

**CITY OF CUSHMAN WATER DEPARTMENT**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**As of December 31, 2022**



**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

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**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 Cushman Water Department  
Cushman, Arkansas

We have performed the procedures enumerated below on compliance with Ark Coode Ann 14-234-119 to 122 of City of Cushman Water Department, as of December 31, 2022. City of Cushman Water Department's management is responsible for the compliance with Ark Code. Ann. 14-234-119 to 122.

City of Cushman Water Department has agreed to and acknowledge 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 Cushman Water Department 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 banks, and we agreed the confirmed balance to the amount shown on the bank reconciliation maintained by the Water Department. We performed a proof of cash for the year and agreed the ending balances to the book balances within 5% or \$500, whichever was greater. We reconciled the year-end bank balances to the book balances.

We noted no exceptions as a result of our procedures.

**2. Receipts**

We agreed the deposits per the proof of cash for the year to 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.

**Batesville:** PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

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**West Plains:** 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

**Little Rock:** 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

**3. Accounts Receivable**

We agreed ten customer billings to the accounts receivable sub-ledger. We determined proper authorization of five customer adjustments.

We noted no exception as a result of these procedures applied to the ten customer billings. We determined no proper approval was given for customer adjustments.

**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 selected all disbursements paid to employees other than payroll and ten 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 equipment or \$500, which ever was greater.

We noted no additions or disposals of property, plant, and equipment: therefore, we could not perform testing of these procedures.

**6. Long-Term Debt**

We scheduled long-term debt and verified changes in all balances for the year. We confirmed loan balances with the lender and we determined that the appropriate debt service accounts had been established and maintained.

We noted no exceptions as a result of these procedures. Debt service account appears to be properly funded as of December 31, 2022.

**7. General**

Determine that any items of financial significance were approved and documented in the minutes of the 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 the City of Cushman Water Department 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 compliance with Ark. Code. Ann. 14-234-119 to 122. 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 Cushman 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 Mayor, City Council, and management of City of Cushman Water Department, Arkansas Legislative Joint Auditing Committee, United States Department of Agriculture, and Arkansas Natural Resource Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Welch, Couch & Company, PA*  
**Welch, Couch & Company, PA**  
Certified Public Accountants

Batesville, Arkansas  
February 2, 2024

**CITY OF CUSHMAN WATER DEPARTMENT**

**Independent Accountant's Compilation Report  
and Financial Statements – Modified Cash Basis**

**December 31, 2022**



**Welch, Couch & Company, PA**  
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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

To the Mayor, City Council and Management  
of City of Cushman Water Department  
Cushman, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the City of Cushman Water Department, which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2022, and the related statement of revenues, expenses and changes in 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 perform any procedures 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.

Management has elected to omit substantially all of the disclosures 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 Department's assets, liabilities, and net position resulting from cash transactions and the cash receipts and disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.

**Required Supplementary Information**

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

*Welch, Couch & Company, PA*  
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Batesville, Arkansas  
February 2, 2024

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# CITY OF CUSHMAN WATER DEPARTMENT

## Statement of Assets, Liabilities and Net Position – Modified Cash Basis

December 31, 2022

<u>Assets</u>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 22,229
Accounts receivable, net of allowance of \$13,892	37,357
<b>Total current assets</b>	<u>59,586</u>
<b>Noncurrent assets</b>	
Restricted cash and cash equivalents:	
ANRC restricted	3,491
Meter deposit	23,484
American rescue fund	38,062
USDA restricted	10,469
<b>Total noncurrent assets</b>	<u>75,506</u>
<b>Capital assets</b> , net of accumulated depreciation of \$1,228,227	<u>343,504</u>
<b>Total assets</b>	<u><u>\$ 478,596</u></u>
<u>Liabilities and Net Position</u>	
<b>Current liabilities</b>	
Accounts payable	\$ 21,139
Accrued expenses	7,097
Due to city and general fund	143,055
Current maturities of long-term debt	49,209
<b>Total current liabilities</b>	<u>220,500</u>
<b>Long-term debt</b> , net of current maturities	<u>201,963</u>
<b>Other noncurrent liabilities</b>	
Meter deposits	24,000
<b>Total other noncurrent liabilities</b>	<u>24,000</u>
<b>Total liabilities</b>	<u>446,463</u>
<b>Net position</b>	
Invested in capital assets, net of related debt	92,332
Restricted expendable	75,506
Unrestricted	(135,705)
<b>Total net position</b>	<u>32,133</u>
<b>Total liabilities and net position</b>	<u><u>\$ 478,596</u></u>

See independent accountant's compilation report.

**CITY OF CUSHMAN WATER DEPARTMENT**

**Statement of Revenues, Expenses and Changes in Net Position –  
Modified Cash Basis**

**For the Year Ended December 31, 2022**

<b>Operating revenues</b>	
Water Revenue	\$ 376,265
Other Revenue	8,904
<b>Total operating revenues</b>	<u>385,169</u>
<b>Operating expenses</b>	
Salaries	780
Contract labor	154,468
Payroll taxes	60
Lab & testing fees	3,172
Bad debt	13,991
Insurance	4,530
Utilities	15,132
Supplies	168,511
Depreciation	67,374
<b>Total operating expenses</b>	<u>428,018</u>
<b>Operating loss</b>	<u>(42,849)</u>
<b>Nonoperating revenues (expenses)</b>	
Miscellaneous income	28
Interest income	6
Transfers from other governmental funds	47,548
Interest expense	(7,911)
<b>Total nonoperating revenues (expenses)</b>	<u>39,671</u>
<b>Decrease in net position</b>	(3,178)
<b>Net position - beginning of year</b>	<u>35,311</u>
<b>Net position - end of year</b>	<u><u>\$ 32,133</u></u>

See independent accountant's compilation report.