

**FREEDOM PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS**

**AGREED-UPON PROCEDURES REPORT AND
COMPILED FINANCIAL STATEMENTS**

DECEMBER 31, 2023



**FREEDOM PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS
DECEMBER 31, 2023**

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Freedom Public Water Authority of the
State of Arkansas
Mena, Arkansas

We have performed the procedures enumerated below on the financial and billing records of Freedom Public Water Authority of the State of Arkansas as of and for the year ended December 31, 2023. Freedom Public Water Authority of the State of Arkansas' management is responsible for the financial and billing records.

Freedom Public Water Authority of the State of Arkansas has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose which is 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* as prepared by Arkansas Legislative Audit. This report may not be suitable for any other purpose. The procedures performed may not address all the 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 purpose.

The procedures and associated 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. We concluded this procedure with no findings.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with no findings.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater. The ending balances for all accounts were within these parameters.

(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. We concluded this procedure and found the deposits were within the parameters.

4200 Jenny Lind Road, Ste. B
Fort Smith, Arkansas 72901
Ph: 479.649.0888 email: marcl@selectlanding.com
www.selectcpa.com

- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure with no findings.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We concluded this procedure with no findings.

(3) Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger. We concluded this procedure with no findings.
- B. Determine that five customer adjustments were properly authorized. We concluded this procedure with no findings.

(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. We concluded this procedure and found the disbursements to be within the parameters.
- B. Analyze all property, plant and equipment disbursements. We concluded this procedure with no findings.
- C. Select all disbursements to employees other than payroll and ten other disbursements and determine if they were adequately documented. We concluded this procedure with no findings.

(5) Property, plant and equipment

- A. Determine that additions and disposals were properly accounted for in the records. We concluded this procedure with no findings.

(6) Long-term debt

- A. Schedule long-term debt and verify changes in all balances for the year. We concluded this procedure with no findings.
- B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. We concluded this procedure with no findings.
- C. Determine that the appropriate debt service accounts have been established and maintained. This procedure was not applicable

(7) General

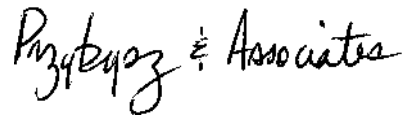
- A. Determine that any items of financial significance were approved and documented in the minutes of the Association's meetings. The minutes were provided to us and were read. We found all financially significant items to be documented.

We were engaged by Freedom Public Water Authority of the State of Arkansas to perform this agreed-upon procedures engagement 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 examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial and billing records. Accordingly, we do not express such an opinion or conclusion. 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 Freedom Public Water Authority of the State of Arkansas 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 Freedom Public Water Authority of the State of Arkansas and Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
April 18, 2024



To the Board of Directors
Freedom Public Water Authority of the
State of Arkansas
Mena, Arkansas

Management is responsible for the accompanying financial statements of Freedom Public Water Authority of the State of Arkansas, which comprise the statement of net position as of December 31, 2023, 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. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplemental information as referenced in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplemental information was subject to our compilation engagement. We have not audited or reviewed the supplemental information and do not express an opinion, a conclusion, nor provide any assurance on such information.

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 Association's financial position, results of operations, and cash flows. Accordingly, these financial statements are not for those who are not informed about such matters.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
April 18, 2024

FINANCIAL STATEMENTS

FREEDOM PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2023

Assets	
Current Assets	
Cash and cash equivalents	\$ 88,433
Restricted checking accounts	46,577
Restricted certificates of deposit	99,736
Accounts receivable, net of allowance for doubtful accounts	42,493
Inventory	38,296
Total Current Assets	315,535
Property, Plant and Equipment	
Land/easements	82,364
Office building	28,788
Office furniture and fixtures	2,471
Machinery and equipment	113,832
Transportation equipment	32,774
Distribution lines	2,361,934
Storage tanks	101,013
Wilhelmina project	2,181,061
Construction in process	4,500
Total	4,908,737
Less: accumulated depreciation	2,623,412
Total Property, Plant and Equipment	2,285,325
Total Assets	\$ 2,600,860
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 35,205
Payroll taxes payable	3,230
Sales tax payable	3,901
Accrued interest	336
Customer deposits	85,215
Current maturity of long-term debt	49,613
Total Current Liabilities	177,500
Long-Term Debt	325,514
Total Liabilities	503,014
Net Position	
Net investment in capital assets	1,910,198
Restricted	59,376
Unrestricted	128,272
Total Net Position	2,097,846
Total Liabilities and Net Position	\$ 2,600,860

See accountant's compilation report.

FREEDOM PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Revenue

Water revenues, less bad debts	\$	627,356
Late charges		15,637
Other income		7,092

Total Operating Revenue		650,085
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Operating Expenses

Water purchased	236,218
Supplies/parts	39,516
Advertising	643
Depreciation	131,580
Dues & subscriptions	931
Bank charges	548
Fees	7,519
Legal & accounting	7,750
Insurance	14,054
Employee benefits	2,743
Payroll and payroll taxes	110,865
Postage	3,880
Permits & taxes	5,033
Office expense	8,684
Travel expense	296
Repairs & maintenance	43,754
Rent	4,757
Telephone	6,342
Utilities	4,739
Vehicle expense	7,077

Total Operating Expenses	636,929
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Net Income From Operations	13,156
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Other Income (Expenses)

Interest income	3,451
Gain on disposition of asset	15,000
Interest expense	(17,850)

Total Other Income	601
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Change in Net Position	13,757
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Net Position at Beginning of Year	2,084,089
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Net Position at End of Year	\$ 2,097,846
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See accountant's compilation report.

SUPPLEMENTAL INFORMATION

FREEDOM PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS

SUPPLEMENTAL INFORMATION AS REQUIRED BY RURAL DEVELOPMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

Rural Development requires that the Authority present the following information:

Number of Water Users

Residential water users	767
Nonresidential water users	0
Total	767

Balance of Debt Service Reserve Accounts

Checking	\$ 14,712
Certificate of Deposit	33,793
Total	\$ 48,505

Annual amount due of non Rural Development long term financing

The Authority has no other long term debt covenants.

Cash Deposits

The Authority has deposits in one local bank, all of which were FDIC insured as of December 31, 2023.

See accountant's compilation report.