

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

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

**JUNE 30, 2023 AND 2022**



# **CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT**

**JUNE 30, 2023 AND 2022**

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## **Independent Accountant's Report on Applying Agreed-Upon Procedures**

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

We have performed the procedures enumerated below on the financial and billing records of the City of Hackett Water and Sewer Department, (the Department) as of and for the year ended June 30, 2023. The City of Hackett Water and Sewer Department's management is responsible for the financial and billing records.

The City of Hackett Water and Sewer Department's 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 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 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 with no findings 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 with no findings.
- 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 no findings.
- 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 with no findings 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, bond, 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 City 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 City of Hackett 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 Hackett 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 Hackett Water and Sewer Department and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**November 29, 2023**



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

Management is responsible for the accompanying financial statements of the City of Hackett Water and Sewer Department, which comprise the statements of net position as of June 30, 2023 and 2022 the related statements of revenues, expenses and changes in net position for the years 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.

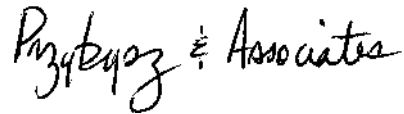
The financial statements referenced in the first paragraph of this report present only the water department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Hackett Water and Sewer Department, as of June 30, 2023 and 2022, and the changes in its 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.

Accounting principles generally accepted in the United States of America require that state and local governments recognize pension liabilities, deferred outflows and inflows of resources related to pensions, and expense/expenditures related to participation in certain pension plans. The Department has not recorded its proportionate share of the pension liability, nor deferred outflows and inflows related to pensions, in the accompanying financial statements. Management has not determined the effect of this departure on the financial statements, but it is presumed to be material.

### **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 black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**November 29, 2023**

## ***FINANCIAL STATEMENTS***



# CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

## STATEMENTS OF NET POSITION

AS OF JUNE 30,	2023	2022
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 55,440	\$ 63,437
Restricted checking accounts	271,188	268,436
Accounts receivable	32,429	26,782
Prepaid insurance	1,988	1,853
<b>Total Current Assets</b>	<b>361,045</b>	<b>360,508</b>
<b>Noncurrent Assets - Capital Assets</b>		
Land and mineral rights	80,350	80,350
Water system	2,627,014	2,627,014
Machinery and equipment	30,582	30,582
Buildings	23,305	23,305
Office Equipment	7,816	7,816
<b>Total</b>	<b>2,769,067</b>	<b>2,769,067</b>
Less accumulated depreciation	(1,916,979)	(1,847,877)
<b>Total Net Capital Assets</b>	<b>852,088</b>	<b>921,190</b>
<b>Total Assets</b>	<b>1,213,133</b>	<b>1,281,698</b>
<b>Deferred Outflows of Resources</b>		
Deferred amount on refunding of debt, net of amortization	45,118	50,324
<b>Total Deferred Outflows of Resources</b>	<b>45,118</b>	<b>50,324</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,258,251</b>	<b>\$ 1,332,022</b>

See accountant's compilation report.

# CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

## STATEMENTS OF NET POSITION

AS OF JUNE 30,	2023	2022
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,030	\$ 4,441
Accrued wages	4,231	4,231
Payroll taxes payable	1,290	1,051
Due to other funds	7,333	6,020
Sales tax payable	1,610	1,424
Customer meter deposits	32,697	30,901
Accrued interest	12,650	13,157
Current maturity of long-term debt	45,000	45,000
<b>Total Current Liabilities</b>	<b>109,841</b>	<b>106,225</b>
<b>Noncurrent Liabilities</b>		
Long-term debt, net of unamortized bond discounts	956,464	1,001,006
<b>Total Noncurrent Liabilities</b>	<b>956,464</b>	<b>1,001,006</b>
<b>Total Liabilities</b>	<b>1,066,305</b>	<b>1,107,231</b>
<b>Net Position</b>		
Restricted	66,844	64,503
Unrestricted	125,102	160,288
<b>Total Net Position</b>	<b>191,946</b>	<b>224,791</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,258,251</b>	<b>\$ 1,332,022</b>

See accountant's compilation report.

# CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,	2023	2022
<b>Water and Sewer Revenue</b>	\$ 347,364	\$ 316,906
<b>Operating Expenses</b>		
Water purchases	47,084	39,889
Sanitation services	59,006	45,046
Salaries and wages	64,746	61,595
Payroll taxes	4,536	4,239
Office supplies	8,572	5,167
Professional fees	6,400	9,765
Operating supplies	11,279	15,422
Repairs	29,900	5,276
Auto expense	4,083	4,737
Utilities	8,687	5,500
Telephone	2,530	2,780
Water sample tests	640	965
Insurance	3,040	2,765
Memberships, dues, and licenses	4,596	4,158
Miscellaneous expenses	5,792	8,487
Depreciation	69,102	69,102
<b>Total Operating Expenses</b>	<b>329,993</b>	<b>284,893</b>
<b>Net Income From Operations</b>	<b>17,371</b>	<b>32,013</b>
<b>Other Income (Expenses)</b>		
Interest income	3,205	234
Interest expense, inclusive of amortization of bond discount and amortization of deferred amount on advance refunding	(44,627)	(45,974)
Transfer (to)/from other funds	(8,794)	(9,859)
<b>Total Net Other Income (Expenses)</b>	<b>(50,216)</b>	<b>(55,599)</b>
<b>Change in Net Position</b>	<b>(32,845)</b>	<b>(23,586)</b>
<b>Net Position at Beginning of Year</b>	<b>224,791</b>	<b>248,377</b>
<b>Net Position at End of Year</b>	<b>\$ 191,946</b>	<b>\$ 224,791</b>

See accountant's compilation report.