

**WEINER WATER WORKS
AND SEWER SYSTEM**

**Agreed-Upon Procedures and
Compiled Financial Statements**

June 30, 2018

dls

despain luther short & company

901 Windover Road | Jonesboro, AR 72401 | 870-932-5401 | 870-972-1141

Weiner Water Works
And Sewer System
123 West 2nd Street
Weiner, AR 72479

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below for the fiscal year ended June 30, 2018, which were agreed to by the Mayor of the City of Weiner in order to comply with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Audit Committee. The City of Weiner's management is responsible for maintaining the financial records and complying with state law. The procedures enumerated below were performed only for the Water Works and Sewer System. 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 those parties specified in this report. 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.

Our procedures and findings are as follows:

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.

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

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 (10) customer payments on the accounts receivable sub-ledger to deposit and billing documents.
- c) For one deposit, agree the cash/check composition of the deposit with the receipt information.

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

ACCOUNTS RECEIVABLE

- a) Agree ten (10) customer billings to the accounts receivable sub-ledger.
- b) Determine that five (5) customer adjustments were properly authorized.

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

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 (10) disbursements and determine if they were adequately documented.

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

PROPERTY, PLANT AND EQUIPMENT

- a) Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater.)
- b) Assist with preparation of depreciation schedule.

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

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 lender/trustee/contractor.
- c) Determine that the appropriate debt service accounts have been established and maintained.

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

GENERAL

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

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

ADDITIONAL PROCEDURE NOT REQUIRED BY ACT 218 OF 1999

Compile a Statement of Net Position for the Weiner Water Works and Sewer System as of June 30, 2018 and June 30, 2017 and the related Statements of Revenues, Expenses and Changes in Net Position for the years then ended in Accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Your compiled financial statements have been submitted to you with this report. We found no exceptions as a result of this procedure; however, that report should only be used in conjunction with this report.

We were 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, 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 and City Council of the City of Weiner and is not intended to be, and should not be, used by anyone other than those specified parties.

*Despain, Luther, Short
& Company, CPA'S, PA*

Jonesboro, Arkansas
September 28, 2018

COMPILED FINANCIAL STATEMENTS

dls

despain luther short & company

901 Windover Road | Jonesboro, AR 72401 | 870-932-5401 | 870-972-1141

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Weiner Water Works
And Sewer System
123 West 2nd Street
Weiner, AR 72479

Management is responsible for the accompanying financial statements of Weiner Water Works & Sewer System, which comprise the Statement of Net Position as of June 30, 2018 and June 30, 2017, and the related Statement of Revenues, Expenses, and Changes in Net Position for the years 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 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 Entities Assets, Liabilities, Net Position, Revenues, and Expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

This compilation was prepared to satisfy the requirements of an agreed-upon procedures engagement and should only be used in conjunction with the Independent Accountants' Report on Applying Agreed-Upon Procedures dated September 28, 2018.

*Despain, Luther, Short
& Company, CPAs, PA*

Jonesboro, Arkansas
September 28, 2018

CITY OF WEINER, ARKANSAS
WATER WORKS AND SEWER SYSTEM
Statement of Net Position
June 30

