

**TOWN OF ALPENA, ARKANSAS
WATER DEPARTMENT
AGREED-UPON PROCEDURES REPORT AND
COMPILED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**



TOWN OF ALPENA, ARKANSAS WATER DEPARTMENT
DECEMBER 31, 2022 AND 2021

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Town Council
Town of Alpena, Arkansas Water Department

We have performed the procedures enumerated below on the financial and billing records of the Town of Alpena, Arkansas Water Department as of and for the year ended December 31, 2022. The Town of Alpena, Arkansas Water Department's management is responsible for the financial and billing records.

The Town of Alpena, Arkansas Water Department 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. 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 for three bank accounts 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 for all three bank accounts.

- B. Agree ten customer payments on the December 2022 accounts receivable sub ledger to deposit, billing documents. We found that 4 customers of the 10 customer payments selected for performing procedures had no findings. 2 customers paid their bills in February and one ended with a credit balance of \$.51 and the other had a late charge balance of \$6.03. 2 of the last 4 customers had no deposits to speak of and were both written off in 2023 for a total of \$582.57. The last 2 customers seem to slow pay their bills where one had a balance in March of 2023 that was \$105 less than the December billing and one made payments throughout 2023, and started in December with a balance of \$291.96 and by September of 2023 had a balance of \$747.15.
- 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. The Superintendent of the Water Department is the only one that enters adjustments. He enters adjustments and records reasons for the adjustments, but does not initial the adjustment due to him being the only authorized person to perform this task.

(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. In our analysis of the PP&E disbursements, we found no purchases of PP&E. We have no findings in this area.
- 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 as stated above there were no capitalized assets for addition or disposal.

(6) Long-term debt

- A. Schedule long-term debt and verify changes in all balances for the year. We concluded this procedure and found that the department records on a cash basis and; therefore, does not reduce the amount of the liability on a yearly basis and does not record the principal and interest separately.

- B. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor. We concluded this procedure and found that the balance of the debt if recorded on an accrual basis, would have matched the confirmation within \$149.24. It appears that this amount is due to not reclassifying the principal and interest to appropriate accounts annually.
- C. Determine that the appropriate debt service accounts have been established and maintained. The department is required to have \$13,668 in debt service reserve. The Debt Service Reserve account had \$21,257.30 as its balance. There were no deviations here.

(7) General

- A. Determine that any items of financial significance were approved and documented in the minutes of the 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 Town of Alpena, Arkansas Water 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 Town of Alpena, Arkansas Water 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 Town of Alpena, Arkansas Water Department and Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 7, 2024



To the Mayor and Town Council
Town of Alpena, Arkansas Water Department

Management is responsible for the accompanying financial statements of the business-type activities of the Town of Alpena, Arkansas Water Department, which comprise the statement of assets, liabilities, and equity – cash basis as of December 31, 2022 and 2021, and 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.

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.

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, CPAs, P.C.
Fayetteville, Arkansas
March 7, 2024

TOWN OF ALPENA, ARKANSAS WATER DEPARTMENT

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS

AS OF DECEMBER 31,	2022	2021
Assets		
Cash and cash equivalents	\$ 115,012	\$ 101,390
Total Assets	\$ 115,012	\$ 101,390
Liabilities and Equity		
Fund balance	\$ 115,012	\$ 101,390
Total Liabilities and Equity	\$ 115,012	\$ 101,390

See accountant's report.

TOWN OF ALPENA, ARKANSAS WATER DEPARTMENT

STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS - CASH BASIS

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Cash Receipts		
Water revenue	\$ 108,426	\$ 113,106
Meter Receipts	1,827	5,036
Miscellaneous revenue	4,238	1,439
Interest Revenue	937	271
Total Cash Receipts	115,428	119,852
Cash Disbursements		
Water purchases	29,108	32,864
Meter refunds	1,267	1,915
Payroll and related disbursements	28,641	26,626
Rural development loan payments	13,668	13,668
Fees, licenses, & dues	2,176	4,290
Other operating Expenses	2,931	2,023
Contract Labor	3,850	6,800
Insurance payments	-	2,169
Office Expense	1,764	1,078
Automobile Expense	45	110
Repairs and Maintenance	663	521
Water supplies	9,118	6,612
Utilities	702	354
Sales tax payments	8,335	7,970
Total Cash Disbursements	102,268	107,000
Total Cash Receipts In Excess Of Disbursements	13,160	12,852
Cash Balance - Beginning of year	101,852	88,538
Cash Balance - End of year	\$ 115,012	\$ 101,390

See accountant's report.