

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

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

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

BALLARD & COMPANY, LTD.

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT1

COMPILED FINANCIAL STATEMENTS

Statement of Net Position – Modified Cash Basis2

Statement of Revenues, Expenses, and Changes in Fund Net Position – Modified Cash Basis3

AGREED-UPON PROCEDURES REPORT4



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
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980 ASH FLAT DRIVE
ASH FLAT, AR 72513
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SALEM, AR 72576
870-895-2661

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, 2023 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, 2023 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
April 05, 2024

**TOWN OF BIG FLAT, ARKANSAS
WATER SYSTEM
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023**

ASSETS

Current Assets:	
Revenue Fund	\$ 21,866
Operations and Maintenance Fund	<u>5,510</u>
Total Current Assets	<u>27,376</u>
Restricted Assets:	
Meter Deposit Fund	25,111
Debt Service Reserve Fund	24,160
Depreciation Fund	<u>35,355</u>
Total Restricted Assets	<u>84,626</u>
Capital Assets:	
Depreciable Assets, Net of Accumulated Depreciation	<u>237,317</u>
Total Assets	<u>349,319</u>

LIABILITIES

Current Liabilities:	
Payroll Liabilities	459
Current Maturities of Long-Term Notes Payable	<u>19,099</u>
Total Current Liabilities	19,558
Long-Term Liabilities:	
Meter Deposits Refundable	9,930
Notes Payable, Net of Current Maturities	<u>63,598</u>
Total Long-Term Liabilities	<u>73,528</u>
Total Liabilities	<u>93,086</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	154,620
Restricted - Debt Service	35,355
Restricted - Other	39,341
Unrestricted	<u>26,917</u>
Total Net Position	<u>\$ 256,233</u>

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, 2023**

OPERATING REVENUES

Water sales	\$ 112,486
Other revenues	<u>1,050</u>
Total Operating Revenues	<u>113,536</u>

OPERATING EXPENDITURES

Depreciation	19,337
Dues, Permits, and Fees	1,581
Educational and Travel	1,281
Insurance	1,167
Legal and Accounting Services	1,825
Postage	584
Repairs and Maintenance	16,350
Salaries and Related Payroll Costs	25,926
Supplies - Operating	1,849
Taxes - Sales	7,984
Utilities	28,178
Water and Chlorine Purchases	<u>4,972</u>
Total Operating Expenses	<u>111,034</u>
Total Operating Income (Loss)	<u>2,502</u>

NONOPERATING REVENUES (EXPENSES)

Interest Income	639
Interest Expense	<u>(4,857)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,218)</u>
Change in Net Postion	(1,716)

NET POSITION - BEGINNING

257,949

NET POSITION - ENDING

\$ 256,233

See independent accountant's compilation report.



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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, 2023. 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.
 - *Noted that monthly adjustment journals were printed; however none of them included documented approvals.*

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 ten deposits, 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.
 - *No exceptions were found as a result of applying the procedure.*
11. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.
 - *No exceptions were found as a result of applying the procedure.*

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)
 - *No exceptions were found as a result of applying the procedure.*
 -

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 12/31/23</u>
USDA – Rural Development 91-02	\$ 53,422
ANRC -00519-WSSW-L	29,275
Total outstanding	<u>\$ 82,697</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
April 05, 2024