

LURTON-PELSOR WATER ASSOCIATION, INC.

AGREED UPON PROCEDURES

Year Ended December 31, 2022

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INDEPENDENT ACCOUNTANT' S REPORT ON APPLYING AGREED-UPON PROCEDURES

Lurton-Pelsor Water Association, Inc.
P.O. Box 119
Pelsor, AR 72856

We have performed the procedures enumerated below on Agreed Upon Procedures of Lurton Pelsor Water Association, Inc. as of December 31, 2022. Lurton-Pelsor Water Association, Inc.'s management is responsible for the Agreed Upon Procedures

Lurton-Pelsor Water Association, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet intended purpose of complying with the requirements of the Arkansas Division of Legislative Audit and the State of Arkansas Act 907 of 2021 as of and for the year ended December 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are as follows:

Cash and Investments

1. 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.

Findings: We found no exceptions.

Receipts

2. 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 sub ledger to deposit and billing documents.

- C. For ten deposit, agree the cash/check composition of the deposit with receipt information.

Findings: We found no exceptions.

Accounts Receivable

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

Findings: We found no exceptions.

Disbursements

- 4. 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: We found no exceptions.

Property, Plant and Equipment

- 5. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.) No property, plant or equipment purchases.

Findings: We found no exceptions. (No additions or disposals)

Long-Term Debt

- 6. 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.

Findings: We found one exception. No approval for withdrawal from Soil and water depreciation reserve.

General

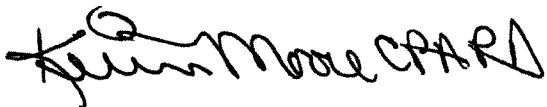
7. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

Findings: We found no exceptions.

We were engaged by Lurton-Pelsor Water Association, Inc. to perform this agreed-upon procedure and conducted our engagement 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.

We are required to be independent of Lurton-Pelsor Water Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Lurton-Pelsor Water Association, the State of Arkansas Legislative Audit and Arkansas Natural Resources Commission and is not intended to be and should not be used by anyone other than those specified parties.



Certified Public Accountant

Russellville, Arkansas

April 25, 2023

LURTON-PELSOR WATER ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2022

LURTON-PELSOR WATER ASSOCIATION, INC.

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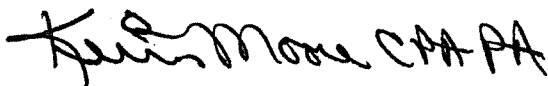
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Independent Accountant's Compilation Report

To the Board of Directors of
Lurton-Pelsor Water Association, Inc.
Pelsor, AR 72856

Management is responsible for the accompanying financial statements of Lurton-Pelsor Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets and cash flows 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 the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Certified Public Accountants

Russellville, AR

April 25, 2023

LURTON-PELSOR WATER ASSOCIATION, INC.
Statement of Financial Condition
December 31, 2022

<u>Assets</u>		
<u>Current Assets</u>		
Cash - operations	\$ 3,903	
Cash - revenue	63,125	
Cash - soil & water	2,864	
Accounts receivable - trade	<u>5,637</u>	
Total current assets		\$ 75,529
<u>Restricted Funds</u>		
Cash - meter deposits	\$ 10,284	
Cash - soil and water depreciation	7,937	
CD - meter fund	8,842	
CD - debt service	<u>18,658</u>	
Total restricted funds		45,721
<u>Property, Plant and Equipment</u>		
Property, plant and equipment, Net of accumulated depreciation		<u>96,942</u>
Total assets		<u><u>\$ 218,192</u></u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Current maturities of long-term debt	\$ 9,736	
Accrued expenses	1,493	
Accounts payable	3,409	
Meter deposits	<u>12,075</u>	
Total current liabilities		\$ 26,713
Long-term debt, less current maturities shown above		<u>28,566</u>
Total liabilities		55,279
<u>Net Assets</u>		
Without donor restrictions	<u>\$ 162,913</u>	
Total net assets		<u>162,913</u>
Total liabilities and net assets		<u><u>\$ 218,192</u></u>

See independent accountant's compilation report

LURTON-PELSOR WATER ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

Revenues	
Water collections	\$ 80,828
Interest income	269
Total revenues	<u>81,097</u>
Expenses	
Operating expenses	41,679
Personnel expense	20,287
General & administrative	5,496
Depreciation expense	19,075
Interest expense	2,475
Total expenses	<u>89,012</u>
Change in net assets	(7,915)
Net assets, beginning of year	<u>170,828</u>
Net assets, end of year	<u><u>\$ 162,913</u></u>

See independent accountant's compilation report

LURTON-PELSOR WATER ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

Cash flows from operating activities:

Change in net assets		\$ (7,915)
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Adjustments necessary to reconcile change in net assets to net cash provided by operating activities:

Depreciation	\$ 19,075	
<Increase> decrease in accounts receivable	464	
<Increase> decrease in restricted cash	(1,824)	
Increase <decrease> in accrued expenses	(137)	
<Increase> in accounts payable	<u>-</u>	<u>17,578</u>
Net cash provided by <used in> operating activities		<u>9,663</u>

Cash flows from financing activities:

Principal payments	<u>(9,081)</u>	
Net cash provided by <used in> financing activities		<u>(9,081)</u>

Net increase <decrease> in cash and cash equivalents		582
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Beginning cash and cash equivalents		<u>69,310</u>
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Ending cash and cash equivalents		<u><u>\$ 69,892</u></u>
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Supplemental data:

Interest paid		<u><u>\$ 2,475</u></u>
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See independent accountant's compilation report