

CITY OF GARFIELD WATER FUND
Garfield, Arkansas
For the Year Ended December 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES



American Institute of CPAs

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Page 1

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, 2023. 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
April 2, 2024



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Page 1

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Management is responsible for the accompanying financial statements of The City of Garfield Water Fund, which comprise the statement of assets, liabilities, and net position-modified cash basis as of December 31, 2023, 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 Fund's assets, liabilities, net position, 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
April 2, 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, 2023

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 441,088
RESTRICTED ASSETS	
Cash and cash equivalents	53,094
FIXED ASSETS - AT COST	
Less: accumulated depreciation	1,144,161 <u>(674,479)</u>
Net Fixed Assets	<u>469,682</u>
TOTAL ASSETS	\$ <u>963,864</u>
<u>LIABILITIES AND NET POSITION</u>	
CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 30,400
LONG-TERM DEBT, Net of Current Maturities	
Arkansas Natural Resources Commission	186,127
PAYABLES FROM RESTRICTED ASSETS	
Customer water meter deposits	<u>43,045</u>
TOTAL LIABILITIES	<u>259,572</u>
NET POSITION	
Unrestricted	655,511
Temporarily restricted	<u>48,781</u>
TOTAL NET POSITION	<u>704,292</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>963,864</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

CITY OF GARFIELD WATER FUND
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2023

CASH RECEIPTS

Water revenue	\$ 355,402
Interest income	3,141
Connection fees	31,240
Miscellaneous income	675
Meter deposits	1,406
Transfers in	78,950
Total cash receipts	<u>470,814</u>

CASH DISBURSEMENTS

Debt service	
Principal	29,465
Interest	7,757
Salaries and payroll taxes	27,817
Professional fees	1,800
Bank fees	626
Water supplies	42,514
Fuel	1,832
Office expense	7,484
Contract labor	49,173
Training expense	1,238
Repairs and maintenance	3,703
Water purchases	50,321
Waste disposal	99,554
Insurance	3,260
Other expense	9,673
Sales tax expense	25,418
Total cash disbursements	<u>361,635</u>

INCREASE IN CASH AND RESTRICTED CASH 109,179

BEGINNING CASH AND RESTRICTED CASH, AT JANUARY 1, 2023 385,003

ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2023 \$ 494,182

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT