

**CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT**

AGREED-UPON PROCEDURES REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

BALLARD & COMPANY, LTD.



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CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Members of the American Institute of Certified Public Accountants
Member of the Arkansas Society of Certified Public Accountants

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

To the Mayor, City Council and Management
City of Viola Water Department
Viola, Arkansas

We have performed the procedures enumerated below on the financial statements of the City of Viola Water Department as of and for the year ended December 31, 2022. The City of Viola Water Department's management is responsible for the financial statements.

The City of Viola Water Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Ark. Code, Ann. 14-234-119 to 122. 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 as follows:

Cash and Investments

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
 - *No exceptions were found as a result of applying the procedure.*
2. Confirm with depository institutions the cash on deposit and investments.
 - *No exceptions were found as a result of applying the procedure.*
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*

Accounts Receivable

4. Agree ten customer billings to the accounts receivable subledger.
 - *No exceptions were found as a result of applying the procedure.*
5. Determine that five customer adjustments were properly authorized.
 - *No exceptions were found as a result of applying the procedure.*

Receipts

6. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*
7. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.
 - *No exceptions were found as a result of applying the procedure.*
8. For one deposit, agree the cash/check composition of the deposit with the receipt information.
 - *No exceptions were found as a result of applying the procedure.*

Disbursements

9. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*
10. Analyze all property, plant, and equipment disbursements.
 - *Procedure was not applicable as there were no disbursements for property, plant and equipment during the year.*
11. Select twenty disbursements and determine if they were adequately documented.
 - *We noted that all 20 disbursements had adequate supporting documentation.*

Property, Plant, and Equipment

12. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater)
 - *Procedure was not applicable as there were no property, plant, and equipment additions or disposals during the year.*

Long-Term Debt

13. Schedule long-term debt and verify changes in all balances for the year.
 - *No exceptions were found as a result of applying the procedure. The following loans were noted:*

<u>Lender and Loan Number</u>	<u>Balance at 12/31/22</u>
USDA – Rural Development 91-04	\$ 82,367
ANRC -01036-WDF-L	<u>75,479</u>
Total outstanding	<u>\$ 157,846</u>

14. Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.
 - *No exceptions were found as a result of applying the procedure.*
15. Determine that the appropriate debt service accounts have been established and maintained.
 - *No exceptions were found as a result of applying the procedure.*

General

16. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.
 - *No exceptions were found as a result of applying the procedure.*

We were engaged by the City of Viola, Arkansas 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements. 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 Viola Water Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Ballard & Company, Ltd.

Mountain Home, Arkansas
September 14, 2023

**CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT**

COMPILED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor, City Council and Management
City of Viola, Arkansas Water Department
Viola, Arkansas

Management is responsible for the accompanying financial statements of the City of Viola, Arkansas Water Department, which comprise the statement of net position – modified cash basis as of December 31, 2022 and the related statement of revenues, expenses and changes in fund net position – modified cash basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 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 are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying financial statements present only the Water Department of the City of Viola, Arkansas, and do not purport to, and do not, present fairly the financial position of the City of Viola, Arkansas as of December 31, 2022 and the changes in its financial position and cash flows for the year then ended in accordance with the modified cash basis of accounting.

Management has elected to omit substantially all the disclosures and the statement of cash flows ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Department's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Ballard & Company, Ltd.

Mountain Home, Arkansas
September 14, 2023

**CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022**

ASSETS

Current Assets:

Operations and Maintenance Fund	\$ 506
Reserve Account	42,891
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Total Current Assets	43,397
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Restricted Assets:

Meter Deposit Fund	7,424
Meter Deposit CD	6,000
Debt Service Reserve CD	8,676
Water Fund CD	8,000
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Total Restricted Assets	30,100
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Capital Assets:

Depreciable Assets, Net of Accumulated Depreciation	113,727
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Total Assets	187,224
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LIABILITIES

Current Liabilities:

Meter Deposits Refundable	22,035
Current Maturities of Long-Term Notes Payable	9,641
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Total Current Liabilities	31,676

Long-Term Liabilities:

Notes Payable, Net of Current Maturities	148,205
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Total Liabilities	179,881
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NET POSITION

Restricted	16,676
Unrestricted Deficit	(9,333)
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Total Net Position	\$ 7,343
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See independent accountant's compilation report.

CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES

Water sales	\$ 66,897
Sanitation fees	26,346
Late fees	2,055
Sales tax receipts	28,555
Other revenues	<u>3,565</u>

Total Operating Revenues	<u>127,418</u>
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OPERATING EXPENDITURES

Depreciation	8,719
Dues, Permits, and Fees	1,576
Legal and Professional Fees	6,163
Miscellaneous	880
Postage and Fees	1,188
Repairs and Maintenance	24,071
Salaries and Related Payroll Costs	30,279
Sanitation	25,842
Supplies	1,590
Taxes - Sales	11,358
Utilities	<u>6,766</u>

Total Operating Expenses	<u>118,432</u>
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Total Operating Income (Loss)	<u>8,986</u>
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NONOPERATING REVENUES (EXPENSES)

Interest Income	132
Interest Expense	<u>(6,940)</u>

Total Nonoperating Revenues (Expenses)	<u>(6,808)</u>
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Change in Net Postion	2,178
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NET POSITION - BEGINNING

	<u>5,165</u>
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NET POSITION - ENDING

	<u><u>\$ 7,343</u></u>
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See independent accountant's compilation report.