

**CITY OF BONANZA, ARKANSAS
WATER DEPARTMENT**

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

DECEMBER 31, 2021



CITY OF BONANZA, ARKANSAS WATER DEPARTMENT
DECEMBER 31, 2021

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the City Council
City of Bonanza, Arkansas Water Department
Bonanza, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Bonanza, Arkansas Water Department as of and for the year ended December 31, 2021. The City of Bonanza, Arkansas Water Department's management is responsible for the financial and billing records.

The City of Bonanza, 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 two finding. The Wastewater Grant bank account was not recorded. Activity in the bank account netted to zero at the end of the year.
- 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 for the year 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 the bank statement besides one. The Wastewater Grant account was not recorded.
- 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 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 for all the bank statement besides one. The Wastewater Grant account was not recorded.
- 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 one finding. One invoice of the ten other disbursements that were selected was not able to be located for inspection.

(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 obtained a payment ledger from the Arkansas Department of Agriculture Natural Resources Division and Rural Development that reflects the payments made from the Department and 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 has the appropriate debt service account established and concluded this procedure with no findings.

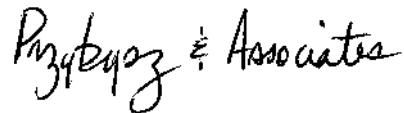
(7) General

- 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 City of Bonanza, 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 Bonanza, 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 Bonanza, 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
July 6, 2023



To the City Council
City of Bonanza, Arkansas Water Department
Bonanza, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the City of Bonanza, Arkansas Water Department, which comprise the statement of assets, liabilities, and equity – cash basis as of December 31, 2021, and the related statements of cash receipts and cash disbursements – cash basis for the year 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.
Fort Smith, Arkansas
April 29, 2024

CITY OF BONANZA, ARKANSAS WATER DEPARTMENT

STATEMENT OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS

AS OF DECEMBER 31, 2021	
Assets	
Cash and cash equivalents	\$ 554,374
Total Assets	\$ 554,374
Liabilities and Equity	
Fund balance	\$ 554,374
Total Liabilities and Equity	\$ 554,374

See accountant's report.

CITY OF BONANZA, ARKANSAS WATER DEPARTMENT

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Receipts

Water revenue	\$ 230,358
State funding	349,586
Grant	29,874
Franchise and property taxes	22,425
Interest	210
Miscellaneous revenue	43,392
Total Cash Receipts	675,845

Cash Disbursements

Water purchased	40,160
Sanitation purchases	27,597
Transfers to the City	7,739
Repairs and maintenance	17,510
Legal Fees	9,600
Professional fees	95
Loan payment	94,241
Payroll and payroll taxes	112,024
Contract labor	55,250
Insurance	3,167
Miscellaneous expense	104,050
Office supplies	4,675
Utilities	35,237
Supplies and equipment	60,269
Other taxes	42,475
Auto expense	10,317
Total Cash Disbursements	624,406

Total Cash Receipts in Excess of Disbursements 51,439

Cash Balance - beginning of year 502,935

Cash Balance - end of year \$ 554,374

See accountant's report.