

GRAYROCK WATER USERS ASSOCIATION, INC.

Independent Accountant's Report on Applying
Agreed-Upon Procedures

June 30, 2022

J BAUER CPA PLLC

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MEMBER AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Grayrock Water Users Association, Inc.

We have performed the procedures enumerated below, which were agreed to by the board of directors of the Grayrock Water Users Association, Inc. and the Legislative Joint Auditing Committee, on the financial records of the Grayrock Water Users Association as of and for the year ended June 30, 2022. Grayrock Water Users Association, Inc.'s management is responsible for the financial records. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other 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.
- 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 these 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 subledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with the receipt information.

We found no exceptions as a result of these procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable subledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of these 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.

We found no exceptions as a result of these procedures.

5. 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.)

We found no exceptions as a result of the 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 lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of these procedures.

7. General

- a. 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 procedure.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial condition of the Grayrock Water Users Association. 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.

This report is intended solely for the information and use of the Grayrock Water Users Association, Inc. and the Legislative Joint Auditing Committee, and other parties as required by Arkansas Code and is not intended to be and should not be used by anyone other than these specified parties.

J BAUER CPA PLLC

November 16, 2022

GRAYROCK WATER USERS ASSOCIATION, INC.

Financial Statements

June 30, 2022

GRAYROCK WATER USERS ASSOCIATION, INC.

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MEMBER AMERICAN INSTITUTE OF
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Grayrock Water Users Association, Inc.

Management is responsible for the accompanying financial statements of the Grayrock Water Users Association, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – cash basis as of June 30, 2022 and the related statement of revenues, expenses, and other changes in net assets – cash basis for the year then ended in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. 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 financial statements are prepared in accordance with the 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 the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's assets, liabilities, net assets, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

J BAUER CPA PLLC

Scranton, AR
November 16, 2022

GRAYROCK WATER USERS ASSOCIATION, INC.
Statement of Assets, Liabilities, and Net Assets - Cash Basis
June 30, 2022

ASSETS

Current Assets

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 36,551 |
| Investments | <u>52,069</u> |
| Total Current Assets | <u>\$ 88,620</u> |

Fixed Assets

| | |
|--------------------------|------------------|
| Equipment | \$ 169,293 |
| Easement | 435 |
| Accumulated depreciation | <u>(152,388)</u> |
| Total Fixed Assets | <u>\$ 17,340</u> |

| | |
|--------------|-------------------|
| Total Assets | <u>\$ 105,960</u> |
|--------------|-------------------|

LIABILITIES AND NET ASSETS

| | |
|-------------|-------------|
| Liabilities | <u>\$ -</u> |
|-------------|-------------|

| | |
|-------------------------|-------------------|
| Unrestricted Net Assets | <u>\$ 105,960</u> |
|-------------------------|-------------------|

| | |
|----------------------------------|--------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 105,960</u></u> |
|----------------------------------|--------------------------|

See independent accountant's compilation report.

GRAYROCK WATER USERS ASSOCIATION, INC.
Statement of Revenues, Expenses, and Other Changes in Net Assets - Cash Basis
June 30, 2022

UNRESTRICTED NET ASSETS

Support and Revenue

| | | | |
|---------------------------|--|----|----------------|
| Program and water sales | | \$ | 133,668 |
| Interest income | | | <u>210</u> |
| Total Support and Revenue | | \$ | <u>133,878</u> |

Expenses

Program Services

| | | | |
|-------------------------|----|--------------|-----------|
| Contract labor | \$ | 1,962 | |
| Cost of water | | 86,584 | |
| Repairs and maintenance | | 1,054 | |
| Supplies | | <u>5,830</u> | \$ 95,430 |

Supporting Services

Management and General

| | | | |
|------------------------|----|---------------|---------------|
| Bank charges | \$ | 900 | |
| Depreciation | | 439 | |
| Dues and subscriptions | | 3,259 | |
| Insurance | | 791 | |
| Office expense | | 2,434 | |
| Payroll taxes | | 1,161 | |
| Professional fees | | 20,804 | |
| Salaries | | <u>11,031</u> | <u>40,819</u> |

| | | |
|--------------------------------|----|----------------|
| Total Expenses & Other Changes | \$ | <u>136,249</u> |
|--------------------------------|----|----------------|

| | | |
|--|----|---------|
| Increase (decrease) in Unrestricted Net Assets | \$ | (2,371) |
|--|----|---------|

| | |
|--|----------------|
| Unrestricted Net Assets, Beginning of the Year | <u>108,331</u> |
|--|----------------|

| | |
|--|--------------------------|
| Unrestricted Net Assets, End of the Year | <u><u>\$ 105,960</u></u> |
|--|--------------------------|

See independent accountant's compilation report.