

CITY OF PRATTSVILLE WATER SYSTEM



PRATTSVILLE, ARKANSAS

DECEMBER 31, 2023

CITY OF PRATTSVILLE WATER SYSTEM
PRATTSVILLE, ARKANSAS

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Prattsville, Arkansas

We have performed the procedures enumerated below on the accounting records of the City of Prattsville Water System as of and for the year ended December 31, 2023. The City of Prattsville Water System's management is responsible for the entity's accounting records.

The City of Prattsville Water System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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:

1. Cash and Investments

- a. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- 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.

We found no exceptions as a result of the procedures.

2. Receipts

- 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 sub ledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

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

We found no exceptions as a result of the procedures.

4. Disbursements

- 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.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

We found no exceptions as a result of the procedure.

6. Long-Term Debt

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

We found no exceptions as a result of the procedures.

7. General

- a. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the procedure.

We were engaged by the City of Prattville Water System to perform this agreed-upon procedures 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of the City of Prattville Water System. 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 Prattville Water System and to meet 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 City of Prattville Water System and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

August 13, 2024

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

City of Prattsville Water System
Prattsville, AR

Management is responsible for the accompanying financial statements of the City of Prattsville Water System, which comprise the statement of net position – 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 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 elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City of Prattsville Water Systems' cash position, and results of operations – cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

Management has omitted the management's discussion and analysis and budgetary comparison schedule that accounting principles generally accepted in the United States of America require 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
August 13, 2024

CITY OF PRATTSVILLE WATER SYSTEM
STATEMENT OF NET POSITION -
CASH BASIS
DECEMBER 31, 2023

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ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 139,643
Certificates of Deposit - Peoples Bank	103,022
Certificates of Deposit - Malvern National Bank	78,748
TOTAL CURRENT ASSETS	<u>321,413</u>

RESTRICTED ASSETS:

Restricted Cash - Construction	48,726
Restricted Cash - Debt Service Reserve	47,692
Restricted Cash - Meter Deposits	25,992
TOTAL RESTRICTED ASSETS	<u>122,410</u>

TOTAL ASSETS

\$ 443,823

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Bonds Payable - Current	\$ 25,000
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LIABILITIES PAYABLE FROM RESTRICTED ASSETS:

Meter Deposits Payable	16,029
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LONG-TERM LIABILITIES:

Bonds Payable	475,000
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TOTAL LIABILITIES

516,029

NET POSITION:

Restricted	109,580
Unrestricted	<u>(181,786)</u>
TOTAL NET POSITION	(72,206)

TOTAL LIABILITIES AND NET POSITION

\$ 443,823

See Independent Accountants' Compilation Report.

CITY OF PRATTSVILLE WATER SYSTEM
 STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
 FOR YEAR ENDED DECEMBER 31, 2023

CASH RECEIPTS:

Water and Sewer Receipts	\$ 218,024
Meter Deposits Received (Net)	3,470
Interest Received	3,112
TOTAL CASH RECEIPTS	<u>224,606</u>

CASH DISBURSEMENTS:

Dues and Fees	4,313
Fuel	1,891
Insurance	22,091
Loan Payments - Interest	21,141
Loan Payments - Principal	25,000
Office Expense	3,069
Operating Supplies	42,079
Postage	1,014
Purchase of Certificates of Deposit	3,009
Sales Tax	13,709
Transfer to Payroll Account	42,497
Transfer to Prattsville Community Center Account	4,415
Utilities and Telephone	9,268
Miscellaneous	895
TOTAL CASH DISBURSEMENTS	<u>194,391</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>30,215</u>
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	231,838
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 262,053</u></u>
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See Independent Accountants' Compilation Report.