

COMPTON WATER ASSOCIATION

**FOR THE YEAR ENDED DECEMBER 31, 2023
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Cynthia C. Bearden, CPA
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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Compton Water Association
Compton, Arkansas

I have performed the procedures listed below with respect to the financial information and state law compliance which are agreed to by the management of Compton Water Association for the period January 1, 2023 – December 31, 2023. Management is responsible for maintaining the financial records and complying with the state law. An agreed upon procedures engagement involves performing specific procedures that the Compton Water Association has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed below. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to perform agreed-upon procedures 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 the Compton Water Association. Consequently, I 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.

The Compton Water Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas Code §14-234-119 and the Guidelines for Conducting Agreed-upon Procedures for Water and Sewer Providers dated August 2, 2021, as published by the Arkansas Legislative Joint Auditing Committee. 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 the associated findings are as follows:

1. Cash and Investments

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

Findings: **None**

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 10 customer payments on the accounts receivable subledger to deposit and billing documents.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information.

Findings: ***The Association did not provide copies of deposit slips, so I was not able to determine if cash payments were accepted so it was not possible to determine the composition of the deposit.***

Recommendation:

If the Association does accept cash payments, I recommend they prepare a cash receipt for the acceptance of cash. I also recommend they keep copies of all deposits made.

3. Accounts Receivable:

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

Findings: None

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 if applicable.
- C. Select all disbursements other than payroll paid to the employees and 10 other disbursements and determine if they are adequately documented.

Findings: None

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

Findings: **None**

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.

Findings: The Association does maintain a debt service reserve account, but the balance in the account is not sufficient to meet the monthly loan requirement by USDA and Arkansas Department of Agriculture – Natural Resources Division.

Recommendations: *I recommend the Compton Water Association maintain debt service accounts with amounts necessary to meet USDA and Department of Agriculture debt service reserve requirements.*

7. General

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

8. Other

Compton Water Association has been having cash flow issues since 2020. The revenue is not enough to support the expenses related to the water system. As a result, the office manager transferred money from the Meter Reserve bank account to the Operating Account to cover monthly expenses. A liability has been created to show the balance owed to the Meter Reserve Fund.

Compton Water Association purchases water from Southwest Boone Water. Due to cash flow issues, the Association has not paid the total owed each month to Southwest Boone Water. The Association owed \$61,829 on December 31, 2023, and this amount is shown as a payable in the financial statements.

I am not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion on the Compton Water Association's financial statements or specified elements, accounts, or items thereof.

Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. I am required to be independent of the Compton Water Association and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.

This report is intended solely for the information and use of the Compton Water Association and is not intended to be and should not be used by anyone other than this specified party.

Cynthia Bearden

Cynthia C. Bearden
Sherwood, Arkansas
Certificate Public Accountant

March 24, 2025

**COMPTON WATER ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

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Cynthia C. Bearden, CPA
9216 Millers Pointe Court
Sherwood, Arkansas 72120

To the Board of Directors
Compton Water Association
Compton, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Compton Water Association, which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2023, and the related statement of revenues, expenses, and other changes in net position – modified cash basis, and statement of cash flows - modified cash basis for the year then ended, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. I 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I 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 modified 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 the disclosures ordinarily included in the financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, net position, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Cynthia C. Bearden, CPA
Sherwood, Arkansas 72120
March 24, 2025

Compton Water Association
Statement of Financial Position - Modified Cash Basis
December 31, 2023

		Assets
	Cash & Cash Equivalents	\$ 21,190
	Due From General Fund	\$ 21,000
	Capital Assets	\$ <u>497,346</u>
Total Assets		<u><u>\$ 539,536</u></u>
		Liabilities and Net position
	Current Liabilities	
	Accounts Payable	\$ 61,829
	Current portion of long-term deb	\$ 10,759
	Due to Meter Deposit Fund	\$ 21,000
	Meter Deposits Outstanding	\$ 45,628
Total Current Liabilities		<u>\$ 139,216</u>
	Long Term Liabilities	
	Long Term Debt	<u>\$ 101,831</u>
Total Liabilities		<u>\$ 241,047</u>
Total Net Position		<u>\$ 298,490</u>
Total Liabilities and Net Position		<u><u>\$ 539,536</u></u>

See accountant's compilation report

Compton Water Association
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis
December 31, 2023

Operating revenues

Water Revenue	\$	410,767
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Total operating revenues		<u>410,767</u>
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Operating expenses

Professional Fees	\$	6,392
Contract Labor		67,770
Insurance		2,402
Office Supplies		6,161
Telephone		3,014
Interest Expense		5,678
Utilities		6,795
Maintenance & Repairs		10,460
Vehicle Expenses		4,926
Water Purchases Boone County		271,416
Water System Supplies		16,885
Sales Tax		28,374
Other Expenses	\$	438

Total operating expenses		<u>430,712</u>
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Increase in net position	\$	<u>(19,945)</u>
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Net position, beginning of year	\$	<u>318,435</u>
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Net position, end of year	\$	<u><u>298,490</u></u>
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See accountant's compilation report

Compton Water Association
Statement of Cash Flows - Modified Cash Basis
December 31, 2023

Cash flows from operating activities:	
Receipts from Customers	\$ 410,767
Payments to suppliers	\$ (290,817)
Payments to employees	<u>\$ (67,770)</u>
Net cash provided by (used in) operating activities	<u>\$ 52,180</u>
Cash flows from capital and related financing activities:	
Payments on long-term debt	\$ (13,143)
Interest paid on long-term debt	<u>\$ (6,737)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (19,880)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 32,300</u>
Cash and cash equivalents, beginning of year	<u>\$ (11,110)</u>
Cash and cash equivalents, end of year	<u>\$ 21,190</u>

See accountant's compilation report