

**VAN BUREN COUNTY WATER ASSOCIATION**

**FOR THE YEAR ENDED DECEMBER 31, 2023  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Cynthia C. Bearden, CPA  
9216 Millers Pointe Court  
Sherwood, Arkansas 72120  
(501) 551-1345

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

Van Buren County Water Association  
Clinton, Arkansas

I have performed the procedures listed below with respect to the financial information and state law compliance which are agreed to by the management of Van Buren County Water Association for the period April 1, 2023 – December 31, 2023. Management is responsible for maintaining the financial records and complying with the state law. An agreed upon procedures engagement involves performing specific procedures that the Van Buren County Water Association has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed below. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to perform agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Van Buren County Water Association. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Van Buren County Water Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas Code §14-234-119 and the Guidelines for Conducting Agreed-upon Procedures for Water and Sewer Providers dated August 2, 2021, as published by the Arkansas Legislative Joint Auditing Committee. 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 the associated findings are as follows:

1. Cash and Investments

- A. Prepare 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:**        *None*

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 10 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 receipt information.

**Findings:**        *I was unable to locate receipts for cash payments, so I was unable to perform this procedure.*

**Recommendations:** *I recommend the Association prepare cash receipts for all cash payments.*

3. Accounts Receivable:

- A Agree 10 customer billings to the accounts receivable subledger.
- B. Determine that five (5) customer adjustments are properly authorized.

**Findings:** *There is no documentation of customer adjustments being approved.*

**Recommendations:** *I recommend the Van Buren County Water Association implement procedures for documentation of approval of customer adjustments.*

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 if applicable.
- C. Select all disbursements other than payroll paid to the employees and 10 other disbursements and determine if they are adequately documented.

**Findings:** *There were no findings for the 10 other disbursements; however, a separate engagement was conducted for review of disbursements to the employees. The findings and recommendations were documented in a separate report which is included in the submission of this report.*

5. Property, Plant and Equipment - Determine that additions and disposals are properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

**Findings:** *None*

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:** *None*

7. General

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

**Findings:** *None*

I am not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion on the Van Buren County Water Association's financial statements or specified elements, accounts, or items thereof. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. I am required to be independent of the Van Buren County Water Association and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.

This report is intended solely for the information and use of the Van Buren County Water Association and is not intended to be and should not be used by anyone other than this specified party.



Cynthia C. Bearden  
Sherwood, Arkansas  
Certificate Public Accountant  
March 17, 2025

**VAN BUREN COUNTY WATER ASSOCIATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

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**Cynthia C. Bearden, CPA  
9216 Millers Pointe Court  
Sherwood, Arkansas 72120**

To the Board of Directors  
Van Buren County Water Association  
Clinton, Arkansas

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Van Buren County Water Association, which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2023, and the related statement of revenues, expenses, and other changes in net position – modified cash basis, and statement of cash flows - modified cash basis for the year then ended, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. I 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I 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 modified 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 the financial statements prepared in accordance with the modified 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 position, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Cynthia C. Bearden, CPA  
Sherwood, Arkansas 72120  
March 17, 2025

**Van Buren County Water Association**  
**Statement of Assets, Liabilities, and Net Position - Modified Cash Basis**  
**December 31, 2023**

	<b>Assets</b>
Unrestricted Cash & Cash Equivalents	\$ 469,406
Restricted Cash & Cash Equivalents	\$ 439,655
Capital Assets	\$ <u>4,256,100</u>
<b>Total Assets</b>	<b>\$ <u><u>5,165,161</u></u></b>
	<b>Liabilities and Net position</b>
<b>Current Liabilities</b>	
Current portion of long-term debt - AR Department of Agriculture	\$ 25,621
Current portion of long-term debt - USDA	\$ 52,325
Meter Deposits Outstanding	\$ <u>79,463</u>
Total Current Liabilities	<u>\$ 157,410</u>
<b>Long Term Liabilities</b>	
Long Term Debt - AR Department of Agriculture	\$ 239,705
Long Term Debt - USDA	\$ <u>1,316,200</u>
Total Long Term Liabilities	<u>\$ 1,555,905</u>
<b>Total Liabilities</b>	<u>\$ 1,713,315</u>
<b>Total net position</b>	<u>\$ 3,451,846</u>
<b>Total Liabilities and net position</b>	<b>\$ <u><u>5,165,161</u></u></b>

*See Independent Accountant's Compilation Report*

**Van Buren County Water Association**  
**Statement of Revenues, Expenses and Other Changes in Net Position - Modified Cash Basis**  
**Year Ended December 31, 2023**

<b>Operating revenues</b>	
Water Sales	1,080,293
Interest	1,325
<b>Total operating revenues</b>	<b>1,081,618</b>
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<b>Operating expenses</b>	
Professional Fees	5,194
Insurance	39,898
Chemicals	15,752
Maintenance & Repairs	65,032
Water Purchases	389,042
Equipment Maintenance & Repair	2,317
Fuel & Vehicle Expenses	26,365
License & Permits	6,830
Miscellaneous Expense	4,104
Office Expense	28,087
Utilities	61,088
Payroll Expenses	194,375
Employee Benefits	30,941
Sales Tax	39,961
Interest Expense	60,974
<b>Total operating expenses</b>	<b>969,959</b>
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<b>Increase in net position</b>	<b>111,659</b>
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<b>Net position, beginning of year</b>	<b>3,340,187</b>
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<b>Net position, end of year</b>	<b>\$ 3,451,846</b>
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*See Independent Accountant's Compilation Report*

