

**TOWN OF ALPENA, ARKANSAS
WATER DEPARTMENT**

**AGREED-UPON PROCEDURES REPORT AND
COMPILED FINANCIAL STATEMENTS**

DECEMBER 31, 2023 AND 2022



TOWN OF ALPENA, ARKANSAS WATER DEPARTMENT
DECEMBER 31, 2023 AND 2022

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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, 2023. 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 four bank accounts with no findings.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure and found that a certificate of deposit was recorded in the records at \$5,703.77 and the bank confirmed the balance at \$7,112.11. Interest revenue had not been recorded in the amount of \$1,408.34.
- 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 four bank accounts.
- B. Agree ten customer payments on the December 2023 accounts receivable sub ledger to deposit, billing documents. We found that 6 customers paid in full

and on time. We found one customer paid in full with a \$82.22 credit in March of 2024, and paid in full in May of 2024. One customer made a \$48 payment in May of 2024 and had a \$392.96 balance made of monthly charges and late charges. The final customer paid \$200 in June of 2024 and \$652.57 remained on their bill.

- 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. In 2022, we found that the adjustments were being authorized by the Superintendent of the Water Department, and this has continued. He enters adjustments and records reasons for the adjustments, but had not initialed or signed off on the adjustment since he was the only authorized person to perform this task. Legislative Audit contacted the Office Manager after reading our report, and management is fully aware that Superintendent, Mayor, or Council must sign off on these adjustments. The department is caught up now with this report and have implemented a policy that will comply with Legislative Audit from now on.

(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 and found no disbursements other than payroll to employees.

(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, however, management pointed out the expense account that the payments were coded to and when

reclassified, the balances for debt and interest expense matched the confirmation.

- 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. It appears that this amount is due to not reclassifying the principal and interest to appropriate accounts annually. This is consistent with (6) A above.
- 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 \$21,331.60 as its balance. There were no deviations here.

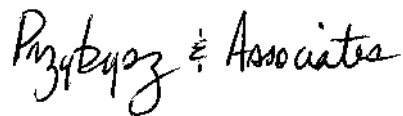
(7) General

- 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
June 11, 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, 2023 and 2022, 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
June 11, 2024

TOWN OF ALPENA, ARKANSAS WATER DEPARTMENT

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS

AS OF DECEMBER 31,	2023	2022
Assets		
Cash and cash equivalents	\$ 123,593	\$ 115,012
Total Assets	\$ 123,593	\$ 115,012
Liabilities and Equity		
Fund balance	\$ 123,593	\$ 115,012
Total Liabilities and Equity	\$ 123,593	\$ 115,012

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,	2023	2022
Cash Receipts		
Water revenue	\$ 116,943	\$ 108,426
Meter Receipts	3,685	1,827
Water Tank	20,626	-
Miscellaneous revenue	3,532	4,238
Interest Revenue	2,052	937
Total Cash Receipts	146,838	115,428
Cash Disbursements		
Water purchases	46,210	29,108
Meter refunds	1,356	1,267
Payroll and related disbursements	29,883	28,641
Rural development loan payments	13,668	13,668
Fees, licenses, & dues	24,291	2,176
Other operating Expenses	240	2,931
Contract Labor	870	3,850
Office Expense	2,069	1,764
Automobile Expense	-	45
Repairs and Maintenance	2,000	663
Water supplies	8,170	9,118
Utilities	906	702
Sales tax payments	8,594	8,335
Total Cash Disbursements	138,257	102,268
Total Cash Receipts In Excess Of Disbursements	8,581	13,160
Cash Balance - Beginning of year	115,012	101,852
Cash Balance - End of year	\$ 123,593	\$ 115,012

See accountant's report.