

**CITY OF RATCLIFF, ARKANSAS
WATER DEPARTMENT**

**AGREED-UPON PROCEDURES REPORT AND
COMPILED FINANCIAL STATEMENTS**

DECEMBER 31, 2022 AND 2021



CITY OF RATCLIFF, ARKANSAS WATER DEPARTMENT

DECEMBER 31, 2022 AND 2021

CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Accountant's Report On Applying Agreed-Upon Procedures..... | 1-3 |
| Accountant's Compilation Report..... | 4 |
| Financial Statements | |
| Statements of Net Position..... | 5 |
| Statements of Revenues, Expenses, and Changes in Net Position..... | 6 |



Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Ratcliff, Arkansas Water Department
Ratcliff, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Ratcliff, Arkansas Water Department, (the Department) as of and for the years ended December 31, 2022 and 2021. The City of Ratcliff, Arkansas Water Department's management is responsible for the financial and billing records.

The City of Ratcliff, Arkansas Water Department's has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose which is to comply with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water Service providers* as prepared by Arkansas Legislative Audit. 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 purpose.

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 balance. We concluded this procedure with no findings.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with no findings.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater. The ending balances for all accounts were within these parameters.

(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. We concluded this procedure and found the deposits were within the parameters.

- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure with no findings.
 - C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We concluded this procedure with no findings.
- (3) Accounts Receivable
- A. Agree ten customer billings to the accounts receivable subledger. We concluded this procedure with no findings.
 - B. Determine that five customer adjustments were properly authorized. We concluded this procedure with no findings.
- (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. We concluded this procedure and found the disbursements to be within the parameters.
 - B. Analyze all property, plant and equipment disbursements. We concluded this procedure with no findings.
 - C. Select ten disbursements and determine if they were adequately documented. We concluded this procedure with no findings.
 - D. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented. We concluded this procedure with no findings.
- (5) Property, plant and equipment
- A. Determine that additions and disposals were properly accounted for in the records. We concluded this procedure with no findings.
- (6) Long-term debt
- A. Schedule long-term debt and verify changes in all balances for the year. We concluded this procedure with no findings.
 - B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. We concluded this procedure with no findings.
 - C. Determine that the appropriate debt service accounts have been established and maintained. We concluded this procedure with no findings.
- (7) General
- A. Determine that any items of financial significance were approved and documented in the minutes of the City Council meetings. The minutes were provided to us and were read. We found all financially significant items to be documented.

We were engaged by the City of Ratcliff, Arkansas Water Department 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 financial and billing records.

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 Ratcliff, Arkansas Water 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 City of Ratcliff, Arkansas Water Department and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 15, 2023



PRZYBYSZ

& ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and City Council
City of Ratcliff, Arkansas Water Department
Ratcliff, Arkansas

Management is responsible for the accompanying financial statements of the City of Ratcliff, Arkansas Water Department, which comprise the statements of net position as of December 31, 2022 and 2021, the related statements of revenues, expenses and changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America. 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 form of assurance on these financial statements.

The financial statements referenced in the first paragraph of this report present only the water department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Ratcliff, as of December 31, 2022 and 2021, and the changes in its financial position in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Department's financial position, results of operations, and cash flows. Accordingly, these financial statements are not for those who are not informed about such matters.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 15, 2023

FINANCIAL STATEMENTS

CITY OF RATCLIFF, ARKANSAS WATER DEPARTMENT

STATEMENTS OF NET POSITION

| AS OF DECEMBER 31, | 2022 | 2021 |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 82,144 | \$ 47,602 |
| Certificates of deposit | 87,021 | 86,836 |
| Restricted checking and savings account | 26,692 | 26,812 |
| Restricted certificates of deposit | 77,390 | 76,886 |
| Restricted investments | 58,975 | 52,734 |
| Accounts receivable, less allowance for doubtful accounts of \$21,705 and \$17,682 respectively | 34,631 | 41,447 |
| Prepaid expenses | 1,985 | 1,950 |
| Inventory | 16,113 | 16,113 |
| Total Current Assets | 384,951 | 350,380 |
| Noncurrent Assets - Capital Assets | | |
| Land | 11,052 | 11,052 |
| Utility plant | 983,191 | 983,191 |
| Equipment | 44,563 | 43,626 |
| Transportation equipment | 15,200 | 15,200 |
| Total | 1,054,006 | 1,053,069 |
| Less: accumulated depreciation | 402,119 | 376,058 |
| Net Noncurrent Assets - Capital Assets | 651,887 | 677,011 |
| Total Assets | \$ 1,036,838 | \$ 1,027,391 |
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 14,339 | \$ 12,565 |
| Payroll taxes payable | 2,072 | 2,053 |
| Accrued interest | 8,662 | 8,889 |
| Sales tax payable | 1,762 | 2,104 |
| Current maturity of long-term debt | 20,000 | 20,000 |
| Total Current Liabilities | 46,835 | 45,611 |
| Long-term Debt, net of unamortized bond discounts | 661,582 | 679,838 |
| Total Liabilities | 708,417 | 725,449 |
| Net Position | | |
| Net investment in capital assets | (29,695) | (22,827) |
| Restricted | 119,214 | 112,103 |
| Unrestricted | 238,902 | 212,666 |
| Total Net Position | 328,421 | 301,942 |
| Total Liabilities and Net Position | \$ 1,036,838 | \$ 1,027,391 |

See accountant's compilation report.

CITY OF RATCLIFF, ARKANSAS WATER DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| FOR THE YEARS ENDED DECEMBER 31, | 2022 | 2021 |
|---|-------------------|-------------------|
| Operating Revenue | | |
| Water revenues, net of bad debts | \$ 384,560 | \$ 369,877 |
| Other Income | 4,068 | 6,220 |
| Total Operating Revenue | 388,628 | 376,097 |
| Operating Expenses | | |
| Water purchases | 141,057 | 134,266 |
| Wages | 68,427 | 69,200 |
| Auto expense | 5,831 | 5,647 |
| Insurance | 18,301 | 15,707 |
| Professional fees | 3,825 | 6,100 |
| Repairs and maintenance | 6,439 | 13,327 |
| Miscellaneous | 1,082 | 1,052 |
| Utilities and telephone | 28,993 | 24,176 |
| Office supplies | 1,867 | 1,485 |
| Postage | 2,232 | 2,506 |
| Operating supplies | 8,789 | 6,023 |
| Dues and subscriptions | 8,001 | 5,853 |
| Payroll taxes | 5,926 | 5,848 |
| Depreciation | 26,061 | 27,270 |
| Total Operating Expenses | 326,831 | 318,460 |
| Net Income From Operations | 61,797 | 57,637 |
| Nonoperating Revenues (Expenses) | | |
| Interest income | 1,301 | 1,460 |
| Interest expense | (36,619) | (44,110) |
| Total Nonoperating Revenues (Expenses) | (35,318) | (42,650) |
| Change in Net Position | 26,479 | 14,987 |
| Net position at beginning of year | 301,942 | 286,955 |
| Net Position at End of Year | \$ 328,421 | \$ 301,942 |

See accountant's compilation report.