

**CITY OF ELKINS, ARKANSAS WATER
AND SEWER DEPARTMENT**

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

DECEMBER 31, 2022 AND 2021



CITY OF ELKINS, ARKANSAS WATER AND SEWER DEPARTMENT

DECEMBER 31, 2022 AND 2021

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Elkins Water and Sewer Department
Elkins, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Elkins Water and Sewer Department, (the Department) as of and for the year ended December 31, 2022. The City of Elkins Water and Sewer Department's management is responsible for the financial and billing records.

The City of Elkins Water and Sewer Department 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 outside the criteria set. However, we found that the Local Wastewater Impact Fee account had a check for \$500 that cleared that account and it was written to the Local Water Impact Fee account in August of 2022 that never appeared to be deposited.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with no findings.
- 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.
- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure and found the deposits were within the parameters.
- 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 with three overpayments of \$62.17, \$.48, and \$5.01.
- 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. We concluded this procedure with no findings.
- 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. We concluded that accounts for the 2008 Bonds have been appropriately established.

(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 did not find documentation as to what is going to happen with the Sewer project once it is completed. At the present time, the Water and Sewer department has early engineering fees recorded for the project, but the City secured the Revenue Bonds and therefore has the Sewer project recorded on the City books.

We were engaged by the City of Elkins Water and Sewer Department 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 City of Elkins Water and Sewer Department 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 City of Elkins Water and Sewer Department 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 3, 2024



To the Honorable Mayor and City Council
City of Elkins Water and Sewer Department
Elkins, Arkansas

Management is responsible for the accompanying financial statements of the City of Elkins Water and Sewer Department, which comprise the statement of net position as of December 31, 2022, 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. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements referenced in the first paragraph of this report present only the water and sewer department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Elkins Water and Sewer Department, as of December 31, 2022 and 2021, and the changes in its financial position in conformity with accounting principles generally accepted in the United States of America.

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.

The 2021 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated January 4, 2023. We have not performed any auditing procedures since that date.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial for placing the financial statements in an appropriate operational, economic or historical context.

A handwritten signature in cursive script that reads "Przybysz & Associates".

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 3, 2024

FINANCIAL STATEMENTS

CITY OF ELKINS, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 206,870	\$ 381,058
Restricted checking accounts	765,631	652,182
Certificates of deposit	48,926	48,798
Restricted certificates of deposit	7,625	7,610
Restricted investments	78,507	77,355
Accounts receivable	104,482	117,468
Inventory	22,981	22,981
Prepaid insurance	3,561	4,369
Total Current Assets	1,238,583	1,311,821
Net Capital Assets	4,511,289	4,703,119
Total Assets	\$ 5,749,872	\$ 6,014,940
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 58,618	\$ 52,734
Sales tax payable	6,963	7,441
Accrued wages and compensated absences	7,844	9,183
Accrued interest	2,823	3,153
Meter deposits payable	215,494	194,615
Current maturity of long-term debt	66,254	65,537
Total Current Liabilities	357,996	332,663
Long-Term Debt, Net of Unamortized Bond Discounts	380,975	446,652
Total Liabilities	738,971	779,315
Net Position		
Net investment in capital assets	4,064,060	4,190,930
Restricted	435,411	357,876
Unrestricted	511,430	686,819
Total Net Position	5,010,901	5,235,625
Total Liabilities and Net Position	\$ 5,749,872	\$ 6,014,940

See accompanying notes to financial statements.

CITY OF ELKINS, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Operating Revenue		
Water revenues, less bad debts	\$ 541,021	\$ 532,275
Sewer revenues	521,093	463,965
Sanitation income, net of related expenses	(20,554)	4,964
Tap income	13,750	15,300
Other income	114,100	46,462
Total Operating Revenue	1,169,410	1,062,966
Operating Expenses		
Water purchases	260,347	228,454
Sewage service	498,877	441,473
Wages	160,708	182,618
Employee benefits	26,698	28,706
Insurance	6,666	5,326
Professional fees	35,983	8,480
Repairs and maintenance	15,361	21,909
Utilities	18,686	16,789
Memberships and dues	1,633	14,897
Operating supplies	110,472	74,701
Travel	5,913	6,586
Office expense	20,735	11,265
Trustee fees	1,050	915
Payroll taxes	11,371	14,130
Other operating expense	24,310	11,840
Depreciation	191,830	191,914
Total Operating Expenses	1,390,640	1,260,003
Net Loss From Operations	(221,230)	(197,037)
Other Income (Expenses)		
Interest income	1,479	719
Interest expense	(28,758)	(31,683)
Total Net Other Income (Expenses)	(27,279)	(30,964)
Net Loss Before Transfers	(248,509)	(228,001)
Operating Transfers	23,785	222,255
Change in Net Position	(224,724)	(5,746)
Net Position, Beginning of Year	5,235,625	5,241,371
Net Position, End of Year	\$ 5,010,901	\$ 5,235,625

See accompanying notes to financial statements.