

**CITY OF WINTHROP, ARKANSAS
WATER DEPARTMENT**

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

DECEMBER 31, 2023 AND 2022



CITY OF WINTHROP, ARKANSAS WATER DEPARTMENT

DECEMBER 31, 2023 AND 2022

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below on the financial and billing records of the City of Winthrop, Arkansas Water Department, (the Department) as of and for the year ended December 31, 2023. The City of Winthrop, Arkansas Water Department's management is responsible for the financial and billing records.

The City of Winthrop, 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 sub ledger. 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 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, 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. This procedure was not applicable
- (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 Winthrop, 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 Winthrop, 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 Winthrop, 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
May 1, 2024



Accountant's Compilation Report

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

Management is responsible for the accompanying financial statements of the City of Winthrop, Arkansas Water Department, which comprise the statement of net position as of December 31, 2023 and 2022, 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 Winthrop, Arkansas, as of December 31, 2023 and 2022, 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, CPAs, P.C.
Fort Smith, Arkansas
May 1, 2024

4200 Jenny Lind Road, Ste. B
Fort Smith, Arkansas 72901
Ph: 479.649.0888 email: marcl@selectlanding.com
www.selectcpa.com

FINANCIAL STATEMENTS

CITY OF WINTHROP, ARKANSAS WATER DEPARTMENT

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 99,062	\$ 91,268
Restricted checking and savings accounts	112,971	121,398
Certificates of deposit	19,940	19,658
Restricted certificate of deposit	1,000	1,000
Accounts receivable, less allowance for doubtful accounts of \$2,988 and \$2,260, respectively	9,172	12,231
Total Current Assets	242,145	245,555
Noncurrent Assets		
Capital Assets		
Water system	1,390,085	1,390,085
Office Equipment	6,592	6,592
Equipment	3,492	3,492
Total	1,400,169	1,400,169
Less: accumulated depreciation	551,652	524,590
Net Capital Assets	848,517	875,579
Total Assets	\$ 1,090,662	\$ 1,121,134
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 6,956	\$ 1,801
Payroll taxes payable	126	405
Sales tax payable	740	774
Customer meter deposits	10,988	10,987
Accrued interest	863	1,711
Current maturity of long-term debt	13,425	15,084
Total Current Liabilities	33,098	30,762
Long-Term Debt	169,334	196,731
Total Liabilities	202,432	227,493
Net Position		
Net investment in capital assets	665,758	663,764
Restricted	95,845	103,596
Unrestricted	126,627	126,281
Total Net Position	888,230	893,641
Total Liabilities and Net Position	\$ 1,090,662	\$ 1,121,134

See accountant's compilation report.

CITY OF WINTHROP, ARKANSAS WATER DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2023	2022
Operating Revenue		
Water revenues, net of provision for bad debts	\$ 84,222	\$ 92,015
Garbage collection fees	11,146	10,028
Total Operating Revenue	95,368	102,043
Operating Expenses		
Water purchases	38,656	37,022
Waste management services	11,612	10,276
Salaries and wages	6,450	9,325
Insurance	123	132
Dues and subscriptions	1,306	1,263
Utilities	248	990
Office supplies and postage	1,518	1,653
Professional fees	4,065	4,070
Miscellaneous expense	2,508	722
Payroll taxes	470	680
Operating supplies	2,311	3,641
Depreciation	27,062	27,062
Total Operating Expenses	96,329	96,836
Net Income (Loss) From Operations	(961)	5,207
Nonoperating Revenue (Expenses)		
Interest income	293	92
Interest expense	(4,743)	(5,391)
Total Nonoperating Expenses	(4,450)	(5,299)
Change in Net Position	(5,411)	(92)
Beginning of Year Net Position	893,641	893,733
End of Year Net Position	\$ 888,230	\$ 893,641

See accountant's compilation report.