

**TOWN OF FELSENTHAL, ARKANSAS  
WATER & SEWER DEPARTMENT**

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**AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Stephen P. Savage, CPA**  
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Monticello, AR 71657  
501-766-3606

**Independent Accountant's Report**  
**On Applying Agreed-Upon Procedures**

Town of Felsenthal, Arkansas Water and Sewer Department

We have performed the procedures enumerated below with respect to the financial information and compliance with certain state laws for Town of Felsenthal Water and Sewer System for the year ended December 31, 2023, Town of Felsenthal Water and Sewer System is responsible for its accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Town of Felsenthal Water and Sewer System. Consequently, we 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 procedures and associated findings are as follows:

Cash and Investments

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.

Finding: We could not reconcile the following:

- 1) Water Deposit Fund Account 0505
- 2) Sewer Deposit Fund Account 5580 +`-

- No Finding:
- 1) Water Fund Account 9571
  - 2) Money Market Water Fund Account 6295
  - 3) Sewer Fund Account 5307
  - 4) Money Market Sewer Fund Account 2972
  - 5) Sewer and Water Revenue Fund Account 5735

- B. Confirm with depository institutions the cash on deposit and investments.

No Finding

- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Finding: We could not reconcile the following:

- 1) Water Deposit Fund Account 0505

No Finding: 1) Water Fund Account 9571

- 2) Money Market Water Fund Account 6295
- 3) Sewer Fund Account 5307
- 4) Sewer Deposit Fund Account 5580
- 5) Money Market Sewer Fund Account 2972
- 6) Sewer and Water Revenue Fund Account 5735

#### Receipts

2. 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.

Finding: We could not reconcile the following:

- 1) Water Fund Account 9571
- 2) Water Deposit Fund Account 0505
- 3) Money Market Water Fund Account 6295
- 4) Sewer Fund Account 5307
- 5) Sewer and Water Revenue Fund Account 5735

No Finding: 1) Sewer Deposit Fund Account 5580  
2) Money Market Sewer Fund Account 2972

- B. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.

No Finding

- C. For ten deposits, agree the cash/check composition of the deposit with receipt information.

No Finding

#### Accounts Receivable

3. A. Agree ten customer billings to the accounts receivable subledger.

No Finding

- B. Determine that five customer adjustments were properly authorized.

No Finding

Disbursements

4. 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.

Finding: We could not reconcile the following:

- 1) Water Fund Account 9571
- 2) Water Deposit Fund Account 0505
- 3) Money Market Water Fund Account 6295
- 4) Sewer Fund Account 5307
- 5) Sewer and Water Revenue Fund Account 5735

No Finding: 1) Sewer Deposit Fund Account 5580  
2) Money Market Sewer Fund Account 2972

- B. Analyze all property, plant, and equipment disbursements.

No Finding

- C. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

**Finding: The invoices we tested were adequately documented; however, a recommendation is that the invoices be initialed and signed off by the reviewing official.**

Property, Plant, and Equipment

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

No Finding

Long-Term Debt

6. A. Schedule long-term debt and verify changes in all balances for the year.

No Finding

- B. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.

No Finding

- C. Determine that the appropriate debt service accounts have been established maintained.

No Finding

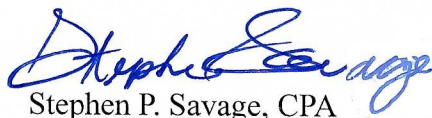
General

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

No Finding

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We are not engaged to and did not express an opinion or conclusion, respectively, on compliance with Arkansas state statutes. 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 City Council of the Town of Felsenthal, Arkansas state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. Section 10-40417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.



Stephen P. Savage, CPA  
September 18, 2024

**TOWN OF FELSENTHAL, ARKANSAS  
WATER & SEWER DEPARTMENT**

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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The City Council of the  
Town of Felsenthal, Arkansas

Management is responsible for the accompanying schedule of cash receipts, disbursements and changes in cash basis fund balances, combining schedule of cash receipts, disbursements and changes in cash basis fund balances – special revenue funds, and selected information (the “Statements”) of Town of Felsenthal, Arkansas (the “City”) as of December 31, 2023, in accordance with the cash basis of accounting and for determining that the cash basis of accounting is an acceptable financial reporting framework. 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 statement 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 form of assurance on the financial statement.

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements prepared under the cash basis of accounting. If the omitted disclosures were included with the Statements, they might influence the user’s conclusions about the City’s financial position, results of operations and cash flows. Accordingly, these Statements are not designed for those who are not informed about such matters.