**Van Buren County Water Association  
Statement of Cash Flows - Modified Cash Basis  
Year Ended December 31, 2023**

<b>Cash flows from operating activities:</b>	
Income (Loss) From Operations	\$ 171,308
<b>Net cash provided by (used in) operating activities</b>	<u>171,308</u>
<b>Cash flows from capital and related financing activities:</b>	
Payments on long-term debt	(63,659)
Interest paid on long-term debt	(60,974)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(124,633)</u>
<b>Cash flows from investing activities:</b>	
Interest	<u>1,325</u>
<b>Net cash provided (used in) investing activities</b>	<u>1,325</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>48,000</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>861,061</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 909,061</u></u>

*See Independent Accountant's Compilation Report*

**VAN BUREN COUNTY WATER ASSOCIATION  
FOR THE YEAR PERIOD ENDED OCTOBER 31, 2023  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Cynthia C. Bearden, CPA  
9216 Millers Pointe Court  
Sherwood, Arkansas 72120  
(501) 551-1345

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

Van Buren County Water Association  
Clinton, Arkansas

I have performed the procedures listed below with respect to the financial information and state law compliance which are agreed to by the management of the Van Buren Water Association for the period January 1, 2022 — October 31, 2023. Management is responsible for maintaining the financial records and complying with the state law. An agreed upon procedures engagement involves performing specific procedures that the Van Buren County Water Association has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed below. This engagement to perform agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Van Buren County Water Association. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Van Buren County Water Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose reviewing all payments to employees for the period stated above. 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 the associated findings are as follows:

1. Review all transactions in the bank statements for the period January 1, 2022 to October 31, 2023.

**Findings:** See findings in comments related to other procedures.

2. Validate two signatures on all checks.

**Findings:** All checks had two signatures. The signatures were that of the office manager and a board member.

3. Schedule all checks to the employees.

**Findings:**

- a. The office manager paid herself for vacation time beginning January 1, 2018 in lieu of reducing the vacation hours available to use. It appears she did not take any vacation time off out of the office from January 1, 2018 through October 31, 2023 as she paid herself for available vacation time during this time period.
- b. The vacation policy states an employee may only carry over 40 hours of unused leave each year. However, Ms. Mathes carried over all her unused leave that she had not paid herself for during this time period. As a result, she carried over too much leave each year from 2018 - 2022.
- c. The vacation policy states that an employee earns leave monthly after 10 days in a month. When Ms. Mathes retired in October 2023, she paid herself for all her calculated unused leave plus the 20 days she began earning in September 2023. Per the policy, she should have only earned 1/12 of 20 days for the month of October 2023.
- d. As a result of carrying over more than 40 hours leave per year and paying unused vacation time in excess of what was earned in October 2023, she overpaid herself 41.33 days for a total of \$7,582.13.
- e. I was unable to validate if Ms. Mathes was never out of the office from 2018 through October 31, 2023. Based on the payments of unused leave, it appears Ms. Mathes was never out of the office for a vacation day during this time period. If Ms. Mathes WAS in fact taking the vacation time off, then the overpayment will be much greater. The vacation days paid to Ms. Mathes totaled \$23,974.

- f. Ms. Mathes paid herself for on-call pay for the pay periods she paid herself for vacation instead of taking time off. She also paid herself a regular paycheck each of these times she paid herself for vacation pay. As a result, she paid herself twice in one week for on-call pay resulting in an overpayment of \$4,430.84.
- g. Ms. Mathes was also paid a flat amount of \$170.10 each month. Per discussion with Nick Stetler, this was payment for her to put in a retirement plan. However, per the board meeting minutes, she got a 3% salary increase. The June 19, 2021 minutes state "Greg explained Cleo's request to convert the 3% the company has been matching for her retirement into a 3% salary increase since she is no longer eligible for the retirement plan." This additional pay was a separate check to the employee and was not included in her taxable wages.

4. Validate employee's rate of pay.

**Findings:** I found a schedule of employee pay rates that was prepared in 2023 documenting the rates. However, the employee got a 3.5% pay increase each year. I recommend any employee pay increases be documented in the board meeting minutes each year.

5. Review board meeting minutes for unusual activities.

**Findings:** None

**Recommendation:** It appears the employees got annual Christmas bonuses as well as pay increases each year. I recommend the bonuses as well as the employee pay rates be documented in the board meeting minutes.

6. Review supporting documentation for any non-payroll check to the employee.

**Findings:** The employee was paid \$35 monthly to attend board meetings per Nick Stithem. She was also paid \$170.10 each month since she was not eligible to participate in the retirement plan. See finding above. Neither of these payments were included in her taxable wages.

7. Performed other procedures necessary to review checks written to the office manager.

**Findings:** I reviewed the payroll worksheets for Ms. Mathes from January 1, 2017 to October 31, 2023. During 2017, Ms. Mathes was deducting vacation days used from her available vacation balance. However, in January 2018, she stopped doing this and began paying herself for vacation days instead of deducting them from her available balance. Based on this, it appears Ms. Mathes never took a vacation day from 2018 through October 31, 2023.

I am not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion on the Van Buren County Water Association's financial statements or specified elements, accounts, or items thereof. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. I am required to be independent of the Van Buren County Water Association and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.

This report is intended solely for the information and use of the Van Buren County Water Association and is not intended to be and should not be used by anyone other than this specified party.

*Cynthia Bearden*

Cynthia C. Bearden  
Sherwood, Arkansas  
Certificate Public Accountant  
February 13, 2023