

**GOSNELL WATER ASSOCIATION
PUBLIC WATER AUTHORITY OF
THE STATE OF ARKANSAS**

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

DECEMBER 31, 2023 AND 2022



**GOSNELL WATER ASSOCIATION PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS
DECEMBER 31, 2023 AND 2022**

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Gosnell Water Association Public Water Authority

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

The Gosnell Water Association Public Water Authority 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 and found that the CD's interest earned had not been added to the recorded balances. Management recorded the interest to bring all of the CD's current to match confirmations.
- 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.

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- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We found 6 of 10 accounts selections that matched the billing documents. 4 of the 10 accounts had been closed prior to the performance of the engagement and the billing system would not allow reprinting of previous months' billing documents. We did match those to transaction summary documents in the billing system. We were able to match 3 of the selections to deposits. Four accounts had various issues regarding closed accounts with balances. Two accounts had balances that were paid in full over a four-month period authorized by management, and one account was paid by credit card and we could not distinguish the batch deposit it was associated with due to lack of detail documentation.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We concluded this procedure with no findings; however, banks have modified their deposit procedures so the actual cash/check composition does not show on the bank deposits like they have in the past. All bank receipts matched the deposit records.

(3) Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger. We concluded this procedure and found that one bill for \$451.77 out of the ten billings did not match the accounts receivable ledger of \$189.99. Management explained that the meter was misread and that the accounts receivable ledger was accurate. We noted that the bill was marked down to \$253.99 and that was what was paid. The \$189.99 had a \$19 interest charge and a \$45 late fee charge added to the \$189.99 to bring the total to \$253.99 that was marked on the bill. All other billings matched the accounts receivable ledger.
- 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. In our analysis of the PP&E disbursements, we found that all capital assets were recorded to PP&E accounts, but some were misclassified to the wrong categories. Management fixed these in the records.
- 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, bonds, 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 Council meetings. The minutes were provided to us and were read. We found all financially significant items to be documented.

We were engaged by the Gosnell Water Association Public Water Authority 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 the Gosnell Water Association Public Water Authority 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 the Gosnell Water Association Public Water Authority 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
January 8, 2025



Accountant's Compilation Report

To the Board of Directors
Gosnell Water Association Public Water Authority

Management is responsible for the accompanying financial statements of the Gosnell Water Association Public Water Authority, which comprise the statements of net position as of December 31, 2023, the related statements 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.

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 Department'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
January 8, 2025

FINANCIAL STATEMENTS

GOSNELL WATER ASSOCIATION PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 82,086	\$ 212,245
Accounts receivable, net of allowance for doubtful accounts	36,457	53,208
Lease receivable, current	7,963	23,498
Prepaid expenses	2,661	3,687
Restricted cash	4,391	94,179
Certificates of deposit	223,628	222,001
Total Current Assets	357,186	608,818
Noncurrent Assets		
Long-term lease receivable	-	7,963
Capital Assets		
Land	19,000	19,000
Building Improvements	127,001	127,001
Plant and equipment	3,167,965	3,095,729
Chemical Plant Building	315,944	
Construction in progress	-	208,106
Total	3,629,910	3,449,836
Less: accumulated depreciation	2,606,670	2,507,368
Net Capital Assets	1,023,240	942,468
Total Noncurrent Assets	1,023,240	950,431
Total Assets	\$ 1,380,426	\$ 1,559,249

See accountant's compilation report.

GOSNELL WATER ASSOCIATION PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2023	2022
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 45,611	\$ 49,823
Payroll taxes payable	3,225	3,162
Accrued payroll	2,828	1,385
Sales tax payable	3,521	6,298
Accrued interest	197	218
Customer deposits	94,911	94,179
Financed purchase, current portion	1,721	1,721
Note payable, current portion	52,662	51,388
Total Current Liabilities	204,676	208,174
Long-term Liabilities		
Financed purchase	5,584	5,584
Note payable	423,879	476,766
Total Liabilities	634,139	690,524
Deferred inflows of Resources		
Deferred inflows of resources related to leases	7,963	31,461
Total Deferred Inflows	7,963	31,461
Net Position		
Net investment in capital assets	539,394	407,009
Unrestricted net assets	198,930	430,255
Total Net Position	738,324	837,264
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,380,426	\$ 1,559,249

See accountant's compilation report.

GOSNELL WATER ASSOCIATION PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2023	2022
Operating Revenue		
Metered water sales, net of provision for bad debts	\$ 460,544	\$ 488,778
Service charge	19,369	24,990
Late charges	19,638	19,623
Other revenue	33,772	39,786
Total Operating Revenue	533,323	573,177
Operating Expenses		
Salaries and wages	216,801	181,059
Payroll taxes	16,944	14,479
Supplies	7,203	7,256
Utilities	47,624	42,161
Insurance	89,240	75,658
Legal and accounting	5,058	4,794
Dues and subscriptions	1,651	3,163
Repairs and maintenance	92,348	53,866
Computer expense	6,227	3,544
Fuel	6,919	6,214
Office expense	4,282	2,094
Miscellaneous	3,385	71
Depreciation	99,302	94,070
Equipment expense	2,651	569
Chemicals and testing	16,198	33,228
Contract labor	13,632	8,185
Postage	6,521	5,612
Laundry	2,288	408
Health department fees	5,226	6,121
Total Operating Expenses	643,500	542,552
Net Income (Loss) From Operations	(110,177)	30,625
Other Income (Expenses)		
Lease rental income	23,498	23,035
Lease interest income	514	977
Interest income	2,107	554
Gain or (Loss) on sale of asset	-	14,583
Interest expense	(14,882)	(14,565)
Total Net Other Income	11,237	24,584
Change In Net Position	(98,940)	55,209
Beginning of Year Net Position	837,264	782,055
End of Year Net Position	\$ 738,324	\$ 837,264

See accountant's compilation report.