Independent Accountant's Compilation Report and Financial Statement

Governmental Funds - City of Smackover, Arkansas

For the Year Ended December 31, 2025

Contents

Marc J. Emrich, CPA, CGMA
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W. Tyler Morgan, CPA

EMRICH & SCROGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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To the Members of the City Council
City of Smackover, Arkansas
Smackover, Arkansas

Management is responsible for the accompanying statement of cash receipts and disbursements – governmental funds for the City of Smackover, Arkansas for the year ended December 31, 2025, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. 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 statement, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the financial statement.

The statement of cash receipts and disbursements – governmental funds is 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.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the cash receipts and disbursements of the City of Smackover, Arkansas's governmental funds. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in the combining schedule of cash receipts and disbursements – special revenue funds is presented for purposes of additional analysis and is not a required part of the cash basis financial statement. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, nor provide any assurance on such information.

Emrich & Scroggins, LLP

Emrich & Scroggins, LLP
Certified Public Accountants

El Dorado, Arkansas

August 7, 2026

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(870) 862-6510 Phone, (870) 862-6516 Fax

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City of Smackover, Arkansas
Statement of Cash Receipts and Disbursements - Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Special Revenue Funds	Fireman's Pension Fund
Cash Balances, Beginning of Period as Previously Stated	$ 267,315	$ 1,637,317	$ 11,303
Prior period adjustment for unrecorded:			
Changes in general fund certificate of deposits	7,071	-	-
Changes in solid waste certificate of deposits	-	17,447	-
Changes in fire truck fund certificate of deposits	-	(111,217)	-
Changes in fireman's pension fund certificate of deposits	-	-	(2,603)
Checking account incorrectly included on enterprise fund	-	3,552	-
Cash Balances, Beginning of Period Restated	274,386	1,547,099	8,700
Cash Receipts			
State aid	20,005	178,883	-
County aid	154,968	46,496	-
Sales taxes	423,537	486,930	-
Fines, forfeitures, and costs	15,080	-	-
Interest	4,942	14,803	391
Local permits, licenses, and fees	111,665	-	-
Other	224,170	2,190	-
Transfers in	135,516	-	-
Total Cash Receipts	1,089,883	729,302	391
Cash Disbursements			
General government	729,909	384,189	-
Law enforcement	356,776	-	-
Highways and streets	-	138,221	-
Public safety	-	42,808	-
Transfers out	-	130,836	-
Total Cash Disbursements	1,086,685	696,054	-
Increase (Decrease) in Cash Balances	***3,198***	***33,248***	***391***
Cash Balances, End of Period	$ 277,584	$ 1,580,347	$ 9,091

See accountant's compilation report.

City of Smackover, Arkansas
Supplementary Information – Combining Schedule of Cash Receipts and Disbursements – Special Revenue Funds
For the Year Ended December 31, 2025

	Street Fund	Capital Improvement/ Solid Waste Fund	Fire Department Fund	Fire Truck Fund	Total Special Revenue Funds
Cash Balances, Beginning of Period as Previously Stated	$ 232,094	$ 1,231,710	$ 61,180	$ 112,333	$ 1,637,317
Prior period adjustment for unrecorded:					
Changes in solid waste certificate of deposits	-	17,447	-	-	17,447
Changes in fire truck fund certificate of deposits	-	-	-	(111,217)	(111,217)
Checking account incorrectly included on enterprise fund	-	3,552	-	-	3,552
Cash Balances, Beginning of Period Restated	232,094	1,252,709	61,180	1,116	1,547,099
Cash Receipts					
State aid	145,829	-	33,054	-	178,883
County aid	46,496	-	-	-	46,496
Sales taxes	-	486,930	-	-	486,930
Interest	533	14,223	-	47	14,803
Other	-	2,190	-	-	2,190
Total Cash Receipts	192,858	503,343	33,054	47	729,302
Cash Disbursements					
General government	44,822	339,364	-	2	384,188
Highways and streets	138,221	-	-	-	138,221
Public safety	-	-	42,809	-	42,809
Transfers out	1,178	124,620	5,038	-	130,836
Total Cash Disbursements	184,221	463,984	47,847	2	696,054
Increase (Decrease) in Cash Balances	***8,637***	***39,359***	***(14,793)***	***45***	***33,248***
Cash Balances, End of Period	$ 240,731	$ 1,292,068	$ 46,387	$ 1,161	$ 1,580,347

See accountant's compilation report.

Marc J. Emrich, CPA, CGMA
Stacy D. Scroggins, CPA, CGMA
W. Tyler Morgan, CPA

Independent Accountant's Report

To Donald Brock, Mayor and Members of the City Council
City of Smackover, Arkansas
807 Broadway
Smackover, Arkansas 71762

We have performed the procedures enumerated below on the accounting records of the General, Special Revenue (Street, Capital Improvement/Solid Waste, Fire Department and Fire Truck) and Trust Agency (Fireman's Pension) Funds of City of Smackover, Arkansas for the year ended December 31, 2025. City of Smackover, Arkansas's management is responsible for the accounting records of the General, Special Revenue (Street, Capital Improvement/Solid Waste, Fire Department and Fire Truck) and Trust Agency (Fireman's Pension) Funds of City of Smackover, Arkansas and for compliance with Arkansas state statutes.

