

TOWN OF LOUANN WATER AND SEWER FUND
Louann, Arkansas
For the Year Ended December 31, 2022

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES



Berry & Associates

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Arkansas Society of CPAs

Texas Society of CPAs

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**The Mayor and Members of the Town Council
Town of Louann Water and Sewer Fund
Louann, 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 Town of Louann Water and Sewer Fund for the year ended December 31, 2022. Town of Louann Water and Sewer Fund management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119.

Town of Louann Water and Sewer 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 and reconciliation of cash for the year.
- b. Confirm the cash on deposit and investments with the depository institutions.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Findings: *We found no exceptions as a result of 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 10 customer payments on the accounts receivable subledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

Findings: *We found no exceptions as a result of the procedures.*

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**The Mayor and Members of the Town Council
Town of Louann Water and Sewer Fund**

Accounts Receivable

3. a. Agree 10 customer billings to the accounts receivable sub ledger.
- b. Determine that 5 customer adjustments were properly authorized.

Findings: *We found no exceptions as a result of the procedures.*

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 (10) other disbursements and determine if they were adequately documented.

Findings: *We found no exceptions as a result of the procedures.*

Property, Plant, & Equipment

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

Findings: *We found no exceptions as a result of 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 exceptions as a result of these procedures: The debt service accounts established and maintained are less than the requirement set forth by the loan agreements for multiple loans. 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.

Finding: *We found no exceptions as a result of the procedures.*

We were engaged by Town of Louann Water and Sewer 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.

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Town of Louann Water and Sewer Fund**

We are required to be independent of Town of Louann Water and Sewer 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 Town of Louann Water and Sewer Fund, Arkansas Natural Resources Commission, USDA Rural Development, and the Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

Berry & Associates

Berry & Associates, PA
Little Rock, Arkansas
January 10, 2024

**TOWN OF LOUANN WATER AND SEWER FUND
FINANCIAL STATEMENTS
For the Year Ended December 31, 2022
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

TOWN OF LOUANN WATER AND SEWER FUND
Louann, Arkansas
For the Year Ended December 31, 2022

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**The Mayor and Members of the Town Council
Town of Louann Water and Sewer Fund
Louann, Arkansas**

Management is responsible for the accompanying financial statements of Town of Louann Water and Sewer Fund, which comprise the statement of assets, liabilities, and net position – 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. 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 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 Fund's assets, liabilities, net position, cash receipts and cash disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Berry & Associates, P.A.
Little Rock, Arkansas
January 10, 2024

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TOWN OF LOUANN WATER AND SEWER FUND
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	20,683
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RESTRICTED ASSETS

Cash and cash equivalents		13,126
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FIXED ASSETS - AT COST

Capital assets		871,601
Less: accumulated depreciation		(284,199)
Net fixed assets		587,402

TOTAL ASSETS	\$	621,211
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current maturities of long-term debt	\$	16,100
Total current liabilities		16,100

LONG-TERM DEBT, Net of Current Maturities

USDA Rural Development		236,817
Arkansas Natural Resources Commission		167,359
Total long-term debt		404,176

PAYABLES FROM RESTRICTED ASSETS

Customer water meter deposits		7,680
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TOTAL LIABILITIES		427,956
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NET POSITION

Unrestricted		180,126
Temporarily restricted		13,129

TOTAL NET POSITION		193,255
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TOTAL LIABILITIES AND NET POSITION	\$	621,211
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF LOUANN WATER AND SEWER FUND
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2022

CASH RECEIPTS

Water revenue	\$ 61,132
Reconnection fees	315
Interest income	51
Loans received	157,709
Meter deposits received	1,400
Transfers in from General Fund	215,453
Total cash receipts	<u>436,060</u>

CASH DISBURSEMENTS

Debt service	
Principal	8,505
Interest	7,827
Contract labor	5,099
Purchase of capital assets	368,569
Auto expense	3,600
Supplies	402
Insurance	3,581
Utilities and telephone	7,959
Office expenses	7,134
Repairs and maintenance	18,497
Sales tax expense	2,915
Accounting fees	4,900
Miscellaneous expense	1,520
Meter deposit refunds	1,350
Total cash disbursements	<u>441,858</u>

DECREASE IN CASH AND CASH EQUIVALENTS

(5,798)

BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 202239,607**ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2022**\$ 33,809

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT