

**TOWN OF WESTERN GROVE, ARKANSAS
WATER DEPARTMENT**

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

DECEMBER 31, 2022



TOWN OF WESTERN GROVE, ARKANSAS WATER DEPARTMENT
DECEMBER 31, 2022

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Town Council
Town of Western Grove, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the Town of Western Grove, Arkansas Water Department as of and for the year ended December 31, 2022. Town of Western Grove, Arkansas Water Department's management is responsible for the financial and billing records.

The Town of Western Grove, Arkansas Water Department 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 and Sewer 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 for three bank accounts and had no findings.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with the finding that one of the Department's CD balances was understated by \$201 which is within the parameters of the procedures performed. This amount reflects interest earnings on one of the CDs.
- 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 for all three bank accounts.
- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We found that one of the 10 customer payments selected for testing did not pay their bill until later in 2023. This payment included the customer being current with all bills. We found that one customer was not billed due to being a bad debt that had not been written off. All others matched the billing documents, but the deposits showed one of 10 over paid their bill for a credit and one made several payments to their bill and reduced it to \$41.35.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We found that deposits of cash and deposits of checks are separated in all deposits. Cash is deposited with cash in a deposit, and checks are deposited with checks in a separate deposit. We concluded this procedure with no findings.

(3) Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger. We found one unbilled customer due to having a credit to the account. We found one customer that was not billed due to only paying when they get a shutoff notice that occurs monthly. We found one customer on a payment plan in which the account was paid in full later in 2023.
- 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. In our analysis of the PP&E disbursements, we found no purchases of PP&E. We have no findings in this area.
- C. Select all disbursements 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, bonds, 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. The department is required to have \$37,416 in debt service reserve. The combination of a savings account of \$28,327 and CD's totaling \$121,286, the debt service is covered.

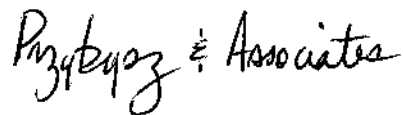
(7) General

- A. Determine that any items of financial significance were approved and documented in the minutes of the 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 Town of Western Grove, 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 Town of Western Grove, 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 Town of Western Grove, Arkansas Water Department and Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
August 3, 2023



To the Mayor and Town Council
Town of Western Grove, Arkansas

Management is responsible for the accompanying financial statements of the Town of Western Grove, Arkansas Water Department, which comprise the statement of assets, liabilities, and equity – cash basis as of December 31, 2022 and 2021, and the related statements of cash receipts and cash disbursements – cash basis, for the years then ended in accordance with the cash basis of accounting. 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 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, these financial statements are not for those who are not informed about such matters.

We draw attention to the fact that 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.

Przybysz & Associates, CPAs, P.C.
Fayetteville, Arkansas
August 3, 2023

TOWN OF WESTERN GROVE, ARKANSAS WATER DEPARTMENT

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS

AS OF DECEMBER 31,	2022	2021
Assets		
Cash and cash equivalents	\$ 287,096	\$ 281,509
Total Assets	\$ 287,096	\$ 281,509
Liabilities and Equity		
Fund balance	\$ 287,096	\$ 281,509
Total Liabilities and Equity	\$ 287,096	\$ 281,509

See accountant's report.

TOWN OF WESTERN GROVE, ARKANSAS WATER DEPARTMENT

STATEMENTS OF CASH RECEIPTS AND CASH DISBURSEMENTS - CASH BASIS

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Cash Receipts		
Water revenue	\$ 248,202	\$ 248,079
Meter Receipts	8,550	6,500
Miscellaneous revenue	1,608	71
Interest Revenue	711	5,750
Total Cash Receipts	259,071	260,400
Cash Disbursements		
Water purchases	103,322	83,617
Meter refunds	3,539	3,350
Payroll and related disbursements	34,092	40,188
Rural development loan payments	37,416	37,416
Fees, licenses, & dues	10,762	10,842
Bank charges	138	423
Professional Fees	4,105	-
Insurance payments	-	1,337
Office Expense	7,600	5,657
Automobile Expense	552	682
Equipment maintenance	10,814	4,013
Water supplies	18,716	11,845
Utilities	5,670	4,784
Sales tax payments	16,758	16,804
Total Cash Disbursements	253,484	220,958
Total Cash Receipts In Excess Of Disbursements	5,587	39,442
Cash Balance - Beginning of year	281,509	242,067
Cash Balance - End of year	\$ 287,096	\$ 281,509

See accountant's report.