City of Smackover, Arkansas has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of ensuring compliance with Arkansas state statutes as of and for the year ended December 31, 2025. 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 purposes.

The procedures and the associated findings are as follows:

1. Cash and Investments

    a. We determined the ending book balance was within 10% or $500, whichever was greater, of the proof of cash ending balance.

    We found no exceptions as a result of the above procedure.

2. Receipts

    a. We determined total receipts per journal were within 10% or $500, whichever was greater, of deposits per proof of cash.
    b. We determined state turnback, sales taxes, fire protection funds, and pension funds paid by the State of Arkansas were deposited in the proper fund.
    c. We added one month's receipts issued and determined they were within 10% or $100, whichever was greater, of deposits per bank accounts except Payroll Funds.
    d. We added all receipts issued for the year and determined they were within 10% or $500, whichever was greater, of the deposits per the proof of cash for the Bond and Find and Court Funds. - Not Applicable
    e. We determined that the entity contained an "affected highway" as defined in Ark. Code Ann. § 12-8-402. We determined that revenues resulting from fines and costs from traffic offense citations or arrests made by the affected municipality's law enforcement agency (if the traffic offense was a misdemeanor; violation of state law; or violation of a local ordinance for the affected municipality) did not exceed 30% of the municipality's total expenditures (excluding capital expenditures, water and sewer department expenditures, fiduciary fund expenditures, enterprise fund expenditures, and debt fund expenditures).

    Findings – We noted sales and use tax revenue of $124,099 collected in the General Fund for capital improvement and solid waste purposes was not correctly transferred into the Capital Improvement/Solid Waste Fund during 2025.

3. Disbursements
   a. We determined total disbursements per journal were within 10% or $500, whichever was greater, of disbursements per proof of cash.
   b. For the General and Street Funds, we determined total disbursements did not exceed total appropriations by more than 20%.
   c. For 10% of disbursements (maximum of 30 for all funds, with at least one disbursement per fund), we determined that disbursements were documented and paid in accordance with any applicable code provisions. (Materiality level – 10% of the total dollars selected or $500, whichever was greater).
   d. For one month, we determined court costs were remitted to the Department of Finance and Administration (DFA). – Not applicable

   We found no exceptions as a result of the above procedures.

4. Uniform Traffic Citations

   a. We randomly selected ten uniform citations and traced them to the court docket and receipt for payment or to an outstanding warrant, the continued cases list, or dismissal of the case by the Judge.
   b. Since the speeding citation data regarding the number of miles per hour over the posted speed limit was electronically available, we determined that not more than 50% or speeding citations were issued for ten (10) miles per hour or less over the posted speed limit.

   We found no exceptions as a result of the above procedures.

5. State Law Compliance

   We evaluated the extent to which the City complied with the following state laws as of and for the year ended December 31, 2025:

   a. Municipal Accounting Law (§§ 14-59-101 – 14-59-111, 14-59-114 – 14-59-118)
   b. Restricted Street Funds (§ 27-70-207)
   c. Budgets (§§ 14-58-201 – 14-58-203)
   d. Deposit of Public Funds (§§ 19-8-101 – 19-8-107)
   e. Review of Report by Governing Body (§ 10-4-418)
   f. Report of Security Incident (§ 10-4-429)
   g. Improvement Contracts (§§ 22-9-202 – 22-9-204)
   h. Investment of Public Funds (§§ 19-1-501 – 19-1-505)
   i. District/City Courts Accounting Law (§§ 16-10-201 – 16-10-210)
   j. Arkansas Speed Trap Law (§§ 12-8-104 – 12-8-403)
   k. Purchases and Payments of Claims, etc. (§§ 14-58-301 – 14-58-305, -307, -308)

   We found no exceptions as a result of the above procedure.

We were engaged by City of Smackover, Arkansas to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the *Guidelines for Conducting Agreed-upon Procedures Engagements and Regulatory Basis Audits for Municipalities* dated January 5, 2026 as published by the Arkansas Legislative Joint Auditing Committee. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on City of Smackover, Arkansas's accounting records of the General, Special Revenue, (Street, Capital Improvement/Solid Waste, Fire Department and Fire Truck) and Trust Agency (Fireman's Pension) Funds and on compliance with Arkansas state statues. 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 City of Smackover, Arkansas 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 City of Smackover, Arkansas and is not intended to be, and should not be, used by anyone other than these specified parties.

