15,947	-	15,947
Postage	872	1,389	2,261
Repairs and maintenance	35,123	58,788	93,911
Retirement plan contribution	13,788	-	13,788
Salaries	90,942	-	90,942
Supplies - office	6,302	6,298	12,600
Supplies - operating	4,928	7,121	12,049
Taxes - sales	27,046	-	27,046
Trash	56,879	-	56,879
Uniforms	423	-	423
Utilities	18,632	47,111	65,743
Total operating expenses	<u>304,095</u>	<u>214,822</u>	<u>518,917</u>
Operating income	<u>29,549</u>	<u>30,989</u>	<u>60,538</u>
Nonoperating revenues (expenses)			
Interest income	129	179	308
Interest expense	(2,410)	(17,811)	(20,221)
Gain on sale of equipment	4,625	4,625	9,250
Reimbursement income	-	7,332	7,332
Total nonoperating revenues (expenses)	<u>2,344</u>	<u>(5,675)</u>	<u>(3,331)</u>
Income before transfers	31,893	25,314	57,207
Transfers in	<u>7,521</u>	<u>15,841</u>	<u>23,362</u>
Increase in net position	<u>39,414</u>	<u>41,155</u>	<u>80,569</u>
Net position, beginning of year	<u>136,071</u>	<u>1,026,295</u>	<u>1,162,366</u>
Net position, end of year	<u>\$ 175,485</u>	<u>\$ 1,067,450</u>	<u>\$ 1,242,935</u>

See independent accountant's compilation report.