

**TOWN OF RAVENDEN
WATER AND SEWER DEPARTMENT**

AGREED-UPON PROCEDURES AND COMPILATION REPORT

Year Ended December 31, 2022 and 2021

Williams & Morris, Accounting & Tax Service, LLC

Sheila Williams, CPA

Jodi Morris

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Town Council
Town of Ravenden Water and Sewer Department
PO Box 139
Ravenden, AR 72459-0139

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Ravenden Water and Sewer Department, solely to assist you with respect to the accounting records of management as of and for the years ended December 31, 2022 and 2021. This report is prepared in accordance with Ark. Code. Ann. 14-234-119 through 122. The Town of Ravenden Water and Sewer Department's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Cash and Investments

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- B. Determine the ending book balance is within 5% or \$500, whichever is greater, of the proof of cash.
- C. Confirm with depository institutions the cash on deposit and investments.

We found no exceptions as a result of the above procedures 1A and 1C.

We found the following exceptions as a result of the above procedures

1B - Ending book balance for the Water O&M fund was not within parameters of the proof of cash ending balance for the years 2022 and 2021. Wastewater O&M fund and Asset Replacement Reserve fund were not within the parameters of the proof of cash ending balances for the year 2021.

Receipts

2. A. Determine total receipts per journal are within 5% or \$500, whichever is greater, of deposits per proof of cash
- B. Agree ten (10) customer payments on the accounts receivable subledger to deposit and billing documents.
- C. For ten (10) deposits agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the above procedure 2B.

We found the following exceptions as a result of the above procedures 2A and 2C

Total receipts per journals for the Asset Replacement Reserve fund was not within parameters of proof of cash deposits for years 2022 and 2021. Water O&M fund, Wastewater O&M fund, and Meter Deposit fund were not within the parameters of the proof of cash for the year 2021.

Cash/check composition did not match the receipt information for nine (9) deposits for the years 2022 and 2021.

Accounts Receivable

3.
 - A. Agree ten (10) customer billings to the accounts receivable subledger.
 - B. Determine that five (5) customer adjustments were properly authorized.

We found no exceptions as a result of the above procedures.

Disbursements

4.
 - A. Determine total disbursements per journal are within 5% or \$500, whichever is greater, of disbursements per proof of cash.
 - B. Analyze all property, plant, and equipment disbursements.
 - C. Determine all disbursements paid to employees other than payroll and ten (10) other disbursements were adequately documented. (Materiality level – 5% of total dollars of selected disbursements or \$500, whichever is greater.)

We found no exceptions as a result of the above procedures 4B and 4C.

We found the following exceptions as a result of the above procedure 4A

Total disbursements per journals for the Water O&M fund, Wastewater O&M fund, and Meter Deposit fund were not within parameters of disbursements per proof of cash for the year 2021.

Property, Plant, and 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.)

We found no exceptions as a result of the above 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 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 above procedures.

General

7.
 - 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 above procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.

This report is intended solely for the information and use of the Town of Ravenden, Arkansas Rural Development, Arkansas Natural Resources Commission, and the Division of Legislative Audit, and is not intended to be and should not be used by anyone other than those specified parties. However, pursuant to Arkansas Code Annotated §10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

Sheila Williams, CPA

Williams & Morris Accounting & Tax Service, LLC

August 16, 2024

Williams & Morris, Accounting & Tax Service, LLC

Sheila Williams, CPA

Jodi Morris

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Honorable Mayor and Town Council
Town of Ravenden Water and Sewer Department
PO Box 139
Ravenden, AR 72459

Management is responsible for the accompanying financial statements of the Town of Ravenden Water and Sewer Department, which comprise the statement of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year 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. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

