

GRUBBS WATER & SEWER DEPARTMENT
GRUBBS, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

MEYER AND WARD, P.A.
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To the Mayor and Members of the City Council
Grubbs Water and Sewer Department
Grubbs, Arkansas 72431

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, 2023, and for the year then ended. The Grubbs Water and Sewer Department's management is responsible for the Entity's accounting records.

The management of the Grubbs Water and Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended compliance with Ark. Code Ann. 14-234-119 to 122. Additionally, the Mayor and Council of the City of Grubbs 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 of 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. A) We performed a proof of cash for the year and reconciled year-end bank balances to book balances.
- B) We obtained confirmation of the cash on deposit with depository institutions
- C) We agreed the proof of cash ending balances to the book balances.

Cash and Investments (cont'd)

Merchant & Planters Bank		
Cash - Revenue Account	\$	35,025
Cash - Meter Deposit Account		10,133
Cash - Operating & Maintenance		821
Cash - Reserve Account		1,388
Cash - Bond Debt Service		<u>3,558</u>
	\$	<u>50,925</u>

We found no exceptions as a result of the procedures.

Receipts

2. A) We agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.
- B) We agreed ten customer payments on the accounts receivable subledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

Accounts Receivable

3. A) We agreed the ten customer billings to the accounts receivable subledger.
- B) We reviewed five customer adjustments for proper authorization.

We found no exceptions as a result of the procedures.

Disbursements

4. A) We agreed the disbursements per the proof of cash for the year with the disbursements per the cash disbursements journal within 5%.
- B) We analyzed all property, plant and equipment disbursements.
- C) We selected ten disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant, and Equipment

5. A) 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

6. A) We scheduled long-term debt and verified changes in the balances for the year.

B) Long-term debt was confirmed with the lenders. The balances are summarized below:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
4.5% USDA Notes Payable in annual installments of \$2,418 through 2036	\$ 251,486	\$ -	\$ (18,069)	\$ 233,417
4.5% USDA Notes Payable in monthly installments of \$533 through 2039	73,139	-	(3,170)	69,969
6.25% Merchant and Planters Bank Notes Payable in monthly installments of \$487 through 2028	-	25,000	(2,163)	22,837
	<u>\$ 324,625</u>	<u>\$ 25,000</u>	<u>\$ (23,402)</u>	<u>\$ 326,223</u>

C) Terms of the loan agreement require that transfers be made to a debt service reserve account. We noted that the appropriate transfers were not made.

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 audit, examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the specified elements, accounts or items. 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 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.

This report is intended solely for the information and use of the Grubbs Water and Sewer Department and is not intended to be and should not be used by anyone other than the specified party.

Meyer & Ward

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

August 7, 2025

GRUBBS WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023
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, 2023**

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CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

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 revenues, expenses and changes in net position- cash basis as of December 31, 2023 and 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

August 7, 2025

**GRUBBS WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2023**

ASSETS

Current Assets

Cash on Hand	\$ 300
Cash - Revenue Account	35,025
Cash - Operating and Maintenance	821
Total Current Assets	36,146

Restricted Assets

Cash- Meter Deposits	10,133
Cash - Reserve	1,388
Cash - Bond Debt Service	3,558
Total Restricted Assets	15,079

Property Plant and Equipment

Utility Plant	659,900
Less Accumulated Depreciation	(438,849)
Net Property Plant and Equipment	221,051

Total Assets

\$ 272,276

**GRUBBS WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2023**

LIABILITIES

Current Liabilities

Current Portion of Notes Payable	\$ 26,714
Customer Deposit Payable	17,110
Garbage Payable	2,150
Payroll Taxes Withheld	13,780
Sales Tax Payable	2,858
Due to City	<u>1,049</u>
Total Current Liabilities	<u>63,661</u>

Long-Term Liabilities

Notes Payable - Net of Current Portion	<u>299,509</u>
Total liabilities	<u>363,170</u>

Net Position

Net investment in Capital Assets	(105,172)
Unrestricted	<u>14,278</u>
Total Net Position	<u>(90,894)</u>

Total Liabilities and Net Postion	<u><u>\$ 272,276</u></u>
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**GRUBBS WATER AND SEWER DEPARTMENT
STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Operating Revenues	
Water Revenue	\$ 105,739
Sewer Revenue	31,852
Other Revenue	13,105
Total Operating Revenue	<u>150,696</u>
Operating Expenses	
Water Purchase	48,385
Contract Labor	30,000
Gas & Oil	754
Insurance	286
Depreciation	17,031
Dues and Fees	2,777
Professional Services	1,000
License and Permits	179
Supplies and Maintenance	5,001
Repairs and Replacements	15,310
Salaries	31,112
Payroll Taxes	2,419
Postage	1,510
Telephone	2,451
Utilities	7,362
Total Expenses	<u>165,577</u>
Operating Income (Loss)	<u>(14,881)</u>
Other Revenues (Expenses)	
Transfers in from City	57,787
Interest Income (Expense)	(14,925)
Total Other Income	<u>42,862</u>
Change in Net Position	27,981
Beginning Net Position	<u>(118,875)</u>
Ending Net Position	<u>\$ (90,894)</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT