

**CITY OF DIAZ WATER AND SEWER DEPARTMENT
Diaz, Arkansas**

For the Year Ended December 31, 2017

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
AND COMPILATION REPORT**



**CITY OF DIAZ
WATER AND SEWER DEPARTMENT
DIAZ, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Table of Contents

	Page
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....	3
Independent Accountant’s Compilation Report	6

Financial Statements- (Unaudited)

Statement of Assets, Liabilities, and Net Position-Modified Cash Basis.....	7
Statement of Cash Receipts and Disbursements.....	8

Supplementary Information- (Unaudited)

Water and Sewer Rates.....	9
-----------------------------------	----------



MANDY WALKER, P.A.
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 792
109 E. Main Street
Tuckerman, Arkansas 72473

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

**To the Mayor, City Council and Management
of City of Diaz , Arkansas Water Department
Diaz, Arkansas**

I have performed the procedures enumerated below with respect to modified cash basis financial information and compliance with certain state laws, which were agreed to by the Mayor, City Council and management of the City of Diaz, Arkansas, Water and Sewer Department (the Department), for the year ended December 31, 2017. This report is prepared in accordance with Ark. Code Ann. § 14-234-119. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Mayor, City Council and management of the Department. Consequently, I 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 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 balance.
- 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.

I found no exceptions as a result of the above 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 subsidiary ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

I found no exceptions as a result of the above procedures.

3. Accounts Receivable

- A. Agree ten customer billings to the accounts receivable subledger.

B. Determine the five customer adjustments were properly authorized.

I found no exceptions as a result of the above procedure 3(A).

I found the following exception as a result of the above procedure 3(B):

The Department did not properly document authorization for any customer adjustments.

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.

I found no exceptions as a result of the above procedures.

5. Property, Plant & Equipment

- A. Determine that additions and disposals were properly accounted for in the records.

I found no exceptions as a result of the above 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 the lender/trustee/contractor.
- C. Determine that the appropriate debt services accounts have been established and maintained.

I found no exceptions as a result of the above procedures.

7. General

- A. Determine the any items of financial significance were approved and documented in the minutes of the governing body's meetings.

I found no exceptions as a result of the above procedure.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee and City of Diaz Water and Sewer Department and is not intended to be and should not be used by anyone other than those specified party

Mandy Walker, CPA

**Mandy Walker, P.A.
Tuckerman, Arkansas
October 9, 2018**



MANDY WALKER, P.A.

CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 792

109 E. Main Street

Tuckerman, Arkansas 72473

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Mayor, City Council and Management of
the City of Diaz Water and Sewer Department
Diaz, Arkansas**

Management is responsible for the accompanying financial statements of the City of Diaz Water and Sewer Department (the Department) business-type activities, which comprise the statement of assets, liabilities, and net position-modified cash basis as of December 31, 2017 and the related statement of cash receipts and cash disbursements for the year then ended, and for determining the modified-cash basis of accounting is an acceptable financial reporting framework. I 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I 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 modified 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 required in financial statements prepared in accordance with the modified 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.

Supplementary Information

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not required part of the modified cash financial statements. I did not audit or review the supplementary information nor was I required to perform any procedures to verify the accuracy or completeness of the supplementary information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these supplementary information.

Mandy Walker, CPA

**Mandy Walker, P.A.
Tuckerman, Arkansas
October 9, 2018**

**CITY OF DIAZ WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

ASSETS

CURRENT ASSETS	
Cash	\$ 30,666
RESTRICTED ASSETS	
Cash	22,704
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	602,974
TOTAL ASSETS	<u><u>\$ 656,344</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Customer deposits	\$ 22,704
Current maturities of long-term debt	121,218
Total current liabilities	<u>143,922</u>
LONG TERM LIABILITIES	
TOTAL LIABILITIES	<u>143,922</u>
NET POSITION	
Net investment in capital assets	481,756
Unrestricted	30,666
TOTAL NET POSITION	<u>512,422</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 656,344</u></u>

