

Agreed Upon Procedures
Junction City Water and Sewer
For the Year Ended December 31, 2022

PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER
AMERICAN INSTITUTE OF CPAS

MEMBER
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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, 2022. The City of Junction City Water and Sewer's management is responsible for the company's accounting records and the City Council is responsible for 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, 2022. 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, 2022. 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, the City Council 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
August 26, 2024

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 2022 and intends to continue its cleanup of the accounts receivable schedule during 2023.

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, 2022

**Junction City Water and Sewer
Compiled Financial Statements
December 31, 2022**

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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, 2022. 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

August 26, 2024
El Dorado, Arkansas

**Junction City Water and Sewer
Statement of Net Position
December 31, 2022**

Assets

Current Assets

Cash	110,241
Certificates of Deposit	73,651
Accounts Receivable, net	15,371
Due from General Fund	10,295
Total current assets	209,558

Restricted Cash

Cash-sewer reserve	8,120
Cash- meter deposit	48,081
Total restricted assets	56,201

Capital Assets, Net

Total assets	531,974
Total assets	797,733

Liabilities and Net Position

Current Liabilities

Sales tax payable	369
Payroll due to general fund	51,711
Current portion of bonds payable	18,925
Total current Liabilities	71,005

Long-term Liabilities

Bonds payable	154,190
Customer meter deposits	47,871
Total long-term liabilities	202,061

Net Position

Invested in capital assets, net of related debt	358,859
Restricted	56,201
Unrestricted	109,607
Total net position	524,667
Total liabilities and net position	797,733

See accountant's compilation report

**Junction City Water and Sewer
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2022**

Operating Revenues	
Water Charges	68,237
Sewer Charges	48,204
Late fees and reconnection fees	7,575
Lease income	12,483
Other operating revenues	1,638
Total operating revenues	138,137
 Operating Expense	
Materials and supplies	7,930
Depreciation	33,154
Professional Fees	2,900
Gas and fuel	1,207
Utilities	12,154
Insurance	3,876
Maintenance and repairs	18,921
Salaries and payroll taxes	38,909
Employee Benefits	7,280
Licenses	2,772
Miscellaneous	879
Sales tax	5,478
Office	1,355
Testing	2,005
Total operating expenses	138,820
Net Operating Income (Loss)	(683)
 Nonoperating Revenue (Expense)	
Interest Income	396
Interest Expense	(8,938)
Total nonoperating income (loss)	(8,542)
Total Income (Loss)	(9,225)
Net Position, beginning of year	540,264
Prior Period Adjustment	(6,372)
Net Position, end of year	524,667

See accountant's compilation report