Stephen P. Savage, CPA  
September 18, 2024

FELSENTHAL WATER AND SEWER  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023

**ASSETS**

Current Assets:

Cash	\$ 85,274
Accounts Receivable	2,273
Total Current Assets	87,547

Restricted Cash:

Customer Deposits	24,587
Total Restricted Cash	24,587

Property, Plant and Equipment

Property, Plant and Equipment	249,880
Less: Accumulated Depreciation	(116,322)
Total Property Plant and Equipment	133,558

Total Assets	245,692
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**LIABILITIES AND NET POSITON**

Current Liabilities:

Accrued Liabilities	\$ 10,078
Customer Deposits	24,576
Total Current Liabilities	\$ 34,654

Net Assets:

Net Invested in Property, Plant and Equipment	133,558
Unrestricted	77,480
Total Net Assets	211,038

Total Liabilites and Net Assets	\$ 245,692
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FELSENTHA WATER AND SEWER  
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenue</b>			
Water Revenue	\$ 54,869	\$ -	\$ 54,869
Sewer Revenue	-	56,725	56,725
Connection Fees	470	-	470
Miscellaneous Income	36	-	36
Total Operating Revenue	<u>\$ 55,375</u>	<u>\$ 56,725</u>	<u>\$ 112,100</u>
 Operating Expenses			
Salaries	\$ 39,267	\$ 28,310	\$ 67,577
Utilities	2,325	3,597	5,922
Office Supplies	750	750	1,500
Repairs and Maintenance	6,000	520	6,520
Dues and Subscriptions	943	-	943
Operating Supplies	1,904	5,010	6,914
Insurance	1,292	4,485	5,777
Payroll Taxes	1,890	13,014	14,904
Sales Tax	4,436	-	4,436
Legal and Accounting	645	625	1,270
Depreciation	4,417	-	4,417
Rent Expense	1,428	-	1,428
License and Permits	-	474	474
Health Insurance	3,459	266	3,725
Bank Charges	36	-	36
Total Operating Expenses	<u>68,792</u>	<u>57,051</u>	<u>125,843</u>
Net Operating Income/(Loss)			(13,743)
 Other Revenue and (Expenses)			
Transfer from Other Funds			128,344
Transfer to Other Funds			(62,400)
Interest Income			10
Total Other Revenues and (Expenses)			<u>65,954</u>
Net Increase/(Decrease) in Net Position			52,211
Beginning Net Position			<u>158,827</u>
Ending Net Position			<u><u>\$ 211,038</u></u>

FELSENTHAL WATER AND SEWER  
 COMPARATIVE STATEMENT OF CHANGES IN NET POSITION COMPONENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Net Position Beginning of Year	Net Change Current Year	Net Position Year Ended
<b>Schedule of Change In Net Position for 2023</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Invested in Fixed Assets	\$ 84,975	\$ 48,583	\$ 133,558
Unrestricted Net Assets	73,852	3,628	77,480
	<u>158,827</u>	<u>52,211</u>	<u>211,038</u>

FELSENTHAL WATER AND SEWER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase/(Decrease) in Net Position	\$ 52,211
Adjustments to Reconcile Decrease in Net Position to Net Cash Provided/(Used) by Operating Activities:	
(Increase)/Decrease in Operating Assets:	
Accounts Receivable	19
Increase/(Decrease) in Operating Liabilities:	
Water & Sewer Deposits	1,294
Payroll Taxes Payable	<u>9,416</u>
Net Cash Provided/(Used) in Cash	<u>62,940</u>
Net Increase/(Decrease) in Cash	62,940
Beginning Cash and Cash Equivalents	<u>96,749</u>
Ending Cash and Cash Equivalents	<u><u>\$ 159,689</u></u>

**SUPPLEMENTARY INFORMATION**

Amounts Paid for:

Interest	\$ -
Taxes	\$ 4,436

TOWN OF FELSENTHAL, ARKANSAS  
SELECTED INFORMATION  
(Substantially All Disclosures Ordinarily Included Under the  
Cash Basis of Accounting Are Not Included)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(See independent accountant's compilation report.)  
(Unaudited)

1. The schedule of cash receipts, disbursements and changes in cash basis fund balances, combining schedule of cash receipts, disbursements and changes in cash basis fund balances – special revenue funds, and selected information do not include other funds of the Town of Felsenthal, Arkansas.
2. The schedule of cash receipts, disbursements and changes in cash basis fund balances, combining schedule of cash receipts, disbursements and changes in cash fund balances are prepared on the cash basis of accounting. Therefore, income and expenses are recognized only as cash is received or paid, and receivables, payables, and accrued expenses are not reflected.
3. Cash balances on the financial schedules include demand accounts and certificates of deposit.
4. The Municipality's capital assets records are summarized below as of December 31, 2023:

Land, Buildings, Equipment	<u>\$ 249,880</u>
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5. The Town of Felsenthal, Arkansas did not have any recognized or no recognized subsequent events occur after December 31, 2023, the date of the financial statements. Subsequent events have been evaluated through December 31, 2023, the date the financial statements were available to be issued.