**CITY OF DIAZ WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

CASH RECEIPTS

Services	\$ 269,622
Meter deposits	2,460
Interest	61
Fees	660
Miscellaneous income	481
TOTAL CASH RECEIPTS	273,284

CASH DISBURSEMENTS

Debt Service:	
Principal	19,817
Interest	749
Contract labor	1,011
Deposit refunds	2,055
Garbage bags	9,293
Gas and oil	5,569
Insurance	4,398
Landfill fees	17,957
License and fees	5,288
Mosquito control	7,350
Miscellaneous	1,228
Office supplies	5,130
Operating supplies	9,398
Operation and maintenance	8,861
Payroll and related expenses	64,416
Sales tax	15,244
Utilities	6,893
Water purchase	86,148
TOTAL CASH DISBURSEMENTS	270,805

INCREASE/(DECREASE) IN CASH	2,479
BEGINNING CASH , AT JANUARY 1, 2017	50,891
ENDING CASH, AT DECEMBER 31, 2017	\$ 53,370

SUPPLEMENTARY
INFORMATION

**CITY OF DIAZ WATER AND SEWER DEPARTMENT
WATER AND SEWER RATES
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

Usage	Water	Sewer	Usage	Water	Sewer	Usage	Water	Sewer
First 1,000 gallons (minimum fee)	\$ 5.00	\$ 7.50	4,900	\$ 19.50	\$ 14.40	8,800	\$ 34.77	\$ 17.58
1,100	5.00	7.70	5,000	20.00	14.50	8,900	35.04	17.64
1,200	5.00	7.90	5,100	20.50	14.60	9,000	35.30	17.70
1,300	5.00	8.10	5,200	21.00	14.70	9,100	35.57	17.76
1,400	5.00	8.30	5,300	21.50	14.80	9,200	35.83	17.82
1,500	5.00	8.50	5,400	22.00	14.90	9,300	36.10	17.88
1,600	5.00	8.70	5,500	22.50	15.00	9,400	36.36	17.94
1,700	5.00	8.90	5,600	23.00	15.10	9,500	36.63	18.00
1,800	5.00	9.10	5,700	23.50	15.20	9,600	36.89	18.06
1,900	5.00	9.30	5,800	24.00	15.30	9,700	37.16	18.12
2,000	5.00	9.50	5,900	24.50	15.40	9,800	37.42	18.18
2,100	5.00	9.70	6,000	25.00	15.50	9,900	37.69	18.24
2,200	6.00	9.90	6,100	25.50	15.60	10,000	37.95	18.30
2,300	6.50	10.10	6,200	26.00	15.70			
2,400	7.00	10.30	6,300	26.50	15.80			
2,500	7.50	10.50	6,400	27.00	15.90			
2,600	8.00	10.70	6,500	27.50	16.00			
2,700	8.50	10.90	6,600	28.00	16.10			
2,800	9.00	11.10	6,700	28.50	16.20			
2,900	9.50	11.30	6,800	29.00	16.30			
3,000	10.00	11.50	6,900	29.50	16.40			
3,100	10.50	11.70	7,000	30.00	16.50			
3,200	11.00	11.90	7,100	30.27	16.56			
3,300	11.50	12.10	7,200	30.53	16.62			
3,400	12.00	12.30	7,300	30.80	16.68			
3,500	12.50	12.50	7,400	31.06	16.74			
3,600	13.00	12.70	7,500	31.33	16.80			
3,700	13.50	12.90	7,600	31.59	16.86			
3,800	14.00	13.10	7,700	31.86	16.92			
3,900	14.50	13.30	7,800	32.12	16.98			
4,000	15.00	13.50	7,900	32.39	17.04			
4,100	15.50	13.60	8,000	32.65	17.10			
4,200	16.00	13.70	8,100	32.92	17.16			
4,300	16.50	13.80	8,200	33.18	17.22			
4,400	17.00	13.90	8,300	33.45	17.28			
4,500	17.50	14.00	8,400	33.71	17.34			
4,600	18.00	14.10	8,500	33.98	17.40			
4,700	18.50	14.20	8,600	34.24	17.46			
4,800	19.00	14.30	8,700	34.51	17.52			