

**CITY OF ASH FLAT, ARKANSAS
WATER AND SEWER FUNDS
(Proprietary Funds of the
City of Ash Flat, Arkansas)**

Accountant's Agreed-Upon Procedures

As of December 31, 2023



Welch, Couch & Company, PA

Certified Public Accountants

John Ed Welch, CPA | William T. Couch, Jr., CPA
Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA
M. Garrett McSpadden, CPA

Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
of City of Ash Flat, Arkansas Water and Sewer Funds
Ash Flat, Arkansas

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122 of the City of Ash Flat, Arkansas Water and Sewer Funds, as of December 31, 2023. City of Ash Flat, Arkansas Water and Sewer Funds' management is responsible for the Department's accounting records.

City of Ash Flat, Arkansas Water and Sewer Funds has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with Ark. Code. Ann. 14-234-119 to 122. Additionally, the Mayor, City Council, and Management of the City of Ash Flat, Arkansas Water and Sewer Funds have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest as 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 the associated findings are as follows:

1. Cash and Investments

We obtained confirmation of the cash on deposit from the bank, and we agreed the confirmed balance to the amount shown on the bank reconciliations maintained by the City. We performed a proof of cash for the year and agreed the ending balances to the book balances within the greater of 5% or \$500. We reconciled the year-end bank balances to the book balance.

We noted no exceptions as a result of these procedures.

2. Receipts

We agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable sub-ledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with receipt information.

We noted no exceptions as a result of these procedures.

3. Accounts Receivable

We agreed ten customer billings to the accounts receivable subledger. We selected five customer adjustments to verify proper authorization.

We noted no exceptions as a result of our procedures.

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4. **Disbursements**

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We analyzed all property, plant and equipment disbursements. We selected all disbursements paid to employees other than payroll and ten other disbursements to determine if they were adequately documented.

We noted no exceptions as a result of these procedures.

5. **Property, Plant and Equipment**

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total property, plant and equipment or \$500, whichever was greater.

We noted no exceptions as a result of these procedures.

6. **Long-Term Debt**

We obtained confirmation of the loans payable, verified changes in all balances for the year, and determined that the appropriate debt service accounts had been established and maintained.

We noted no exceptions as a result of these procedures.

7. **General**

We determined that any item of financial significance was approved and documented in the minutes of governing body's meetings.

We noted no exceptions as a result of these procedures.

We were engaged by the Mayor, City Council, and Management of City of Ash Flat, Arkansas Water and Sewer Funds 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 specified elements, accounts, or items. 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 Ash Flat, Arkansas Water and Sewer Funds 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 Mayor, City Council, Management of the City of Ash Flat, AR, United States Department of Agriculture, Arkansas Natural Resource Commission, and the Arkansas Department of Legislative Audit and is not intended to be and should not be used by anyone other than those specified parties.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
February 16, 2024

**CITY OF ASH FLAT, ARKANSAS
WATER AND SEWER FUNDS
(Proprietary Funds of the
City of Ash Flat, Arkansas)**

**Independent Accountant's Compilation Report
and Financial Statements**

December 31, 2023

CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

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Independent Accountant's Compilation Report

To the Mayor, City Council and Management of
City of Ash Flat, Arkansas Water and Sewer Funds
Ash Flat, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the City of Ash Flat, Arkansas Water and Sewer Funds, as of and for the year ended December 31, 2023, which collectively comprise the City of Ash Flat, Arkansas Water and Sewer Funds basic financial statements as listed in the table of contents, in accordance with the accounting principles generally accepted in the United States of America. 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 and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows 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, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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Certified Public Accountants

Batesville, Arkansas
February 16, 2024

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CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Net Position

December 31, 2023

	Assets		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 24,817	\$ 52,325	\$ 77,142
Accounts receivable	26,069	19,233	45,302
Prepaid expenses	1,525	10,012	11,537
Total current assets	<u>52,411</u>	<u>81,570</u>	<u>133,981</u>
Noncurrent assets			
Cash and cash equivalents	178,315	142,020	320,335
Certificates of deposit	10,939	-	10,939
Total noncurrent assets	<u>189,254</u>	<u>142,020</u>	<u>331,274</u>
Capital assets			
Nondepreciable assets	25,285	-	25,285
Depreciable assets, net of accumulated depreciation, \$1,278,428 - water, \$2,006,879 - sewer	421,848	1,162,980	1,584,828
Total capital assets	<u>447,133</u>	<u>1,162,980</u>	<u>1,610,113</u>
Total assets	<u>\$ 688,798</u>	<u>\$ 1,386,570</u>	<u>\$ 2,075,368</u>

See independent accountant's compilation report.

CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Net Position

December 31, 2023

	Liabilities and Net Position		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current liabilities			
Current maturities - long-term liabilities	\$ 5,401	\$ 40,886	\$ 46,287
Accounts payable	16,051	4,232	20,283
Accrued interest payable	2,994	6,523	9,517
Interfund payables	189,839	443	190,282
Total current liabilities	<u>214,285</u>	<u>52,084</u>	<u>266,369</u>
Noncurrent liabilities			
Meter deposits	21,630	-	21,630
Notes payable, net of current maturities	52,718	168,197	220,915
Total noncurrent liabilities	<u>74,348</u>	<u>168,197</u>	<u>242,545</u>
Total liabilities	<u>288,633</u>	<u>220,281</u>	<u>508,914</u>
Net position			
Net investment in capital assets	389,014	953,897	1,342,911
Restricted expendable:			
Debt service	8,418	20,336	28,754
Capital and related projects	151,969	14,044	166,013
Other - meter deposits	5,711	-	5,711
Other - pump savings	-	107,640	107,640
Unrestricted (deficit)	(154,947)	70,372	(549,830)
Total net position	<u>400,165</u>	<u>1,166,289</u>	<u>1,566,454</u>
Total liabilities and net position	<u>\$ 688,798</u>	<u>\$ 1,386,570</u>	<u>\$ 2,075,368</u>

See independent accountant's compilation report.

CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenue			
Water service	\$ 336,045	\$ -	\$ 336,045
Sewer service	-	277,178	277,178
Connect/tapping fees	6,500	1,575	8,075
Late fees	8,852	-	8,852
Sales taxes	31,970	-	31,970
Total operating revenues	<u>383,367</u>	<u>278,753</u>	<u>662,120</u>
Operating expenses			
Depreciation	39,582	95,847	135,429
Dues and fees	4,674	2,380	7,054
Insurance	1,872	10,384	12,256
Lab testing	-	4,726	4,726
Legal and accounting	4,625	4,625	9,250
Miscellaneous	1,126	1,228	2,354
Payroll taxes and benefits	16,302	-	16,302
Postage	2,395	1,199	3,594
Repairs and maintenance	16,555	44,862	61,417
Retirement plan contribution	13,394	-	13,394
Salaries	89,399	-	89,399
Supplies - office	418	390	808
Supplies - operating	27,227	13,869	41,096
Taxes - sales	31,591	-	31,591
Trash	57,122	-	57,122
Uniforms	499	-	499
Utilities	24,556	55,596	80,152
Total operating expenses	<u>331,337</u>	<u>235,106</u>	<u>566,443</u>
Operating income	<u>52,030</u>	<u>43,647</u>	<u>95,677</u>
Nonoperating revenues (expenses)			
Interest income	235	693	928
Interest expense	(5,944)	(12,974)	(18,918)
Gain on sale of capital asset	-	1,980	-
Miscellaneous income	1,158	3,250	4,408
Total nonoperating revenues (expenses)	<u>(4,551)</u>	<u>(7,051)</u>	<u>(11,602)</u>
Income before transfers	47,479	36,596	84,075
Transfers in	<u>42,575</u>	<u>-</u>	<u>42,575</u>
Increase in net position	90,054	36,596	126,650
Net position, beginning of year	<u>310,111</u>	<u>1,129,693</u>	<u>1,439,804</u>
Net position, end of year	<u>\$ 400,165</u>	<u>\$ 1,166,289</u>	<u>\$ 1,566,454</u>

See independent accountant's compilation report.