

ACORN RURAL WATER ASSOCIATION

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

MAY 31, 2024 AND 2023



ACORN RURAL WATER ASSOCIATION
MAY 31, 2024 AND 2023

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Acorn Rural Water Association
Mena, Arkansas

We have performed the procedures enumerated below on the financial and billing records of Acorn Rural Water Association as of and for the year ended May 31, 2024. Acorn Rural Water Association's management is responsible for the financial and billing records.

Acorn Rural Water Association 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 and noted that there were several items on the bank reconciliations as reconciling items but in fact these were errors that had to be adjusted.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure and noted that Union Bank did not send their confirmation response back after multiple times of requesting.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater. We noted that there were differences in the proof of cash which was in excess of 5% and \$500. These errors required corrections to the book balances.

(2) Receipts

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- 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.
- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure and noted three findings. There were two customer accounts which had to be shut off and their balances removed for non-payment. We noted that one customer had to have their outstanding balance removed due to a misread meter.
- 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 and noted that there were several adjustments which were required to reconcile the billing system and the accounts receivable sub ledger.
- B. Determine that five customer adjustments were properly authorized. We concluded this procedure with one finding. The individual that makes the adjustments also approves them. We suggest as a best practice to have a formal set of procedures to approve any adjustments to customer accounts.

(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 noted that there were several items on the bank reconciliations as reconciling items but in fact these were errors that had to be adjusted.
- B. Analyze all property, plant and equipment disbursements. We had to make several reclassifications and adjustments to reconcile the account balances and have the fixed assets capitalized and the Arkansas Department of Transportation receipts be shown as revenues.
- 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 had to make several reclassifications and adjustments to reconcile the account balances and have the fixed assets capitalized and the Arkansas Department of Transportation reimbursement grant receipts be shown as revenues.

(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 noted that the Gap and Turbin Creeks Water Main Relocation Project had not been documented in the minutes.

We were engaged by Acorn Rural Water Association 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 Acorn Rural Water Association 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 Acorn Rural Water Association, Arkansas Waterworks and Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
May 8, 2025



To the Board of Directors
Acorn Rural Water Association
Mena, Arkansas

Management is responsible for the accompanying financial statements of Acorn Rural Water Association, which comprise the statement of financial position as of May 31, 2024 and 2023, the related statements of activities 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. 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 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
May 8, 2024

FINANCIAL STATEMENTS

ACORN RURAL WATER ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

AS OF MAY 31,	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 223,295	\$ 116,141
Restricted checking and savings accounts	94,279	97,005
Accounts receivable	66,366	52,765
Inventory	13,488	12,232
Prepays	1,660	4,181
Total Current Assets	399,088	282,324
Noncurrent Assets		
Certificate of deposits	98,854	95,002
Restricted certificate of deposit	198,432	188,576
Property, Plant, and Equipment		
Land	4,000	4,000
Building	28,416	28,416
Water distribution system	4,436,528	4,007,202
Storage tanks	91,184	91,184
Machinery and equipment	18,303	18,303
Office furniture and fixtures	31,937	31,937
Transportation equipment	46,104	46,104
Total	4,656,472	4,227,146
Less accumulated depreciation	(2,277,709)	(2,160,515)
Total Property, Plant, and Equipment	2,378,763	2,066,631
Total Noncurrent Assets	2,676,049	2,350,209
Other Assets		
Loan administration fees, net of accumulated amortization of \$4,000 and \$3,800 respectively	2,000	2,200
Total Other Assets	2,000	2,200
Total Assets	\$ 3,077,137	\$ 2,634,733

See accountant's compilation report.

ACORN RURAL WATER ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

AS OF MAY 31,	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Trade accounts payable	\$ 23,380	\$ 21,688
Accrued payroll and payroll liabilities	2,016	1,125
Sales tax payable	5,064	4,028
Accrued interest	1,959	2,055
Customer meter deposits	70,219	67,308
Current maturity of long-term debt	56,402	54,638
Total Current Liabilities	159,040	150,842
Long-term Debt	1,215,628	1,282,182
Total Liabilities	1,374,668	1,433,024
Net Assets		
Without Donor Restrictions	1,702,469	1,201,709
Total Net Assets	1,702,469	1,201,709
Total Liabilities and Net Assets	\$ 3,077,137	\$ 2,634,733

See accountant's compilation report.

ACORN RURAL WATER ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MAY 31,	2024	2023
Unrestricted Revenues and Other Support		
Metered water sales, net of bad debts	\$ 750,251	\$ 671,530
Other revenue	9,130	13,975
Late charges	16,114	14,888
Interest income	14,102	2,701
Arkansas Department of Transportation Highway Reimbursement Grant	429,327	-
Total Unrestricted Revenues and Other Support	1,218,924	703,094
Program Services		
Salaries and wages	56,979	38,798
Payroll taxes	4,546	3,046
Utilities and telephone	4,193	4,794
Repairs and maintenance	22,246	1,040
Water purchases	317,347	289,823
Amortization expense	200	200
Advertising	280	-
Outside services	34,012	37,737
Dues and subscriptions	5,991	4,546
Insurance	8,607	5,458
Interest expense	60,098	63,491
Legal and accounting	4,500	4,575
Office expense	5,103	4,448
Other expense	587	856
Rent	757	310
Supplies	24,088	24,430
Truck expenses	12,598	10,628
Depreciation	117,194	126,571
Total Program Services	679,326	620,751
Management and General		
Insurance	8,607	5,458
Office expense	5,103	4,448
Utilities and telephone	2,516	2,876
Salaries and wages	20,947	22,118
Payroll taxes	1,665	1,764
Total Management and General	38,838	36,664
Total Expenses	718,164	657,415
Change In Net Assets Without Donor Restrictions	500,760	45,679
Net Assets Without Donor Restrictions, Beginning of Year	1,201,709	1,156,030
Net Assets Without Donor Restrictions, End of Year	\$ 1,702,469	\$ 1,201,709

See accountant's compilation report.