CITY OF VIOLA, ARKANSAS
WATER AND SEWER DEPARTMENT

COMPILED FINANCIAL STATEMENTS
AND
AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

BALLARD & COMPANY, LTD.

COMPILED FINANCIAL STATEMENTS

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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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, 2024 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, 2024 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
August 19, 2025

CITY OF VIOLA, ARKANSAS
WATER DEPARTMENT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2024

ASSETS	
Current Assets:	
Accounts Receivable	$ 2,535
Restricted Assets:	
Meter Deposit Fund	10,625
Meter Deposit CD	17,318
Debt Service Reserve	42,216
Total Restricted Assets	70,159
Capital Assets:	
Depreciable Assets, Net of Accumulated Depreciation	92,982
Total Assets	165,676
LIABILITIES	
Current Liabilities:	
Book Overdraft of Operations and Maintenance Fund	1,220
Meter Deposits Refundable	25,586
Current Maturities of Long-Term Notes Payable	4,932
Total Current Liabilities	31,738
Long-Term Liabilities:	
Notes Payable, Net of Current Maturities	61,233
Total Liabilities	92,971
NET POSITION	
Invested in Capital Assets, Net of Related Debt	26,816
Restricted	44,573
Unrestricted	1,316
Total Net Position	$ 72,705

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, 2024

OPERATING REVENUES	
Water sales	$ 81,090
Sanitation fees	32,238
Late fees	5,432
New connection fees	2,534
Sales tax receipts	13,300
Other revenues	2,821
Total Operating Revenues	137,415
OPERATING EXPENDITURES	
Depreciation	12,027
Dues, Permits, and Fees	2,074
Legal and Professional Fees	2,292
Postage	1,437
Repairs and Maintenance	31,273
Salaries and Related Payroll Costs	32,315
Sanitation	33,506
Supplies - Office and Operating	1,379
Taxes - Sales	13,781
Training	204
Utilities	6,478
Total Operating Expenses	136,766
Total Operating Income (Loss)	649
NONOPERATING REVENUES (EXPENSES)	
Interest Income	815
Transfer in from general fund	18,333
Transfer out to sewer fund	(25,000)
Interest Expense	(2,766)
Total Nonoperating Revenues (Expenses)	(8,618)
Change in Net Postion	(7,969)
NET POSITION - BEGINNING	80,674
NET POSITION - ENDING	$ 72,705

See independent accountant's compilation report.

CITY OF VIOLA, ARKANSAS
SEWER DEPARTMENT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2024

ASSETS	
Current Assets:	
Sewer Revenue Fund	$ 2,124
Sales Tax Account	36,907
AEDC Account	1
USDA Construction Account	1
Total Current Assets	39,033
Capital Assets:	
Depreciable Assets, Net of Accumulated Depreciation	1,519,872
Total Assets	1,558,905
LIABILITIES	
Current Liabilities:	
Current Maturities of Long-Term Notes Payable	20,281
Long-Term Liabilities:	
Notes Payable, Net of Current Maturities	886,535
Total Liabilities	906,816
NET POSITION	
Invested in Capital Assets, Net of Related Debt	613,056
Unrestricted	39,033
Total Net Position	$ 652,089

See independent accountant's compilation report.

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, 2024

OPERATING REVENUES	
Sewer Revenues	$ 61,454
Sales Tax Revenues	73,332
Reimbursements	7,000
Total Operating Revenues	141,786
OPERATING EXPENDITURES	
Depreciation	64,253
Dues, Permits, and Fees	3,949
Lab Fees	398
Legal and Professional	1,634
Miscellaneous	550
Office Expense and Supplies	370
Operating Supplies	4,450
Repairs and Maintenance	38,678
Salaries and Related Payroll Costs	32,545
Utilities	13,164
Total Operating Expenses	159,991
Total Operating Income (Loss)	(18,205)
NONOPERATING REVENUES (EXPENSES)	
USDA Grant Funds	336,246
AEDC Grant Funds	40,081
Transfer In from Water Fund	25,000
Interest Expense	(11,471)
Total Nonoperating Revenues (Expenses)	389,856
Change in Net Postion	371,651
NET POSITION - BEGINNING	280,438
NET POSITION - ENDING	$ 652,089

See independent accountant's compilation report.

AGREED-UPON PROCEDURES REPORT

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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, 2024. 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:*

Lender and Loan Number	Balance at 12/31/24
USDA – Rural Development 92-05	$ 906,816
ANRC -01036-WDF-L	66,165
Total outstanding	$ 972,981

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
August 19, 2025