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash on Hand	\$ 600	\$ 669
Cash in Bank	198,559	153,696
Less Restricted Cash	<u>(30,221)</u>	<u>(29,494)</u>
Total Unrestricted Cash	\$ 168,938	\$ 124,871
Accounts Receivable (trade)	22,904	18,931
Prepaid Insurance	<u>1,489</u>	<u>1,489</u>
Total Current Assets	<u>\$ 193,331</u>	<u>\$ 145,291</u>
Capital Assets:		
Utility Plant & Equipment	\$ 2,090,056	\$ 2,090,056
Less Accumulated Depreciation	<u>(1,736,143)</u>	<u>(1,699,374)</u>
Net Depreciable Assets	\$ 353,913	\$ 390,682
Land	<u>12,733</u>	<u>12,733</u>
Net Capital Assets	<u>\$ 366,646</u>	<u>\$ 403,415</u>
Other Assets:		
Restricted Cash	\$ 30,221	\$ 29,494
Total Assets	<u>\$ 590,198</u>	<u>\$ 578,200</u>
 <u>LIABILITIES AND NET POSITION</u> 		
Liabilities:		
Current Liabilities:		
Accounts Payable--Open	\$ 22,845	\$ 15,924
Accrued Interest	80	83
Current Portion of Long-Term Debt	<u>11,610</u>	<u>2,142</u>
Total Current Liabilities	<u>\$ 34,535</u>	<u>\$ 18,149</u>
Long-Term Liabilities:		
Bonds Payable	\$ 97,513	\$ 99,647
Notes Payable--Simmons Bank	45,301	-
Less Current Portion	<u>(11,610)</u>	<u>(2,142)</u>
Net Long-Term Liabilities	<u>\$ 131,204</u>	<u>\$ 97,505</u>
Other Liabilities:		
Customer Meter Deposits	<u>\$ 23,885</u>	<u>\$ 23,158</u>
Total Liabilities	<u>\$ 189,624</u>	<u>\$ 138,812</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	\$ 223,752	\$ 303,685
Restricted	6,336	6,336
Unrestricted	<u>170,486</u>	<u>129,367</u>
Total Net Position	<u>\$ 400,574</u>	<u>\$ 439,388</u>
Total Liabilities and Net Position	<u>\$ 590,198</u>	<u>\$ 578,200</u>

UNAUDITED--See Accountants' Compilation Report

CITY OF WEINER, ARKANSAS
WATER WORKS AND SEWER SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30,

	<u>2018</u>	<u>2017</u>
Revenue from Operations:		
Water Sales	\$ 115,070	\$ 112,152
Sewer Fees	63,601	62,564
Penalties	5,327	4,561
Waldenburg Services Fee	41,523	30,596
EPA Fee	1,341	1,339
Other Operating Revenue	<u>5,259</u>	<u>4,327</u>
Total Revenue from Operations	<u>\$ 232,121</u>	<u>\$ 215,539</u>
Operating Expenses:		
Salaries--Manager	\$ 48,506	\$ 44,459
Salaries--Other	35,867	35,900
Electric Power	19,364	18,998
Supplies	20,761	16,667
Chemicals	29,603	30,895
Repairs & Maintenance	24,615	29,238
Laboratory Analysis fees	5,939	4,723
Truck operating expense	12,096	8,552
Professional fees	3,325	4,975
Payroll Processing	253	2,576
ADEQ Permit	3,560	3,560
Office utilities and telephone	2,981	2,569
Office supplies and expense	9,562	5,032
Insurance	4,685	4,329
Insurance--employees' hospitalization	12,240	12,740
Payroll taxes	6,491	6,252
Bad debts	339	429
Deferred compensation plan	2,340	1,193
Miscellaneous	10,684	3,994
Travel	1,398	2,793
Depreciation	<u>36,769</u>	<u>36,776</u>
Total Operating Expenses	<u>\$ 291,378</u>	<u>\$ 276,650</u>
Net Income from Operations	<u>\$ (59,257)</u>	<u>\$ (61,111)</u>
Non-Operating Income (Expense):		
Interest Income	\$ 431	\$ 423
Interest Expense	(4,988)	(4,275)
Transfer from City of Weiner--Sales Tax	<u>25,000</u>	<u>25,000</u>
Total Non-Operating Income (Expense)	<u>\$ 20,443</u>	<u>\$ 21,148</u>
Net Income Before Contributions:	<u>\$ (38,814)</u>	<u>\$ (39,963)</u>
Capital Contributions:		
Donations	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (38,814)</u>	<u>\$ (39,963)</u>
Net Position, Beginning of Year	<u>439,388</u>	<u>479,351</u>
Net Position, End of Year	<u>\$ 400,574</u>	<u>\$ 439,388</u>

UNAUDITED--See Accountants' Compilation Report