

**CITY OF GARFIELD WATER FUND**  
**Garfield, Arkansas**  
**For the Year Ended December 31, 2022**

**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**



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**Members of the City Council  
City of Garfield Water Fund  
Garfield, Arkansas**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 of the City of Garfield Water Fund for the year ended December 31, 2022. The City of Garfield Water Fund's management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119.

The City of Garfield Water Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas law and lender requirements. 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

1. a. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- b. Confirm with depository institutions the cash on deposit and investments.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

***Findings:*** No exceptions were found as a result of applying the procedures.

Receipts

2. 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.
- b. Agree ten customer payments on the accounts receivable subsidiary ledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

***Findings:*** No exceptions were found as a result of applying the procedures.

Accounts Receivable

3. a. Agree ten customer billings to the accounts receivable subledger.
- b. Determine that five customer adjustments were properly authorized.

***Findings:*** No exceptions were found as a result of applying the procedures

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**City Council  
City of Garfield Water Fund**

Disbursements

4. 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.
- b. Analyze all property, plant, and equipment disbursements.
- c. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

**Findings:** *No exceptions were found as a result of applying the procedures.*

Property, Plant, & Equipment

5. a. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of the total equipment or \$500, whichever is greater.)

**Findings:** *No exceptions were found as a result of applying the procedures.*

Long-Term Debt

6. a. Schedule long-term debt and verify changes in all balances for the year.
- b. Confirm loans, bonds, notes, and contracts payable with the lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

**Findings:** *We found the following exception as a result of these procedures: the debt service account established and maintained is less than the requirement set forth by the loan agreement. We found no other exceptions as a result of the procedures.*

General

7. a. Determine that any items of financial significance were approved and documented in the minutes of the governing body minutes.

**Findings:** *No exceptions were found as a result of applying the procedures*

We were engaged by the City of Garfield Water Fund 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119. 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 Garfield Water Fund and to meet our 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 Legislative Joint Auditing Committee, Arkansas Natural Resource Commission, and the management of City of Garfield Water Fund and is not intended to be and should not be used by anyone other than these specified parties.

*Berry & Associates*

BERRY & ASSOCIATES, P.A.  
Little Rock, Arkansas  
January 11, 2024

**CITY OF GARFIELD WATER FUND  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2022  
and  
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**CITY OF GARFIELD WATER FUND**  
**Garfield, Arkansas**  
**For the Year Ended December 31, 2022**

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**Members of the City Council  
City of Garfield Water Fund  
Garfield, Arkansas**

Management is responsible for the accompanying financial statements of The City of Garfield Water Fund, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statement of cash receipts and cash disbursements for the year then ended, 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 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 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 Association's assets, liabilities, net assets, cash receipts, and cash disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Berry & Associates, P.A.  
Little Rock, Arkansas  
January 11, 2024

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**CITY OF GARFIELD WATER FUND**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION – MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	343,795
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**RESTRICTED ASSETS**

Cash and cash equivalents		41,208
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**FIXED ASSETS - AT COST**

		1,144,161
Less: accumulated depreciation		(649,852)

Net Fixed Assets		494,309
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<b>TOTAL ASSETS</b>	<b>\$</b>	<b>879,312</b>
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**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Current maturities of long-term debt	\$	29,500
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**LONG-TERM DEBT, Net of Current Maturities**

Arkansas Natural Resources Commission		216,492
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**PAYABLES FROM RESTRICTED ASSETS**

Customer water meter deposits		41,638
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<b>TOTAL LIABILITIES</b>		<b>287,630</b>
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**NET POSITION**

Unrestricted		554,330
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Temporarily restricted		37,352
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<b>TOTAL NET POSITION</b>		<b>591,682</b>
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$</b>	<b>879,312</b>
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**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**CITY OF GARFIELD WATER FUND**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**For the Year Ended December 31, 2022**

**CASH RECEIPTS**

Water revenue	\$ 325,078
Interest income	1,644
Connection fees	14,150
Miscellaneous income	1,575
Transfers in	79,221
Net increase in meter deposits	2,487
Total cash receipts	<u>424,155</u>

**CASH DISBURSEMENTS**

Debt service	
Principal	28,530
Interest	8,692
Salaries and payroll taxes	25,717
Professional fees	3,375
Bank fees	660
Water supplies	21,116
Fuel	1,748
Office expense	10,876
Contract labor	26,937
Training expense	1,652
Water infrastructure improvements	4,057
Water purchases	44,037
Waste disposal	76,693
Insurance	3,194
Other expense	5,466
Sales tax expense	24,965
Total cash disbursements	<u>287,715</u>

<b>INCREASE IN CASH AND RESTRICTED CASH</b>	136,440
<b>BEGINNING CASH AND RESTRICTED CASH, AT JANUARY 1, 2022</b>	<u>248,564</u>
<b>ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2022</b>	<u><u>\$ 385,003</u></u>

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**