Emrich & Scroggins, LLP

Emrich & Scroggins LLP
Certified Public Accountants

El Dorado, Arkansas

August 7, 2026

Attachment: Agreed Upon Procedures Minimum Requirements

AGREED-UPON PROCEDURES MINIMUM REQUIREMENTS

The Independent Accountant's Report on Applying Agreed-Upon Procedures should state for which funds, if any, the enumerated procedures were not performed. The report should also list specifically for which funds the procedures were performed. In addition, exceptions to any of the procedures or a statement that no exceptions were found should be noted immediately following the procedures for each section (Cash and Investments, Receipts, etc.) If any of the procedures are not applicable for a municipality, this should be noted in the particular section. The following are the minimum procedures for a municipal engagement as prescribed by the Legislative Joint Auditing Committee:

Cash and Investments

1. Determine the ending book balance is within 10% or \$1,000/\$500, whichever is greater, of the proof of cash ending balance. (Use \$1,000 for first class cities and \$500 for all other entities.)

Receipts

2. a. Determine total receipts per journal are within 10% or \$1,000/\$500, whichever is greater, of deposits per proof of cash. (Use \$1,000 for first class cities and \$500 for all other entities.)

   b. Determine state turnback, sales taxes, fire protection funds, and pension funds paid by the State of Arkansas were deposited in the proper fund.

   c. Add one month's receipts issued and determine they are within 10% or \$250/\$100, whichever is greater, of deposits per bank accounts for all funds except the Bond and Fine, Court, and Payroll Funds. (Use \$250 for first class cities and \$100 for all other entities.)

   d. Add all receipts issued for the year and determine they are within 10% or \$1,000/\$500, whichever is greater, of the deposits per the proof of cash for the Bond and Fine and Court Funds. (Use \$1,000 for first class cities and \$500 for all other entities.)

OR

   d. If more than 500 receipts were issued for the Bond and Fine or Court Funds, add two months receipts issued and determine the total is within 10% or \$250/\$100, whichever is greater, of the deposits per bank accounts. (Use \$250 for first class cities and \$100 for all other entities.)

   e. Determine if the entity contains an "affected highway" as defined in Ark. Code Ann. § 12-8-402. If yes, determine if the amount of revenue resulting from fines and costs from traffic offense citations written by or arrests made by an affected municipality's law enforcement agency if the traffic offense is a misdemeanor; violation of state law; or violation of a local ordinance for the affected municipality exceed 30% of the municipality's total expenditures (excluding capital expenditures, water and sewer department expenditures, fiduciary fund expenditures, enterprise fund expenditures, and debt service expenditures) in the preceding year.

Disbursements

3. a. Determine total disbursements per journal are within 10% or \$1,000/\$500, whichever is greater, of disbursements per proof of cash. (Use \$1,000 for first class cities and \$500 for all other entities.)

b. For the General and Street Funds, determine total disbursements did not exceed total appropriations by more than 20%.

c. For 10% of disbursements (maximum of 30 for all funds, with at least one disbursement per fund except the Bond and Fine and Court Funds), determine disbursements were documented and paid in accordance with any applicable code provisions. (Materiality level - 10% of the total dollars of selected disbursements or $1,000/$500, whichever is greater.) (Use $1,000 for first class cities and $500 for all other entities.)

d. For one month, determine court costs were remitted to the Department of Finance and Administration (DFA).

Uniform Traffic Citations

4. a. Randomly select ten uniform traffic citations and trace them to the court docket and receipt for payment or to an outstanding warrant, the continued cases list, or dismissal of the case by the Judge.

b. If speeding citation data regarding the number of miles per hour over the posted limit is electronically available, determine if 50% of speeding citations were issued for ten (10) miles per hour or less over the posted speed limit.

OR

b. If speeding citation data regarding the number of miles per hour over the posted speed limit is not electronically available, examine citations issued in one month to determine if 50% of speeding citations issued in that month were for ten (10) miles per hour or less over the posted limit.

State Law Compliance

5. Evaluate the extent to which the City or Town complied with the following state laws as of and for the year or years ended December 31, ____:

a. Municipal Accounting Law (§§ 14-59-101 – 14-59-111, 14-59-114 – 14-59-118)
b. Restricted Street Funds (§ 27-70-207)
c. Budgets (§§ 14-58-201 – 14-58-203)
d. Deposit of Public Funds (§§ 19-8-101 – 19-8-107)
e. Review of Report by Governing Body (§ 10-4-418)
f. Report of Security Incident (§ 10-4-429)
g. Improvement Contracts (§§ 22-9-202 – 22-9-204)
h. Investment of Public Funds (§§ 19-1-501 – 19-1-505)
i. District/City Courts Accounting Law (§§ 16-10-201 – 16-10-210)
j. Arkansas Speed Trap Law (§§ 12-8-401 – 12-8-403)
k. Purchases and Payments of Claims, etc. (§§ 14-58-301 – 14-58-305, -307, -308)