

TOWN OF STRAWBERRY WATER DEPARTMENT

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

As of December 31, 2022



Welch, Couch & Company, PA Certified Public Accountants

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Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, Town Council and Management
of Town of Strawberry Water Department
Strawberry, Arkansas

We have performed the procedures enumerated below on compliance with Ark. Code Ann 14-234-119 to 122 of the Town of Strawberry Water Department, as of December 31, 2022. Town of Strawberry Water Department's management is responsible for the Department's accounting records.

Town of Strawberry Water Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with Ark. Code. Ann 14-234-119 to 122. Additionally, the Mayor, Town Council, and management of the Town of Strawberry Water Department 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 as 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 the associated findings are as follows:

1. Cash and Investments

We obtained confirmation of the cash on deposit from the bank, and we agreed the confirmed balances to the amounts shown on the bank reconciliations maintained by the Water Department. We performed a proof of cash for the year and agreed the ending balances to the book balances within the greater of 5% or \$500. We reconciled the year-end bank balances to the book balances.

We noted no exceptions as a result of these procedures.

2. Receipts

We agreed the deposits per the proof of cash for the year to the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable subledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with receipt information.

We noted no exceptions as a result of these procedures.

3. Accounts Receivable

We agreed ten customer billings to the accounts receivable subledger. We determined proper authorization of five customer adjustments.

We noted no exceptions as a result of these procedures.

Batesville: PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

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West Plains: 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

Little Rock: 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

4. **Disbursements**

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We analyzed all property, plant and equipment disbursements. We selected all disbursements paid to employees other than payroll and ten disbursements to determine if they were adequately documented.

We noted no exceptions as a result of these procedures.

5. **Property, Plant and Equipment**

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total equipment or \$500, whichever was greater.

We noted no additions or disposals of property, plant, and equipment; therefore, we could not perform testing of these procedures.

6. **Long-Term Debt**

We scheduled long-term debt and verified changes in all balances for the year. We confirmed loans with the lender. We determined that appropriate debt service accounts had been established and that monthly deposits had been made to this account.

We found no exceptions as a result of these procedures. During the year ending December 31, 2022, all debt balances were paid off and the debt service accounts were released.

7. **General**

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

We noted no exceptions as a result of these procedures.

We were engaged by the Mayor, Town Council, and management of the Town of Strawberry Water Department 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 examination or review engagement, 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 Town of Strawberry 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 Mayor, Town Council, management of Town of Strawberry Water Department and the Arkansas Legislative Joint Auditing Committee and is not intended to be, and should not be, used by anyone other than these specified parties.

Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
July 12, 2023

Welch, Couch & Company, PA
Certified Public Accountants

TOWN OF STRAWBERRY WATER DEPARTMENT

**Independent Accountant's Compilation Report
and Financial Statements**

December 31, 2022



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Independent Accountant's Compilation Report

To the Mayor, Town Council and Management of
Town of Strawberry Water Department
Strawberry, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the Town of Strawberry Water Department (a proprietary fund of the Town of Strawberry, Arkansas), which collectively comprise the Town of Strawberry Water Department's basic financial statements as listed in the table of contents 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 assurance on these financial statements.

Management has elected to omit substantially all of 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 Department'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.

Management has omitted the management's discussion and analysis that the Government Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
July 12, 2023

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TOWN OF STRAWBERRY WATER DEPARTMENT

Statement of Net Position

For the Year Ended December 31, 2022

Assets

Current assets

Cash and cash equivalents	\$ 206,058
Accounts receivable, net of allowance of \$364	9,713
Inventory	7,518
Prepaid expenses	1,588
Total current assets	<u>224,877</u>

Restricted assets

Restricted cash and cash equivalents	<u>26,081</u>
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Capital assets , net of accumulated depreciation of \$513,820	<u>115,868</u>
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Total assets	<u><u>\$ 366,826</u></u>
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Liabilities and Net Position

Current liabilities

Accounts payable	4,515
Accrued expense	1,211
Total current liabilities	<u>5,726</u>

Noncurrent liabilities - payable from restricted assets	<u>22,663</u>
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Total liabilities	<u>28,389</u>
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Net position

Invested in capital assets	115,868
Unrestricted	199,906
Restricted for:	
Customer deposits	22,663
Total net position	<u>338,437</u>

Total liabilities and net position	<u><u>\$ 366,826</u></u>
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See independent accountant's compilation report.

TOWN OF STRAWBERRY WATER DEPARTMENT

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

Operating revenues

Water revenue	\$ 127,372
Hookup fees	6,490
Miscellaneous revenue	6,416
Total operating revenues	<u>140,278</u>

Operating expenses

Salary and wages	64,498
Employee benefits	5,394
Repair and maintenance	1,360
Utilities	17,110
Professional fees	5,000
Dues and fees	4,670
Insurance	2,784
Sales tax expense	9,763
Office expenses	19,443
Supplies	19,829
Travel expense	2,554
Depreciation expense	11,348
Total operating expenses	<u>163,753</u>

Operating loss (23,475)

Nonoperating revenues (expenses)

Interest income	540
Interest expense	(152)
Total nonoperating revenues (expenses)	<u>388</u>

Decrease in net position (23,087)

Net position, beginning of year 361,524

Net position, end of year \$ 338,437

See independent accountant's compilation report.

TOWN OF STRAWBERRY WATER DEPARTMENT

Statement of Cash Flows

For the Year Ended December 31, 2022

Cash flows from operating activities:

Receipts from customers	\$ 141,096
Payments to suppliers	(76,373)
Payments to employees	(69,891)

Net cash (used in) operating activities	<u>(5,168)</u>
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Cash flows from capital and related financing activities:

Payments on long-term debt	(2,914)
Interest paid on long-term debt	(152)

Net cash (used in) capital and related financial activities	<u>(3,066)</u>
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Cash flows from investing activities:

Interest	540
Increase in restricted assets	4,086

Net cash provided by investing activities	<u>4,626</u>
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Net decrease in cash and cash equivalents	(3,608)
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Cash and cash equivalents, beginning of year	<u>235,747</u>
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Cash and cash equivalents, end of year	<u><u>\$ 232,139</u></u>
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Reconciliation of cash and cash equivalents to the statement of net position:

Cash and cash equivalents in current assets	\$ 206,058
Restricted cash and cash equivalents	26,081

Total cash and cash equivalents	<u><u>\$ 232,139</u></u>
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Reconciliation of operating loss to net cash (used in) operating activities:

Operating loss	\$ (23,475)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation expense	11,348
Net changes in:	
Accounts receivable	(1,436)
Prepaid expenses	(41)
Inventory	4,979
Accounts payable and accrued expenses	3,457

Net cash (used in) operating activities	<u><u>\$ (5,168)</u></u>
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