

**CITY OF HAVANA, ARKANSAS
WATER AND SEWER SYSTEM**

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

DECEMBER 31, 2023 AND 2022



CITY OF HAVANA, ARKANSAS WATER AND SEWER SYSTEM

DECEMBER 31, 2023 AND 2022

CONTENTS

	<u>Page</u>
Independent Accountant's Report On Applying Agreed-Upon Procedures.....	1-3
Accountant's Compilation Report.....	4
Financial Statements	
Statements of Net Position.....	5
Statements of Revenues, Expenses, and Changes in Net Position.....	6



Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Havana, Arkansas Water and Sewer System
Havana, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Havana, Arkansas Water and Sewer Department, (the Department) as of and for the year ended December 31, 2023. The City of Havana, Arkansas Water and Sewer Department's management is responsible for the financial and billing records.

The City of Havana, Arkansas 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 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 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 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. Not applicable as the Department had no long-term debt.
 - B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. Not applicable as the Department had no long-term debt.
 - C. Determine that the appropriate debt service accounts have been established and maintained. Not applicable as the Department had no long-term debt.
- (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 Havana, Arkansas 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 Havana, Arkansas 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 Havana, Arkansas 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.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 17, 2025



To the Honorable Mayor and City Council
City of Havana, Arkansas Water and Sewer System
Havana, Arkansas

Management is responsible for the accompanying financial statements of the City of Havana, Arkansas Water and Sewer Department, which comprise the statements of net position as of December 31, 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 and sewer department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Havana, as of December 31, 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.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 17, 2025

4200 Jenny Lind Road, Ste. B
Fort Smith, Arkansas 72901
Ph: 479.649.0888 email: marcl@selectlanding.com
www.selectcpa.com

FINANCIAL STATEMENTS

CITY OF HAVANA, ARKANSAS WATER AND SEWER SYSTEM

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 712,937	\$ 741,628
Certificate of deposits	368,472	358,175
Restricted checking and savings accounts	10,806	10,619
Accounts receivable, less allowance for doubtful accounts of \$1,609 and \$655 respectively	32,879	38,049
Total Current Assets	1,125,094	1,148,471
Noncurrent Assets - Capital Assets		
Water and sewer system	1,221,772	1,221,772
Furniture and fixtures	2,845	2,845
Computer system	5,428	5,428
Building improvements	1,926	1,926
Vehicles	73,387	33,387
Total	1,305,358	1,265,358
Less accumulated depreciation	(846,253)	(793,117)
Net Noncurrent Assets - Capital Assets	459,105	472,241
Total Assets	\$ 1,584,199	\$ 1,620,712
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 15,143	\$ 14,578
Payroll taxes payable	2,021	1,788
Sales tax payable	1,740	2,144
Customer meter deposits	10,483	10,308
Total Current Liabilities	29,387	28,818
Total Liabilities	29,387	28,818
Net Position		
Net investment in capital assets	459,105	472,241
Unrestricted	1,095,707	1,119,653
Total Net Position	1,554,812	1,591,894
Total Liabilities and Net Position	\$ 1,584,199	\$ 1,620,712

See accountant's compilation report.

CITY OF HAVANA, ARKANSAS WATER AND SEWER SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2023	2022
Operating Revenue		
Water revenues, less bad debts	\$ 368,737	\$ 397,014
Other income	4,722	38,563
Total Operating Revenue	373,459	435,577
Operating Expenses		
Water purchases	143,575	144,837
Salaries and wages	69,777	59,109
Auto expense	3,821	5,105
Insurance expense	29,968	25,606
Repairs and maintenance	54,406	16,148
Testing and travel	2,346	2,036
Utilities	38,013	41,493
Supplies	14,564	9,671
Payroll taxes	5,529	4,757
Fees and licenses	964	275
Miscellaneous	5,723	2,848
Depreciation expense	53,136	44,196
Total Operating Expenses	421,822	356,081
Net Income (Loss) From Operations	(48,363)	79,496
Nonoperating Revenues (Expenses)		
Interest income	11,281	3,507
Change in Net Position	(37,082)	83,003
Net Position at Beginning of Year	1,591,894	1,508,891
Net Position at End of Year	\$ 1,554,812	\$ 1,591,894

See accountant's compilation report.