

**TOWN OF KEISER WATER AND SEWER
DEPARTMENT
Keiser, Arkansas**

December 31, 2020

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

S. DON RAY

CERTIFIED PUBLIC ACCOUNTANT

**TOWN OF KEISER
WATER AND SEWER DEPARTMENT
KEISER, ARKANSAS
DECEMBER 31, 2020**

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 Cash Disbursements	8
Supplementary Information – (Unaudited)	
Schedule of Water and Sewer Rates	9

S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

**To the Mayor, Town Council and Management
of the Town of Keiser, Arkansas Water and Sewer Department
Keiser, Arkansas**

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

I have performed the procedures enumerated below, which were agreed to by the Mayor, Town Council and management on the procedures specified by the Arkansas Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the Town of Keiser, Arkansas, Water and Sewer Department (the Department), for the year ended December 31, 2020. The Department's management is responsible for the Department's accounting records. The sufficiency of these procedures is solely the responsibility of the Arkansas Legislative Joint Auditing Committee. 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.

1. Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- 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.

Findings: 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.

Findings: Findings: I found the following exception as a result of the above procedure 2(B): The Department's deposit records are not detailed sufficiently to perform a complete test of ten customer payments. Individual receipts could not be traced to deposits in the Town's bank accounts.

3. Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger.
- B. Determine that five customer adjustments were properly authorized.

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

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.

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

5. Property, Plant & Equipment

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

Findings: 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 service accounts have been established and maintained.

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

7. General

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

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

This engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Arkansas Code Ann. 14-234-119. Accordingly, I do not express such an opinion or conclusion. 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, USDA Rural Development, Arkansas Natural Resources Commission and the Department and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink that reads "S. Don Ray, CPA". The signature is stylized and includes the letters "CPA" at the end.

S. Don Ray, CPA
Jonesboro, Arkansas
March 12, 2021

S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Mayor, Town Council and Management
of the Town of Keiser, Arkansas Water and Sewer Department
Keiser, Arkansas**

Management is responsible for the accompanying financial statements of the Town of Keiser 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, 2020 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 a 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 this supplementary information.



**S. Don Ray, CPA
Jonesboro, Arkansas
March 12, 2021**

**TOWN OF KEISER WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2020**

ASSETS

CURRENT ASSETS	
Cash	\$ 80,879
RESTRICTED ASSETS	
Cash	241,173
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	1,076,708
TOTAL ASSETS	\$ 1,398,760

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Customer deposits	\$ 37,333
Current maturities of long-term debt	20,258
TOTAL CURRENT LIABILITIES	57,591
LONG-TERM LIABILITIES	
Long-term debt, net of current maturities	1,076,268
TOTAL LIABILITIES	1,133,859
NET POSITION	
Net investment in capital assets	(19,818)
Restricted	203,843
Unrestricted	80,876
TOTAL NET POSITION	264,901
TOTAL LIABILITIES AND NET POSITION	\$ 1,398,760

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF KEISER WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2020

CASH IN BANK, JANUARY 1

Operation and Maintenance Account	\$ 7,069
One-Cent Sewer Tax Account	28,233
One-Cent Water Tax Account	71,957
Debt Reserve Account	60,136
Revenue Account	88,246
New Construction Account	1,524
Meter Deposit Account	34,121
TOTAL CASH IN BANK, JANUARY 1	\$ 291,286

ADD: CASH RECEIPTS

Service Fees	\$ 197,525
Interest	61
Sales Tax	53,818
Meter Deposits	5,971
Proceeds from Insurance Settlement	7,125
TOTAL CASH RECEIPTS	\$ 264,500

LESS: CASH DISBURSEMENTS

Salaries and Payroll Taxes	\$ 51,513
Contract Labor	3,367
Postal Fees	1,470
Supplies	4,842
Electric	14,593
Laboratory Analysis	1,230
Chemicals	1,898
Contribution to Town Government	62,510
Permit Fees	2,414
Unemployment Taxes	32
Debt Service - Principle	19,624
- Interest	35,312
Professional Fees	5,550
Sales Tax	4,803
Repairs and Maintenance	21,560
Miscellaneous	257
Meter Deposit Refunds	2,759
TOTAL CASH DISBURSEMENTS	\$ 233,734

CASH IN BANK, DECEMBER 31

Operation and Maintenance Account	\$ 5,430
One-Cent Sewer Tax Account	43,285
One-Cent Water Tax Account	98,894
Debt Reserve Account	60,136
Revenue Account	75,450
New Construction Account	1,524
Meter Deposit Account	37,333
TOTAL CASH IN BANK, DECEMBER 31	\$ 322,052

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SUPPLEMENTARY
INFORMATION

TOWN OF KEISER, ARKANSAS
SCHEDULE OF WATER AND SEWER RATES
SUPPLEMENTARY INFORMATION
December 31, 2020

WATER RATES			
Rural Water			
First 1,000 gallons	\$	18.00	(minimum)
Over 1,000 gallons	\$	0.145	(per 100 gallons)
Over 10,000 gallons	\$	0.155	(per 100 gallons)
Residential			
First 1,000 gallons	\$	10.50	(minimum)
Over 1,000 gallons	\$	0.135	(per 100 gallons)
Over 3,000 gallons	\$	0.125	(per 100 gallons)
Over 6,000 gallons	\$	0.115	(per 100 gallons)
Commercial			
First 1,000 gallons	\$	18.00	(minimum)
Over 1,000 gallons	\$	0.145	(per 100 gallons)
Over 10,000 gallons	\$	0.155	(per 100 gallons)

SEWER RATES			
First 1,000 gallons	\$	5.25	(minimum)
Over 1,000 gallons	\$	0.068	(per 100 gallons)
Over 3,000 gallons	\$	0.063	(per 100 gallons)
Over 6,000 gallons	\$	0.058	(per 100 gallons)