Sheila Williams, CPA

Williams & Morris Accounting & Tax Service, LLC
Imboden, Arkansas

August 16, 2024

TOWN OF RAVENDEN, WATER & SEWER DEPARTMENT

Statement of Net Position
December 31, 2022 and 2021

Assets	2022	2021
Current Assets		
Cash and cash equivalents	\$ 105,127	\$ 100,116
Accounts receivable	15,417	15,187
Total Current Assets	<u>120,544</u>	<u>115,303</u>
Capital Assets, Net of Accumulated Depreciation	<u>1,413,096</u>	<u>1,310,774</u>
Total Assets	<u>\$ 1,533,640</u>	<u>\$ 1,426,077</u>
Liabilities and Net Position		
Current Liabilities		
Credit Card Payable	\$ 409	\$ 409
Fire & Trash Payable	365	365
Current portion of notes payable	12,227	11,853
Total Current Liabilities	<u>13,001</u>	<u>12,627</u>
Notes Payable, Net of Current Portion	<u>367,356</u>	<u>379,599</u>
Total Liabilities	<u>380,357</u>	<u>392,226</u>
Net Position		
Net invested in capital assets	1,033,513	919,322
Restricted	60,469	45,064
Unrestricted	59,301	69,465
Total Net Position	<u>1,153,283</u>	<u>1,033,851</u>
Total Liabilities and Net Position	<u>\$ 1,533,640</u>	<u>\$ 1,426,077</u>

TOWN OF RAVENDEN, WATER & SEWER DEPARTMENT

Statement of Revenues, Expenses, and Changes in Net Position
For Year Ended December 31, 2022 and 2021

	2022	2021
Operating Revenues		
Water sales	\$ 114,413	\$ 118,959
Sewer sales	39,519	36,370
Connection fees	663	6,695
Meter deposit fees	4,765	8,366
Penalties and Fees	5,986	5,990
Restitution	-	97
Total Operating Revenues	<u>165,346</u>	<u>176,477</u>
Operating Expenses		
Accounting	50	
Auto expense	1,609	
Contract labor	6,236	5,711
Deposit refunds	3,310	4,860
Depreciation expense	47,421	36,564
Dues & Fees	1,772	500
Employee retirement	6,276	
Employee Insurance	2,607	
Insurance	6,033	
Lab testing	3,273	
Licenses & permits	620	
Miscellaneous	1,638	
Office expense	2,142	
Payroll expense/taxes	9,177	
Postage	1,327	
Repair & maintenance	17,498	51,301
Returned checks/Bank charges	238	642
Salary	38,432	51,371
Sales tax	13,970	10,593
Sludge Hauling	2,900	
Utilities	21,222	12,596
Total Operating Expenses	<u>187,751</u>	<u>174,138</u>
Operating Income (Loss)	<u>(22,405)</u>	<u>2,339</u>
Other Income		
Grant	146,675	367,690
Interest Income	650	546
Interest Expense	(5,488)	(5,290)
Total Other Income	<u>141,837</u>	<u>362,946</u>
Change in Net Position	<u>119,432</u>	<u>365,285</u>
Net Position, Beginning of Year	<u>1,033,851</u>	<u>668,566</u>
Net Position, End of Year	<u>\$ 1,153,283</u>	<u>\$ 1,033,851</u>

See Accountant's Compilation Report

TOWN OF RAVENDEN, WATER & SEWER DEPARTMENT

Statement of Cash Flows

For Year Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Position	\$ 119,432	\$ 365,285
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,421	36,564
Decrease (increase) in receivables	(230)	864
Increase (decrease) in payables	-	(2,988)
Net Cash Provided by Operating Activities	<u>166,623</u>	<u>399,725</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset expenditures	(149,744)	(668,497)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	300,807
Repayment of long-term borrowings	<u>(11,868)</u>	<u>(12,067)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,011	19,968
Cash and Cash Equivalents - Beginning of Year	<u>100,116</u>	<u>80,148</u>
Cash and Cash Equivalents - End of Year	<u>\$ 105,127</u>	<u>\$ 100,116</u>
 SUPPLEMENTAL DISCLOSURES:		
 Interest paid:	 <u>\$ 5,488</u>	 <u>\$ 5,290</u>