

**CITY OF HORATIO, ARKANSAS  
WATER AND SEWER DEPARTMENT  
AGREED-UPON PROCEDURES REPORT AND  
COMPILED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**



**CITY OF HORATIO, ARKANSAS WATER AND SEWER DEPARTMENT**  
**DECEMBER 31, 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 Horatio, Arkansas Water and Sewer Department

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

The City of Horatio, Arkansas 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 and Sewer Service providers* as prepared by Arkansas Legislative Audit and Arkansas Natural Resources Commission. 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. 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. We concluded this procedure with no findings.
- (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 Horatio, 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 Horatio, 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 Horatio, 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.

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**  
**August 13, 2024**



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

Management is responsible for the accompanying financial statements of the City of Horatio, Arkansas Water and Sewer Department, which comprise the statements of assets, liabilities, and equity – cash basis as of December 31, 2023 and 2022, the related statements of cash receipts and cash disbursements – cash basis for the years then ended in accordance with the cash basis of accounting. 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. Accordingly, 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 Horatio, Arkansas, 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 required by accounting principles generally accepted in the United States of America. If the omitted disclosures 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 supplementary information presented on page 8 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary and do not express an opinion, a conclusion, nor provide any assurance on such information.

We draw attention to the fact that the financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

*Przybysz & Associates*

**Przybysz & Associates, CPAs, P.C.**

**Fort Smith, Arkansas**

**August 13, 2024**

***FINANCIAL STATEMENTS***



# CITY OF HORATIO, ARKANSAS WATER AND SEWER DEPARTMENT

## STATEMENTS OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS

AS OF DECEMBER 31,	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 175,713	\$ 153,057
<b>Total Assets</b>	<b>\$ 175,713</b>	<b>\$ 153,057</b>
<b>Liabilities and Equity</b>		
Fund balance	\$ 175,713	\$ 153,057
<b>Total Liabilities and Equity</b>	<b>\$ 175,713</b>	<b>\$ 153,057</b>

See accountant's compilation report.

# CITY OF HORATIO, ARKANSAS WATER AND SEWER DEPARTMENT

## STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS - CASH BASIS

FOR THE YEARS ENDED DECEMBER 31,	2023	2022
<b>Cash Receipts</b>		
Water revenue	\$ 212,843	\$ 217,423
Sewer revenue	70,501	70,790
Sanitation revenue	62,292	62,101
Other revenue	585	871
Interest income	3,462	1,377
Transfers from other funds	1,494	1,440
<b>Total Cash Receipts</b>	<b>351,177</b>	<b>354,002</b>
<b>Cash Disbursements</b>		
Employee Benefits	130,992	113,340
Debt service	45,334	45,334
Fees, dues, and licenses	6,115	4,717
Insurance	-	1,581
Office expenses	2,238	1,840
Professional fees	9,750	3,782
Repairs and maintenance	39,977	41,024
Contract labor	13,590	7,040
Supplies	11,921	16,191
Equipment	2,442	15,619
Travel and training	323	-
Uniforms	1,172	1,398
Utilities	23,595	20,777
Water purchases	10,646	10,218
Miscellaneous expense	30,426	34,469
<b>Total Cash Disbursements</b>	<b>328,521</b>	<b>317,330</b>
<b>Total Cash Disbursements in Excess of Receipts</b>	<b>22,656</b>	<b>36,672</b>
<b>Cash Balance - beginning of year</b>	<b>153,057</b>	<b>116,385</b>
<b>Cash Balance - end of year</b>	<b>\$ 175,713</b>	<b>\$ 153,057</b>

See accountant's compilation report.

***SUPPLEMENTAL INFORMATION***

# CITY OF HORATIO, ARKANSAS WATER AND SEWER DEPARTMENT

## STATEMENTS OF COMPOSITION OF CASH

<b>AS OF DECEMBER 31, 2023</b>	<b>2023</b>	<b>2022</b>
<b>Horatio State Bank</b>		
Operating and Maintenance Checking	\$ 102,309	\$ 82,895
Water and Sewer Fund Certificate of deposit	41,599	40,286
Depreciation Reserve Fund	26,869	25,485
<b>Total - Horatio State Bank</b>	<b>170,777</b>	<b>148,666</b>
<b>Regions Bank</b>		
Bond Fund Checking	4,936	4,391
<b>Total - Regions Bank</b>	<b>4,936</b>	<b>4,391</b>
<b>Total Cash</b>	<b>\$ 175,713</b>	<b>\$ 153,057</b>

See accountant's compilation report.