

*Agreed Upon Procedures*  
**Junction City Water and Sewer**  
*For the Year Ended December 31, 2021*

# PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE  
EL DORADO, AR 71730  
(870) 862-3401  
FAX (870) 862-0936

MEMBER  
AMERICAN INSTITUTE OF CPAS

MEMBER  
ARKANSAS SOCIETY OF CPAS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City Council  
City of Junction City  
Junction City, Arkansas

We have performed the procedures described in Schedule A on the financial records of Junction City Water and Sewer and on the minutes of the City of Junction City Council meetings for the year ended December 31, 2021. The City of Junction City Water and Sewer's management is responsible for the company's accounting records and minutes of council meetings.

Junction City Water and Sewer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the requirements of the State of Arkansas Code Annotated §§14-234-119 through 122 for the year ended December 31, 2021. 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 purposes.

The procedures and associated findings are described in Schedule A.

We were engaged by Junction City Water and Sewer to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 statements of Junction City Water and Sewer as of December 31, 2021. 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 Junction City Water and Sewer 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 Junction City Water and Sewer and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than those specified parties.

*Parks & Company PLC*

El Dorado, Arkansas

July 20, 2023

## **SCHEDULE A**

### **Cash and Investments**

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- B. Confirm with depository institutions the cash on deposit and investments
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of performing the procedures.

### **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
- B. Agree 10 customer payments on the accounts receivable sub-ledger to deposit and billing documents.
- C. For 10 deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of performing the procedures.

### **Accounts Receivable**

3. A. Agree 10 customer billings to the accounts receivable sub-ledger
- B. Determine that five (5) customer adjustments were properly authorized.

Findings: The accounts receivable schedule contains non-active customers whose accounts are more than one year delinquent. We recommend the accounts receivable schedule be corrected to remove non-active customers. Additionally, any deposit held by a non-active customer should be remitted to the State of Arkansas as unclaimed property. This remittance should be done annually.

Response: Management removed several non-active accounts in 2021 and intends to continue its cleanup of the accounts receivable schedule during 2022.

### **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.
- B. Analyze all property, plant, and equipment disbursements.
- C. Select ten (10) disbursements and determine if they were adequately documented.

We found no exceptions as a result of performing the procedures.

### **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)

We found no exceptions as a result of performing the procedures.

**Long-Term Debt**

6. A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.
- C. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of performing the procedures.

**General**

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

We found no exceptions as a result of performing the procedures.

***Financial Statements***

**Junction City Water and Sewer**

*For the Year Ending December 31, 2021*

**Junction City Water and Sewer  
Compiled Financial Statements  
December 31, 2021**

Table of Contents

	<u>Page</u>
<b>Accountant's Compilation Report</b>	1
<b>Financial Statements</b>	
Statement of Net Position	2
Statement of Revenues, Expenses, and Changes in Net Position	3

# **PARKS & COMPANY PLC**

A PROFESSIONAL LIMITED COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE  
EL DORADO, AR 71730  
(870) 862-3401  
FAX (870) 862-0936

MEMBER  
AMERICAN INSTITUTE OF CPAS

MEMBER  
ARKANSAS SOCIETY OF CPAS

To the City Council  
City of Junction City  
Junction City, Arkansas

Management is responsible for the accompanying financial statements of Junction City Water and Sewer, as of and for the year ended December 31, 2021. 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.

Management has elected to omit substantially all 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 City's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Parks & Company PLC*

July 20, 2023  
El Dorado, Arkansas

**Junction City Water and Sewer  
Statement of Net Position  
December 31, 2021**

**Assets**

**Current Assets**

Cash	65,061
Certificates of Deposit	73,303
Accounts Receivable, net	16,987
Due from General Fund	10,295
Total current assets	<u>165,646</u>

**Restricted Cash**

Cash-sewer reserve	7,756
Cash- meter deposit	46,884
Total restricted assets	<u>54,640</u>

**Capital Assets, Net**

	<u>565,127</u>
Total Assets	<u><u>785,413</u></u>

**Liabilities and Net Position**

**Current Liabilities**

Sales tax payable	369
Payroll due to general fund	6,968
Current portion of bonds payable	17,088
Total current Liabilities	<u>24,425</u>

**Long-term Liabilities**

Bonds payable	173,978
Customer meter deposits	46,746
Total long-term liabilities	<u>220,724</u>

**Net Position**

Invested in capital assets, net of related debt	374,061
Restricted	54,640
Unrestricted	111,563
Total net position	<u>540,264</u>
Total Liabilities and net position	<u><u>785,413</u></u>

See accountant's compilation report



**Junction City Water and Sewer**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**December 31, 2021**

**Operating Revenues**

Water Charges	74,911
Sewer Charges	55,923
Late fees and reconnection fees	9,670
Lease income	14,701
Other operating revenues	2,406
Total operating revenues	<u>157,611</u>

**Operating Expense**

Materials and supplies	3,934
Depreciation	33,757
Professional Fees	690
Gas and fuel	1,007
Utilities	11,844
Insurance	3,678
Maintenance and repairs	2,978
Salaries and payroll taxes	84,190
Employee Benefits	6,900
Licenses	2,822
Miscellaneous	378
Sales tax	5,898
Office	1,234
Testing	3,389
Total operating expenses	<u>162,699</u>

<b>Net Operating Income (Loss)</b>	<u>(5,088)</u>
------------------------------------	----------------

**Nonoperating Revenue (Expense)**

Interest Income	223
Interest Expense	(9,804)
Total nonoperating	<u>(9,581)</u>

<b>Total Income (Loss)</b>	<u>(14,669)</u>
----------------------------	-----------------

<b>Net Position, beginning of year</b>	<u>554,933</u>
--	----------------

<b>Net Position, end of year</b>	<u><u>540,264</u></u>
----------------------------------	-----------------------

See accountant's compilation report