

**CITY OF ASH FLAT, ARKANSAS
WATER AND SEWER FUNDS
(Proprietary Funds of the
City of Ash Flat, Arkansas)**

Accountant's Agreed-Upon Procedures

As of December 31, 2024



Welch, Couch & Company, PA Certified Public Accountants

Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA
M. Garrett McSpadden, CPA | Allen E. Brinkman, CPA

Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
City of Ash Flat, Arkansas Water and Sewer Funds
Ash Flat, Arkansas

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122 of the City of Ash Flat, Arkansas Water and Sewer Funds, as of December 31, 2024. City of Ash Flat, Arkansas Water and Sewer Funds' management is responsible for the Funds' accounting records.

City of Ash Flat, Arkansas Water and Sewer Funds has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with Ark. Code Ann. 14-234-119 to 122. Additionally, the Mayor, City Council, and Management of the City of Ash Flat, Arkansas Water and Sewer Funds have agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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

We obtained confirmation of the cash on deposit from the bank, and we agreed the confirmed balances to the amounts shown on the bank reconciliations maintained by the City. We performed a proof of cash for the year and agreed the ending balances to the book balances within the greater of 5% or \$500. We reconciled the year-end bank balances to the book balances.

We noted no exceptions as a result of these procedures.

2. Receipts

We agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable subledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with the receipt information.

We noted no exceptions as a result of these procedures.

3. Accounts Receivable

We agreed ten customer billings to the accounts receivable subledger. We selected five customer adjustments to verify proper authorization.

We noted no exceptions as a result of our procedures.

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4. Disbursements

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We analyzed all property, plant and equipment disbursements. We selected all disbursements paid to employees other than payroll and ten other disbursements to determine if they were adequately documented.

We noted no exceptions as a result of these procedures.

5. Property, Plant and Equipment

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total property, plant and equipment or \$500, whichever was greater.

We noted no exceptions as a result of these procedures.

6. Long-Term Debt

We obtained confirmation of the loan balances with the lender, verified changes in all balances for the year, and determined that the appropriate debt service accounts had been established and maintained.

We noted no exceptions as a result of these procedures.

7. General

We determined that any item of financial significance was approved and documented in the minutes of governing body's meetings.

We noted no exceptions as a result of these procedures.

We were engaged by the Mayor, City Council, and Management of City of Ash Flat, Arkansas Water and Sewer Funds to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 specified elements, accounts, or items. 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 Ash Flat, Arkansas Water and Sewer Funds 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 Mayor, City Council, and management of the City of Ash Flat, Arkansas Water and Sewer Funds, United States Department of Agriculture, Arkansas Natural Resource Commission, and the Arkansas Legislative Joint Auditing Committee and is not intended to be, and should not be, used by anyone other than those specified parties.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
February 13, 2025

**CITY OF ASH FLAT, ARKANSAS
WATER AND SEWER FUNDS
(Proprietary Funds of the
City of Ash Flat, Arkansas)**

**Independent Accountant's Compilation Report
and Financial Statements**

December 31, 2024

CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

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Independent Accountant's Compilation Report

To the Mayor, City Council and Management of
City of Ash Flat, Arkansas Water and Sewer Funds
Ash Flat, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the City of Ash Flat, Arkansas Water and Sewer Funds (proprietary funds of the City of Ash Flat, Arkansas), as of and for the year ended December 31, 2024, which collectively comprise the City of Ash Flat, Arkansas Water and Sewer Funds' basic financial statements as listed in the table of contents, in accordance with the 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 assurance on these financial statements.

Management has not recorded deferred pension outflow, net pension liability, and deferred pension inflow in business-type activities and, accordingly, has not recorded an expense or benefit for the current period change in the APERS pension assets and liabilities. Accounting principles generally accepted in the United States of America require that deferred pension outflow, net pension liability, and deferred pension inflow be accrued as assets, liabilities and expenses of the business-type activities. Management has not determined the amount by which this departure would affect the assets, liabilities and expenses of the business-type activities.

