

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

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

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

BALLARD & COMPANY, LTD.

AGREED-UPON PROCEDURES REPORT



BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Members of the American Institute of Certified Public Accountants
Member of the Arkansas Society of Certified Public Accountants

668 HIGHWAY 62 EAST
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416 N. E. MAIN STREET
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INDEPENDENT ACCOUNTANT'S REPORT **ON APPLYING AGREED-UPON PROCEDURES**

To the Mayor, City Council and Management
City of Viola Water and Sewer Department
Viola, Arkansas

We have performed the procedures enumerated below on the financial statements of the City of Viola Water and Sewer Department as of and for the year ended December 31, 2023. The City of Viola Water and Sewer Department's management is responsible for the financial statements.

The City of Viola Water and Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Ark. Code, Ann. 14-234-119 to 122. 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 associated findings are as follows:

Cash and Investments

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
 - *No exceptions were found as a result of applying the procedure.*
2. Confirm with depository institutions the cash on deposit and investments.
 - *No exceptions were found as a result of applying the procedure.*
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*

Accounts Receivable

4. Agree ten customer billings to the accounts receivable subledger.
 - *No exceptions were found as a result of applying the procedure.*
5. Determine that five customer adjustments were properly authorized.
 - *No exceptions were found as a result of applying the procedure.*

Receipts

6. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*
7. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.
 - *No exceptions were found as a result of applying the procedure.*
8. For ten deposits, agree the cash/check composition of the deposit with the receipt information.
 - *No exceptions were found as a result of applying the procedure.*

Disbursements

9. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*
10. Analyze all property, plant, and equipment disbursements.
 - *No exceptions were found as a result of applying the procedure.*
11. Select twenty disbursements and determine if they were adequately documented.
 - *We noted that all 20 disbursements had adequate supporting documentation.*

Property, Plant, and Equipment

12. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater)
 - *No exceptions were found as a result of applying the procedure.*

Long-Term Debt

13. Schedule long-term debt and verify changes in all balances for the year.
 - *No exceptions were found as a result of applying the procedure. The following loans were noted:*

<u>Lender and Loan Number</u>	<u>Balance at 12/31/23</u>
USDA – Rural Development 92-05	\$ 926,845
ANRC -01036-WDF-L	70,911
Total outstanding	<u>\$ 997,756</u>

14. Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.
 - *No exceptions were found as a result of applying the procedure.*
15. Determine that the appropriate debt service accounts have been established and maintained.
 - *No exceptions were found as a result of applying the procedure.*

General

16. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.
 - *No exceptions were found as a result of applying the procedure.*

We were engaged by the City of Viola, Arkansas 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements. 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 Viola 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.

Ballard & Company, Ltd.

Mountain Home, Arkansas

January 31, 2025

COMPILED FINANCIAL STATEMENTS



BALLARD & COMPANY, LTD.

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BUSINESS CONSULTANTS

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor, City Council and Management
City of Viola, Arkansas Water and Sewer Department
Viola, Arkansas

Management is responsible for the accompanying financial statements of the City of Viola, Arkansas Water Department and Sewer Department, which each comprise the statement of net position – modified cash basis as of December 31, 2023 and the related statement of revenues, expenses and changes in fund net position – modified cash basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified 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 statements nor were we required 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 are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying financial statements present only the Water Department and Sewer Department of the City of Viola, Arkansas, and do not purport to, and do not, present fairly the financial position of the City of Viola, Arkansas as of December 31, 2023 and the changes in its financial position and cash flows for the year then ended in accordance with the modified cash basis of accounting.

Management has elected to omit substantially all the disclosures and the statement of cash flows ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Department's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Ballard & Company, Ltd.

Mountain Home, Arkansas
January 31, 2025

**CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023**

ASSETS

Current Assets:

Water - Operations and Maintenance Fund	\$ 435
Accounts Receivable	641
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Total Current Assets	1,076

Restricted Assets:

Meter Deposit Fund	8,474
Meter Deposit CD	16,503
Debt Service Reserve	44,022
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Total Restricted Assets	68,999

Capital Assets:

Depreciable Assets, Net of Accumulated Depreciation	105,008
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Total Assets	175,083

LIABILITIES

Current Liabilities:

Meter Deposits Refundable	23,535
Sales Tax Payable	158
Current Maturities of Long-Term Notes Payable	4,746
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Total Current Liabilities	28,439

Long-Term Liabilities:

Notes Payable, Net of Current Maturities	66,165
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Total Liabilities	94,604

NET POSITION

Invested in Capital Assets, Net of Related Debt	34,097
Restricted	45,464
Unrestricted	918
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Total Net Position	\$ 80,479

See independent accountant's compilation report.

CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES

Water Sales	\$ 70,985
Sanitation Fees	31,352
Late Fees	3,553
New Connection Fees	7,973
Sales Tax Receipts	30,061
Other Revenues	4,698

Total Operating Revenues	148,622
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OPERATING EXPENDITURES

Depreciation	8,719
Dues, Permits, and Fees	3,190
Legal and Professional Fees	3,044
Miscellaneous	1,185
Office expense and Supplies	1,322
Repairs and Maintenance	40,794
Salaries and Related Payroll Costs	30,398
Sanitation	28,186
Taxes - Sales	10,621
Utilities	6,543

Total Operating Expenses	134,002
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Total Operating Income (Loss)	14,620
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NONOPERATING REVENUES (EXPENSES)

Interest Income	540
Transfer in from General Fund	61,660
Interest Expense	(3,683)

Total Nonoperating Revenues (Expenses)	58,517
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Change in Net Postion	73,137
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NET POSITION - BEGINNING

	7,342
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NET POSITION - ENDING

	\$ 80,479
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**CITY OF VIOLA, ARKANSAS
SEWER DEPARTMENT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023**

ASSETS

Current Assets:

Sewer Revenue Fund	\$ 5,110
Sales Tax Account	105,577
AEDC Account	3
Construction Account	1
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Total Current Assets 110,691

Capital Assets:

Depreciable Assets, Net of Accumulated Depreciation	<hr/> 1,096,592
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Total Assets

1,207,283

LIABILITIES

Current Liabilities:

Current Maturities of Long-Term Notes Payable	20,029
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Long-Term Liabilities:

Notes Payable, Net of Current Maturities	<hr/> 906,816
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Total Liabilities

926,845

NET POSITION

Invested in Capital Assets, Net of Related Debt	169,747
Restricted	
Unrestricted	<hr/> 110,691

Total Net Position

\$ 280,438

**CITY OF VIOLA, ARKANSAS
SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES

Sewer Revenues	\$ 28,703
Sales Tax Revenues	<u>71,309</u>
Total Operating Revenues	<u>100,012</u>

OPERATING EXPENDITURES

Depreciation	22,195
Dues, Permits, and Fees	3,640
Miscellaneous	725
Office Expense and Supplies	728
Repairs and Maintenance	27,623
Salaries and Related Payroll Costs	30,742
Utilities	<u>11,042</u>
Total Operating Expenses	<u>96,695</u>
Total Operating Income (Loss)	<u>3,317</u>

NONOPERATING REVENUES (EXPENSES)

USDA Grant Funds	73,958
AEDC Grant Funds	84,784
Interest Expense	<u>(11,104)</u>
Total Nonoperating Revenues (Expenses)	<u>147,638</u>

Change in Net Postion	150,955
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NET POSITION - BEGINNING

129,483

NET POSITION - ENDING

\$ 280,438