

**CITY OF BRANCH, ARKANSAS
WATER & SEWER SYSTEM
AGREED-UPON PROCEDURES
AND COMPILED FINANCIAL STATEMENTS (CASH-BASIS)
YEAR ENDED DECEMBER 31, 2022**

**CITY OF BRANCH, ARKANSAS
WATER & SEWER SYSTEM
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DECEMBER 31, 2022**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

**To the Honorable City Council of
City of Branch, Arkansas Water & Sewer System
Branch, Arkansas**

We have performed the procedures enumerated below for the year ended **December 31, 2022**, which were agreed to by the **City of Branch, Arkansas Water & Sewer System** (the System) in order to comply with Arkansas Code Annotated sections 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Auditing Committee. The City's management is responsible for maintaining the financial records and complying with state law. The procedures enumerated below were performed only for the Water & Sewer System. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Cash and Investments

- A. Performed a proof of cash for the year and reconciled year-end balances to book balance.
- B. Confirmed with depository institutions the cash on deposit and investments.
- C. Agreed the proof of cash ending balances to the book balances within 5% or \$500, whichever was greater.

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

Receipts

- A. Agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever was greater.
- B. Agreed ten (10) customer payments on the accounts receivable sub-ledger to deposit and billing documents.
- C. For ten (10) deposits, agree the cash/check composition of the deposit with receipt information.

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

Member of:

*American Institute of Certified Public Accountants

*Arkansas Society of Certified Public Accountants

*Oklahoma Society of Certified Public Accountants

*Governmental Audit Quality Center

Accounts Receivable

- A. Agreed ten (10) customer billings to the accounts receivable sub-ledger.
- B. Determined that five (5) customer adjustments were properly authorized.

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

Disbursements

- A. Agreed the disbursement per the proof of cash for the year with the disbursements per the journal within 5% or \$500.00 whichever was greater.
- B. Analyzed all property, plant and equipment disbursements.
- C. Selected all disbursements paid to employees other than payroll and ten (10) other disbursements and determined if they were adequately documented.

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

Property, Plant and Equipment

- A. Determined that additions and disposals were properly accounted for in the records (Materiality level – 5% of total equipment or \$500, whichever was greater).

We found no exceptions as a result of the above procedure.

Long-Term Debt

- A. Scheduled long-term debt and verified changes in all balances for the year.
- B. Confirmed loans, bonds, notes and contracts payable with lender/trustee/contractor.
- C. Determined that the appropriate debt service accounts had been established and maintained.

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

General

- A. 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 the above procedure.

Additional Procedure Not Required by Act 218 of 1999

Compile a Statement of Assets, Liabilities, and Fund Balance – Cash Basis for the System as of **December 31, 2022** and the related Statement of Cash Receipts and Cash Disbursements – Cash Basis for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Your compiled financial statements have been submitted to you with this report. We found no exceptions as a result of this procedure; however, that report should only be used in conjunction with this report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the System and is not intended to be and should not be used by anyone other than these specified parties.

Hubbs & Whitehead, CPAs

Hubbs & Whitehead, CPAs
Van Buren, Arkansas

October 26, 2023

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Honorable City Council of
City of Branch, Arkansas Water & Sewer System
Branch, Arkansas**

Management is responsible for the accompanying financial statements of the business-type activities of the **City of Branch, Arkansas Water & Sewer System** (the System), which comprise the statement of assets, liabilities, and fund balance – cash basis for the year ended **December 31, 2022**, the related statements of cash receipts and disbursements – cash basis for the year 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.

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 System's financial position, results of operations, and cash flows. Accordingly, these financial statements are not for those who are not informed about such matters.

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.

This compilation was prepared to satisfy the requirements of an agreed-upon procedures engagement and should only be used in conjunction with the Independent Accountant's Report on Applying Agreed-Upon Procedures dated **October 26, 2023**.

Hubbs & Whitehead, CPAs

**Hubbs & Whitehead, CPAs
Van Buren, Arkansas**

October 26, 2023

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*Oklahoma Society of Certified Public Accountants

**CITY OF BRANCH, ARKANSAS
WATER & SEWER SYSTEM
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - CASH BASIS
DECEMBER 31, 2022**

ASSETS

Cash:

Operating and maintenance	55,127
Meter deposit account	5,743
Revenue bond account	15,411
Savings account	36,527
Certificate of deposit	<u>\$ 10,809</u>

Total Cash	<u>\$ 123,617</u>
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Total Assets	<u><u>\$ 123,617</u></u>
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LIABILITIES AND FUND BALANCE

Fund balance	<u>\$ 123,617</u>
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Total Liabilities and Fund Balance	<u><u>\$ 123,617</u></u>
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See Independent Accountant's Compilation Report.

**CITY OF BRANCH, ARKANSAS
WATER & SEWER SYSTEM
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
YEAR ENDED DECEMBER 31, 2022**

CASH RECEIPTS

Water and sewer revenue	\$ 132,585
Meter deposits	1,650
Interest income	<u>221</u>

Total Cash Receipts	\$ 134,456
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CASH DISBURSEMENTS

Salaries	24,896
Payroll Taxes	382
City Improvements	475
Contract labor	318
Sales taxes	10,377
Gas, oil & parts	1,729
Legal & publications	91
Meter deposit refunds	2,250
Miscellaneous	1,889
Repairs	1,173
Sewer expenses	11,012
Supplies	17,406
Trash service	18,493
Lease payments	1,500
Utilities	2,670
Water purchases	37,989
Transfers	<u>(2,984)</u>

Total Cash Disbursements	<u>129,666</u>
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CHANGE IN CASH	4,790
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CASH, BEGINNING OF YEAR	<u>118,827</u>
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CASH, END OF YEAR	<u><u>\$ 123,617</u></u>
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See Independent Accountant's Compilation Report.