

**CITY OF HACKETT, ARKANSAS WATER
AND SEWER DEPARTMENT**

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

JUNE 30, 2024 AND 2023



CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

JUNE 30, 2024 AND 2023

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below on the financial and billing records of the City of Hackett Water and Sewer Department, (the Department) as of and for the year ended June 30, 2024. The City of Hackett Water and Sewer Department's management is responsible for the financial and billing records.

The City of Hackett Water and Sewer 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 with no findings 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 with no findings 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 Hackett Water and Sewer 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 Hackett Water and Sewer 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 Hackett Water and Sewer 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
November 20, 2024



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

Management is responsible for the accompanying financial statements of the City of Hackett Water and Sewer Department, which comprise the statements of net position as of June 30, 2024 and 2023 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.

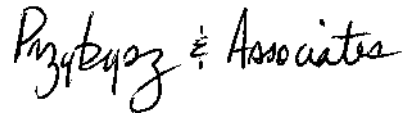
The financial statements referenced in the first paragraph of this report present only the water department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Hackett Water and Sewer Department, as of June 30, 2024 and 2023, and the changes in its 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.

Accounting principles generally accepted in the United States of America require that state and local governments recognize pension liabilities, deferred outflows and inflows of resources related to pensions, and expense/expenditures related to participation in certain pension plans. The Department has not recorded its proportionate share of the pension liability, nor deferred outflows and inflows related to pensions, in the accompanying financial statements. Management has not determined the effect of this departure on the financial statements, but it is presumed to be material.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial for placing the financial statements in an appropriate operational, economic or historical context.

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
November 20, 2024

FINANCIAL STATEMENTS

CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF NET POSITION

AS OF JUNE 30,	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 92,272	\$ 55,440
Restricted checking accounts	219,070	271,188
Accounts receivable	33,847	32,429
Prepaid insurance	2,278	1,988
Total Current Assets	347,467	361,045
Noncurrent Assets - Capital Assets		
Land and mineral rights	80,350	80,350
Water system	2,705,863	2,627,014
Machinery and equipment	30,582	30,582
Buildings	23,305	23,305
Office Equipment	7,816	7,816
Construction in process	29,265	-
Total	2,877,181	2,769,067
Less accumulated depreciation	(1,987,012)	(1,916,979)
Total Net Capital Assets	890,169	852,088
Total Assets	1,237,636	1,213,133
Deferred Outflows of Resources		
Deferred amount on refunding of debt, net of amortization	39,912	45,118
Total Deferred Outflows of Resources	39,912	45,118
Total Assets and Deferred Outflows of Resources	\$ 1,277,548	\$ 1,258,251

See accountant's compilation report.

CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF NET POSITION

AS OF JUNE 30,	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 12,414	\$ 5,030
Accrued wages	3,777	4,231
Payroll taxes payable	1,111	1,290
Due to other funds	6,299	7,333
Sales tax payable	2,000	1,610
Customer meter deposits	35,592	32,697
Accrued interest	12,179	12,650
Current maturity of long-term debt	45,000	45,000
Total Current Liabilities	118,372	109,841
Noncurrent Liabilities		
Long-term debt, net of unamortized bond discounts	911,921	956,464
Total Noncurrent Liabilities	911,921	956,464
Total Liabilities	1,030,293	1,066,305
Net Position		
Restricted	71,759	66,844
Unrestricted	175,496	125,102
Total Net Position	247,255	191,946
Total Liabilities and Net Position	\$ 1,277,548	\$ 1,258,251

See accountant's compilation report.

CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,	2024	2023
Water and Sewer Revenue	\$ 402,288	\$ 347,364
Operating Expenses		
Water purchases	67,910	47,084
Sanitation services	67,944	59,006
Salaries and wages	64,991	64,746
Payroll taxes	4,210	4,536
Office supplies	6,146	8,572
Professional fees	6,400	6,400
Operating supplies	12,419	11,279
Repairs	3,655	29,900
Auto expense	4,299	4,083
Utilities	7,256	8,687
Telephone	1,854	2,530
Water sample tests	956	640
Insurance	3,328	3,040
Memberships, dues, and licenses	3,031	4,596
Miscellaneous expenses	9,120	5,792
Depreciation	70,033	69,102
Total Operating Expenses	333,552	329,993
Net Income From Operations	68,736	17,371
Other Income (Expenses)		
ACEDP grant	29,265	-
Interest income	5,755	3,205
Interest expense, inclusive of amortization of bond discount and amortization of deferred amount on advance refunding	(43,717)	(44,627)
Transfer (to)/from other funds	(4,730)	(8,794)
Total Net Other Income (Expenses)	(13,427)	(50,216)
Change in Net Position	55,309	(32,845)
Net Position at Beginning of Year	191,946	224,791
Net Position at End of Year	\$ 247,255	\$ 191,946

See accountant's compilation report.