

PLEASANT GROVE WATER ASSOCIATION, INC.

Pleasant Grove, Arkansas

For the Year Ended December 31, 2021

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



TIMOTHY L BLANSETT
— CPA PLLC —

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors
PLEASANT GROVE WATER ASSOCIATION, INC.
Pleasant Grove, Arkansas

We have performed the procedures enumerated below, which were agreed to by the members of the Board on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. § 14-234-119 for the Pleasant Grove Water Association, Inc., for the year ended December 31, 2021. Pleasant Grove Water Association, Inc.'s management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. § 14-234-119. The sufficiency of the procedures performed is solely the responsibility of the specified users of the report to be issued. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the 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.

Findings: *We found no exceptions after performing 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 (10) customer payments on the accounts receivable sub ledger to deposit and billing documents.
- C) For ten (10) deposits, agree the cash/check composition of the deposit with receipt information.

Findings: *We found no exceptions after performing the above procedures.*

3. ACCOUNTS RECEIVABLE

- A) Agree ten (10) customer billings to the accounts receivable sub ledger.
- B) Determine that five (5) customer adjustments were properly authorized.

Findings: *We found no exceptions after performing the above procedures.*

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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 (10) other disbursements and determine if they were adequately documented.

Findings: *We found no exceptions after performing the above 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.)

Findings: *We found no exceptions after performing 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 lender/trustee/contractor.
- C) Determine that the appropriate debt service accounts have been established and maintained.

Findings: *We found no exceptions after performing the above procedures.*

7. GENERAL

- A) 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 after performing the above 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 audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial condition of the Pleasant Grove Water Association, Inc. 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 Pleasant Grove Water Association, Inc. and Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

Timothy L Blansett, CPA PLLC

Timothy L Blansett, CPA PLLC
Searcy, Arkansas
August 31, 2022

PLEASANT GROVE WATER ASSOCIATION, INC.

Pleasant Grove, Arkansas

For the Year Ended December 31, 2021

**COMPILED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S COMPILATION
REPORT**

PLEASANT GROVE WATER ASSOCIATION, INC.
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Page</u>
Independent accountant's compilation report	1
Statement of net position	2
Statement of activities and changes in net position	3



TIMOTHY L BLANSETT
— CPA PLLC —

Independent Accountant's Compilation Report

Board of Directors
PLEASANT GROVE WATER ASSOCIATION, INC.
Pleasant Grove, Arkansas

Management is responsible for the accompanying financial statements of Pleasant Grove Water Association, Inc., which comprise the statement of net position as of December 31, 2021, and 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. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all 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, the financial statements are not designed for those who are not informed about such matters.

Timothy L Blansett, CPA PLLC

Timothy L Blansett, CPA PLLC
Searcy, Arkansas
August 31, 2022

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PLEASANT GROVE WATER ASSOCIATION, INC.
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 176,728
Certificates of deposit	56,104
Accounts receivable	59,588
Total current assets	<u>292,420</u>

Restricted assets

Cash and cash equivalents	52,656
Certificates of deposit	113,481
Total restricted assets	<u>166,137</u>

Property and equipment

Land	4,000
Water system	3,978,711
Buildings and equipment	258,114
Vehicles	44,447
Total property and equipment	<u>4,285,272</u>
Less: accumulated depreciation	<u>(1,954,136)</u>
Net property and equipment	<u>2,331,136</u>
TOTAL ASSETS	<u><u>\$ 2,789,693</u></u>

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 20,113
Accrued payroll liabilities	2,619
Accrued interest	1,351
Current maturities of notes payable	56,653
Total current liabilities	<u>80,736</u>

Non-current liabilities

Notes payable, net of current maturities	735,173
Meter deposits	64,897
Total non-current liabilities	<u>800,070</u>
TOTAL LIABILITIES	<u>880,806</u>

Net position

Unrestricted:	
Board designated	166,137
Unrestricted	<u>1,742,750</u>
TOTAL NET POSITION	<u>1,908,887</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,789,693</u></u>

See Independent Accountant's Compilation Report.

PLEASANT GROVE WATER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating revenues

Water revenues	\$ 597,346
Connection and other fees	41,409
Management fees	50,450
Other income	4,354
Total operating revenues	<u>693,559</u>

Operating expenses

Water purchases	266,651
Salaries	107,258
Payroll expenses	8,466
Dues and fees	6,010
Insurance	8,417
Miscellaneous	964
Office expense	17,262
Professional fees	3,750
Repairs and maintenance	64,243
Utilities	27,287
Vehicle expense	15,673
Total operating expenses	<u>525,981</u>

Operating income before depreciation	167,578
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Depreciation	<u>105,131</u>
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Operating income	62,447
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Other income/(expense)

Interest income	1,317
Interest expense	(29,739)
Gain on sale of equipment	3,001
Total other income/expense	<u>(25,421)</u>

Net increase in net position	37,026
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Net position, beginning of year	<u>1,871,861</u>
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Net position, end of year	<u>\$ 1,908,887</u>
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See Independent Accountant's Compilation Report.