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 City of Ash Flat, Arkansas Water and Sewer Funds' financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis, schedule of water and sewer department's proportionate share of the net pension liability, and schedule of water and sewer department contributions that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
February 13, 2025

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CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Net Position

December 31, 2024

	<u>Assets</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 16,784	\$ 49,060	\$ 65,844
Accounts receivable	25,395	20,745	46,140
Prepaid expenses	3,159	12,241	15,400
Total current assets	<u>45,338</u>	<u>82,046</u>	<u>127,384</u>
Restricted assets			
Cash and cash equivalents	121,567	37,082	158,649
Certificates of deposit	16,819	-	16,819
Total restricted assets	<u>138,386</u>	<u>37,082</u>	<u>175,468</u>
Capital assets			
Nondepreciable assets	25,285	-	25,285
Depreciable assets, net of accumulated depreciation, \$1,278,428 - water, \$2,006,879 - sewer	<u>501,467</u>	<u>1,315,967</u>	<u>1,817,434</u>
Total capital assets	<u>526,752</u>	<u>1,315,967</u>	<u>1,842,719</u>
Total assets	<u>\$ 710,476</u>	<u>\$ 1,435,095</u>	<u>\$ 2,145,571</u>

See independent accountant's compilation report.

CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Net Position

December 31, 2024

Liabilities and Net Position

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current liabilities			
Current maturities of long-term debt	\$ 5,677	\$ 60,723	\$ 66,400
Accounts payable	7,102	8,314	15,416
Accrued interest payable	79	4,888	4,967
Interfund payables	153,526	443	153,969
Total current liabilities	<u>166,384</u>	<u>74,368</u>	<u>240,752</u>
Noncurrent liabilities			
Meter deposits	22,288	-	22,288
Long-term debt, net of current maturities	47,041	173,225	220,266
Total noncurrent liabilities	<u>69,329</u>	<u>173,225</u>	<u>242,554</u>
Total liabilities	<u>235,713</u>	<u>247,593</u>	<u>483,306</u>
Net position			
Investment in capital assets, net of related debt	474,034	1,082,019	1,556,053
Restricted expendable:			
Debt service	8,559	22,412	30,971
Capital and related projects	98,028	12,013	110,041
Other - pump savings	-	2,657	2,657
Unrestricted (deficit)	(105,858)	68,401	(340,309)
Total net position	<u>474,763</u>	<u>1,187,502</u>	<u>1,662,265</u>
Total liabilities and net position	<u>\$ 710,476</u>	<u>\$ 1,435,095</u>	<u>\$ 2,145,571</u>

See independent accountant's compilation report.

CITY OF ASH FLAT, ARKANSAS WATER AND SEWER FUNDS
(Proprietary Funds of the City of Ash Flat, Arkansas)

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2024

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u>
Operating revenue			
Water service	\$ 339,658	\$ -	\$ 339,658
Sewer service	-	279,870	279,870
Connect/tapping fees	7,525	3,150	10,675
Late fees	9,930	-	9,930
Sales taxes	32,578	-	32,578
Total operating revenues	<u>389,691</u>	<u>283,020</u>	<u>672,711</u>
Operating expenses			
Depreciation	50,286	111,536	161,822
Dues and fees	5,104	2,731	7,835
Insurance	1,680	10,695	12,375
Lab testing	-	4,504	4,504
Legal and accounting	5,000	5,000	10,000
Miscellaneous	2,463	352	2,815
Payroll taxes and benefits	14,245	-	14,245
Postage	2,647	1,301	3,948
Repairs and maintenance	17,945	87,994	105,939
Retirement plan contribution	15,832	-	15,832
Salaries	97,365	-	97,365
Supplies - office	743	743	1,486
Supplies - operating	10,363	24,387	34,750
Taxes - sales	32,177	-	32,177
Trash	60,082	-	60,082
Uniforms	636	-	636
Utilities	27,232	61,904	89,136
Total operating expenses	<u>343,800</u>	<u>311,147</u>	<u>654,947</u>
Operating income (loss)	<u>45,891</u>	<u>(28,127)</u>	<u>17,764</u>
Nonoperating revenues (expenses)			
Interest income	298	360	658
Interest expense	(2,783)	(7,949)	(10,732)
ARPA Grant	73,756	-	73,756
Miscellaneous income	3,436	10,929	14,365
Total nonoperating revenues (expenses)	<u>74,707</u>	<u>3,340</u>	<u>78,047</u>
Income (loss) before transfers	120,598	(24,787)	95,811
Transfers in (out)	<u>(46,000)</u>	<u>46,000</u>	<u>-</u>
Increase in net position	74,598	21,213	95,811
Net position, beginning of year	<u>400,165</u>	<u>1,166,289</u>	<u>1,566,454</u>
Net position, end of year	<u>\$ 474,763</u>	<u>\$ 1,187,502</u>	<u>\$ 1,662,265</u>

See independent accountant's compilation report.