

**TOWN OF BIG FLAT, ARKANSAS
WATER SYSTEM**

AGREED-UPON PROCEDURES REPORT

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

BALLARD & COMPANY, LTD.



BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS CONSULTANTS

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

668 HIGHWAY 62 EAST
MOUNTAIN HOME, AR 72653
870-425-6256

416 N. E. MAIN STREET
MOUNTAIN VIEW, AR 72560
870-269-2390

980 ASH FLAT DRIVE
ASH FLAT, AR 72513
870-994-2812

352 HIGHWAY 62 EAST
SALEM, AR 72576
870-895-2661

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
Town of Big Flat Water System
Big Flat, Arkansas

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

The Town of Big Flat Water System 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.
 - *Procedure could not be performed as there were no printed adjustment journals.*

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 and written approval.*

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 91-02	\$ 63,683
ANRC -00519-WSSW-L	38,113
Total outstanding	<u>\$ 101,796</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 Town of Big Flat Water System 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 Town of Big Flat Water System 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

August 23, 2023

**TOWN OF BIG FLAT, ARKANSAS
WATER SYSTEM**

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
Town of Big Flat, Arkansas Water System
Big Flat, Arkansas

Management is responsible for the accompanying financial statements of the Town of Big Flat, Arkansas Water System, 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 System of the Town of Big Flat, Arkansas, and do not purport to, and do not, present fairly the financial position of the Town of Big Flat, 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 Company'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
August 23, 2023

TOWN OF BIG FLAT, ARKANSAS
WATER SYSTEM
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022

ASSETS

Current Assets:

Revenue Fund	\$ 147,017
Operations and Maintenance Fund	12,970
	159,987
Total Current Assets	159,987

Restricted Assets:

Meter Deposit Fund	24,665
Debt Service Reserve Fund	32,729
Depreciation Fund	33,098
	90,492
Total Restricted Assets	90,492

Capital Assets:

Depreciable Assets, Net of Accumulated Depreciation	119,430
	119,430

Total Assets	369,909
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LIABILITIES

Current Liabilities:

Payroll Liabilities	459
Current Maturities of Long-Term Notes Payable	19,099
	19,558
Total Current Liabilities	19,558

Long-Term Liabilities:

Meter Deposits Refundable	9,705
Notes Payable, Net of Current Maturities	82,697
	92,402
Total Long-Term Liabilities	92,402

Total Liabilities	111,960
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NET POSITION

Invested in Capital Assets, Net of Related Debt	17,634
Restricted - Debt Service	33,098
Restricted - Other	47,689
Unrestricted	159,528
	257,949
Total Net Position	\$ 257,949

See independent accountant's compilation report.

TOWN OF BIG FLAT, ARKANSAS
WATER SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES

Water sales	\$ 106,836
Refund of prior year payroll tax overpayments	2,628
Other revenues	<u>1,050</u>
 Total Operating Revenues	 <u>110,514</u>

OPERATING EXPENDITURES

Depreciation	14,763
Dues, Permits, and Fees	1,972
Insurance	1,146
Legal and Accounting Services	1,975
Miscellaneous	193
Postage	1,234
Repairs and Maintenance	2,121
Salaries and Related Payroll Costs	25,872
Supplies - Operating	723
Taxes - Sales	7,934
Telephone and Utilities	<u>17,091</u>
 Total Operating Expenses	 <u>75,024</u>
 Total Operating Income (Loss)	 <u>35,490</u>

NONOPERATING REVENUES (EXPENSES)

Interest Income	672
Interest Expense	<u>(5,777)</u>
 Total Nonoperating Revenues (Expenses)	 <u>(5,105)</u>

Change in Net Position	30,385
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NET POSITION - BEGINNING

227,564

NET POSITION - ENDING

\$ 257,949

See independent accountant's compilation report.