

GRUBBS WATER & SEWER DEPARTMENT  
GRUBBS, AR  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

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To the Mayor and Members of the City Council  
Grubbs Water & Sewer Department  
Grubbs, Arkansas 72431

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES

We have performed the procedures enumerated below in compliance with Ark. Code Ann. 14-234-119 to 122, of the Grubbs Water and Sewer Department as of December 31, 2022, and for the year then ended. The Grubbs Water and Sewer Department management is responsible for the Entity's accounting records.

The Grubbs Water and Sewer Department has agreed to and acknowledged that the procedures are appropriate to meet the intended compliance with Ark. Code Ann. 14-234-119 to 122. Additionally, the Board of Directors of the Grubbs Water and Sewer Department have agreed to and acknowledged that the procedures 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 the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and associated findings are as follows:

Cash and Investments:

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for the Grubbs Water and Sewer Department.

Merchant & Planters Bank	\$	11,747
Cash - Revenue Account		8,251
Cash - Meter Deposit Account		1,318
Cash - Operating & Maintenance		847
Cash - Meter Savings		386
Cash - Reserve Account		337
Cash - Bond Debt Service	\$	<u>22,886</u>

3. Agreed the proof of cash ending balances to the book balances.

We found no exceptions as a result of the procedures.

**Receipts**

1. Agreed the deposits per the proof of cash for the year with the deposits per the receipts journal.
2. Agreed 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

**Cash Disbursements:**

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the cash disbursements journal within 5%.
2. Analyzed all property, plant and equipment disbursements.
3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

**Property, Plant, and Equipment:**

We determined that all additions and disposals were properly accounted for in the records.

We found no exceptions as a result of the procedures.

**Long-term Debt:**

Long-Term debt was confirmed with lenders, balances are summarized below.

	<u>12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2022</u>
4.5% USDA Notes Payable in annual installments of \$2,418 through 2036	\$ 268,762	\$ -	\$ (17,276)	\$ 251,486
4.5% USDA Notes Payable in monthly installments of \$533 through 2039	76,170	-	(3,031)	73,139
	<u>\$ 344,932</u>	<u>\$ -</u>	<u>\$ (20,307)</u>	<u>\$ 324,625</u>

The terms of the Entity's loan agreements require that a debt service reserve account be maintained. On December 31, 2022, the debt service reserve account balance should have been \$35,412. The actual amount of the reserve accounts was \$723.

We were engaged by the Grubbs Water and Sewer Department to perform this agreed upon procedure 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 examination or review, the objective of which would be the expression of an opinion or conclusion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. 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 Grubbs Water and Sewer Department and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed upon procedures engagement.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, AR 72396

March 29, 2024

GRUBBS WATER AND SEWER DEPARTMENT  
FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
AND  
INDEPENDENT ACCOUNTANT'S  
COMPILATION REPORT

MEYER AND WARD, P.A.  
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**GRUBBS WATER AND SEWER DEPARTMENT  
GRUBBS, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Independent Accountant's Compilation Report on Financial Statements	1
Statement of Assets, Liabilities, and Net Position- Cash Basis	2-3
Statement of Receipts and Disbursements - Cash Basis	4

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To the Mayor and Members of the City Council  
Grubbs Water and Sewer Department  
Grubbs, AR 72431

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Grubbs Water and Sewer Department, which comprise the statement of assets, liabilities, and net position – cash basis and the related statement of receipts and disbursements- cash basis for the year then ended in accordance with the cash basis of accounting and for determining that the 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. Accordingly, 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Management has elected to omit substantially all of the disclosures required by the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Grubbs Water and Sewer Department's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Meyer & Ward*

Meyer and Ward, P.A.  
Certified Public Accountants  
Wynne, AR 72396

March 29, 2024

GRUBBS WATER AND SEWER DEPARTMENT  
 STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS  
 DECEMBER 31, 2022

**ASSETS**

**Current Assets**

Cash - Revenue Account	\$ 11,747
Cash - Operating and Maintenance	<u>1,318</u>
Total Current Assets	<u>13,065</u>

**Restricted Assets**

Cash - Meter Deposits	8,251
Cash - Meter Savings	847
Cash - Reserve	386
Cash - Bond Debt Service	<u>337</u>
Total Restricted Assets	<u>9,821</u>

**Property Plant and Equipment**

Utility Plant	643,900
Less Accumulated Depreciation	<u>(421,818)</u>
Total Net Position	<u>222,082</u>

**Total Assets**

\$ 244,968

See independent accountant's compilation report.



GRUBBS WATER AND SEWER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS  
DECEMBER 31, 2022

**LIABILITIES**

**Current Liabilities**

Current Portion of Notes Payable	\$ 21,239
Customer Deposit Payable	18,180
FSDWA	1,244
Garbage Payable	2,250
Payroll Taxes Withheld	13,780
Sales Tax Payable	3,764
Total Current Liabilities	<u>60,457</u>

**Long-Term Liabilities**

Notes Payable - Net of Current Portion	<u>303,386</u>
Total liabilities	<u>363,843</u>

**Net Position**

Net investment in Capital Assets	(102,543)
Unrestricted	<u>(16,332)</u>
Total Net Position	<u>(118,875)</u>

**Total Liabilities and Net Postion**

\$ 244,968

See independent accountant's compilation report.

**GRUBBS WATER AND SEWER DEPARTMENT  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Operating Revenues</b>	
Water Revenue	\$ 100,307
Sewer Revenue	30,713
Other Revenue	2,750
Total Operating Revenue	<u>133,770</u>
<b>Operating Expenses</b>	
Water Purchase	38,071
Gas & Oil	5,472
Insurance	1,255
Depreciation	16,098
Dues & Fees	1,359
License & Permits	137
Supplies & Maintenance	7,439
Payroll	41,995
Postage	1,015
Telephone	3,083
Utilities	4,487
Total Expenses	<u>120,411</u>
<b>Total Operating Income (Loss)</b>	<u>13,359</u>
<b>Other Income ( Loss)</b>	
Transfers out to City	(1,891)
Interest Income	2
Interest Expense	(15,055)
Total Other Income	<u>(16,944)</u>
Change in Net Position	(3,585)
Beginning Net Position	<u>(115,290)</u>
<b>Ending Net Position</b>	<u><u>\$ (118,875)</u></u>

See independent accountant's compilation report.