

TOWN OF ETOWAH SEWER DEPARTMENT
Etowah, Arkansas

December 31, 2024

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
AND COMPILATION REPORT

S. DON RAY

CERTIFIED PUBLIC ACCOUNTANT

**TOWN OF ETOWAH
SEWER DEPARTMENT
ETOWAH, ARKANSAS
DECEMBER 31, 2024**

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S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

**To the Mayor, Town Council and Management
of the Town of Etowah, Arkansas Sewer Department
Etowah, Arkansas**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

I have performed the procedures enumerated below, which were agreed to by the Mayor, Town Council and management on the procedures specified by the Arkansas Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the Town of Etowah, Arkansas, Sewer Department (the Department), for the year ended December 31, 2024. The Department's management is responsible for the Department's accounting records. The sufficiency of these procedures is solely the responsibility of the Arkansas Legislative Joint Auditing Committee. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- B. Confirm with depository institutions the cash on deposit and investments.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Findings: I found no exceptions as a result of the above procedures.

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.
- B. Agree ten customer payments on the accounts receivable subsidiary ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: I found no exceptions as a result of the above procedures.

3. Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger.
- B. Determine that five customer adjustments were properly authorized.

Findings: I found no exceptions as a result of the above procedures.

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.
- B. Analyze all property, plant, and equipment disbursements.
- C. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

Findings: I found no exceptions as a result of the above procedures.

5. Property, Plant & Equipment

- A. Determine that additions and disposals were properly accounted for in the records.

Findings: I found no exceptions as a result of the above procedures.

6. Long-Term Debt

- A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes and contracts payable with the lender/trustee/contractor.
- C. Determine that the appropriate debt service accounts have been established and maintained.

Findings: I found no exceptions as a result of the above procedures.

7. General

- A. Determine that any item of financial significance was approved and documented in the minutes of the governing body's meetings.

Findings: I found no exceptions as a result of the above procedures.

This engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Arkansas Code Ann. 14-234-119. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, USDA Rural Development, and the Department and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink that reads "S. Don Ray, CPA". The signature is stylized and cursive.

S. Don Ray, CPA
Jonesboro, Arkansas
February 21, 2025

S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Mayor, Town Council and Management
of the Town of Etowah, Arkansas Sewer Department
Etowah, Arkansas**

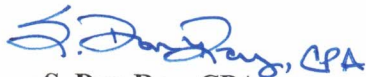
Management is responsible for the accompanying financial statements of the Town of Etowah Sewer Department (the Department) business-type activities, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2024 and the related statement of cash receipts and cash disbursements for the year then ended, and for determining the modified-cash basis of accounting is an acceptable financial reporting framework. I 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. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I 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.

Management has elected to omit substantially all of the disclosures ordinarily required 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 financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the modified cash financial statements. I did not audit or review the supplementary information nor was I required to perform any procedures to verify the accuracy or completeness of the supplementary information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on this supplementary information.



**S. Don Ray, CPA
Jonesboro, Arkansas
February 21, 2025**

TOWN OF ETOWAH SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS	
Cash	\$ 20,361
RESTRICTED ASSETS	
Cash	31,951
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	1,672,416
TOTAL ASSETS	<u>\$ 1,724,728</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Customer deposits	\$ 8,084
Current maturities of long-term debt	8,170
TOTAL CURRENT LIABILITIES	<u>16,254</u>
LONG-TERM LIABILITIES	
Long-term debt, net of current maturities	306,835
TOTAL LIABILITIES	<u>323,089</u>
NET POSITION	
Net investment in capital assets	1,357,411
Restricted	23,867
Unrestricted	20,361
TOTAL NET POSITION	<u>1,401,639</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,724,728</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF ETOWAH SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2024

CASH IN BANK, JANUARY 1

Operations and Maintenance Account	\$	4,018
Sewer Deposit Account		7,925
Sewer Reserve Account		15,360
Waste Water Short Lived Assets Account		1,463
Sewer Reserve and Depreciation Account		1,117
Sewer Rehab Project		100
USDA Sewer Construction		-
TOTAL CASH IN BANK, JANUARY 1		29,983

ADD: CASH RECEIPTS

Service Fees	\$	106,608
Interest		121
Proceeds from Insurance Settlement		33,649
Miscellaneous		50
Contribution from Town Government		100
Proceeds from USDA Loan		73,390
Proceeds from County Grant		281,250
Proceeds from AEDC Grant		221,240
Sewer Deposits		1,350
TOTAL CASH RECEIPTS		\$ 717,758

LESS: CASH DISBURSEMENTS

Salaries	\$	9,365
Contract Labor		4,828
Postal Fees		701
Supplies		5,020
Equipment Repairs		12,995
Membership Fees		661
Electric		8,415
Vehicle Repairs		482
Property Insurance		10,211
Fuel		2,908
Sanitation Fees		30,118
Sales Tax		2,588
Construction in Progress		584,972
Accounting Fees		2,000
Permit Fees		592
Licensing Fees		25
Sewer Testing Fees		1,055
Debt Service - Principle		7,193
- Interest		9,695
Software		401
Sewer Deposit Refunds		1,204
TOTAL CASH DISBURSEMENTS		\$ 695,429

CASH IN BANK, DECEMBER 31

Operations and Maintenance Account	\$	20,361
Sewer Deposit Account		8,084
Sewer Reserve Account		16,262
Waste Water Short Lived Assets Account		6,285
Sewer Reserve and Depreciation Account		1,120
Sewer Rehab Project		100
USDA Sewer Construction		100
TOTAL CASH IN BANK, DECEMBER 31		\$ 52,312

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SUPPLEMENTARY
INFORMATION

**TOWN OF ETOWAH SEWER DEPARTMENT
 SCHEDULE OF SEWER RATES
 SUPPLEMENTARY INFORMATION
 December 31, 2024**

As of December 31, 2024, the Etowah Sewer Department had 158 service connections.

SEWER RATE		
	Minimum Rate	Usage
Sewer - Flat Rate	\$ 24.50	For the first 1,000 gallons
Sewer	\$ 7.00	For each additional 1,000 gallons

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF ETOWAH SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS - SEPARATED BY FUND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

	OPERATIONS AND MAINTENANCE FUND	SEWER DEPOSIT FUND	SEWER RESERVE FUND	WASTE WATER SHORT LIVED ASSET FUND	SEWER RESERVE AND DEPRECIATION FUND	SEWER REHAP PROJECT FUND	USDA SEWER CONSTRUCTION FUND	TOTAL ALL FUNDS COMBINED
ASSETS								
CURRENT ASSETS								
Cash	\$ 20,361	-	-	-	-	-	-	\$ 20,361
RESTRICTED ASSETS								
Cash	-	\$ 8,084	16,262	\$ 6,285	\$ 1,120	\$ 100	\$ 100	31,951
CAPITAL ASSETS								
Capital assets, net of accumulated depreciation	1,672,416	-	-	-	-	-	-	1,672,416
TOTAL ASSETS	\$ 1,692,777	\$ 8,084	\$ 16,262	\$ 6,285	\$ 1,120	\$ 100	\$ 100	\$ 1,724,728
LIABILITIES								
CURRENT LIABILITIES								
Customer deposits	-	\$ 8,084	-	-	-	-	-	\$ 8,084
Current maturities of long-term debt - USDA	\$ 8,170	-	-	-	-	-	-	8,170
TOTAL CURRENT LIABILITIES	\$ 8,170	\$ 8,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,254
LONG-TERM LIABILITIES								
Long-term debt - USDA	\$ 306,835	-	-	-	-	-	-	\$ 306,835
TOTAL LONG-TERM LIABILITIES	\$ 306,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,835
TOTAL LIABILITIES	\$ 315,005	\$ 8,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,089
NET POSITION								
Net investment in capital assets	\$ 1,357,411	-	-	-	-	-	-	\$ 1,357,411
Restricted	-	-	\$ 16,262	\$ 6,285	\$ 1,120	\$ 100	\$ 100	\$ 23,867
Unrestricted	20,361	-	-	-	-	-	-	\$ 20,361
TOTAL NET POSITION	\$ 1,377,772	\$ -	\$ 16,262	\$ 6,285	\$ 1,120	\$ 100	\$ 100	\$ 1,401,639
TOTAL LIABILITIES AND NET POSITION	\$ 1,692,777	\$ 8,084	\$ 16,262	\$ 6,285	\$ 1,120	\$ 100	\$ 100	\$ 1,724,728

TOWN OF ETOWAH SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - SEPARATED BY FUND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

	OPERATIONS AND MAINTENANCE FUND	SEWER DEPOSIT FUND	SEWER RESERVE FUND	WASTE WATER SHORT LIVED ASSET FUND	SEWER RESERVE AND DEPRECIATION FUND	SEWER REHAP PROJECT FUND	USDA SEWER CONSTRUCTION FUND	TOTAL ALL FUNDS COMBINED
TOTAL CASH IN BANK, JANUARY 1	\$ 4,018	\$ 7,925	\$ 15,360	\$ 1,463	\$ 1,117	\$ 100	\$ -	\$ 29,983
CASH RECEIPTS								
Service Fees	\$ 106,608	-	-	-	-	-	-	\$ 106,608
Interest	30	\$ 13	\$ 71	\$ 5	\$ 2	-	-	121
Proceeds from Insurance Settlement	33,649	-	-	-	-	-	-	33,649
Miscellaneous	50	-	-	-	-	-	-	50
Contribution from Town Government	-	-	-	-	-	-	\$ 100	100
Proceeds from USDA Loan	-	-	-	-	-	-	73,390	73,390
Proceeds from Mississippi County Grant	281,250	-	-	-	-	-	-	281,250
Proceeds from AEDC Grant	-	-	-	-	-	\$ 221,240	-	221,240
Sewer Deposits	-	1,350	-	-	-	-	-	1,350
TOTAL CASH RECEIPTS	\$ 421,587	\$ 1,363	\$ 71	\$ 5	\$ 2	\$ 221,240	\$ 73,490	\$ 717,758
CASH DISBURSEMENTS								
Salaries	\$ 9,365	-	-	-	-	-	-	\$ 9,365
Contract Labor	4,828	-	-	-	-	-	-	4,828
Postal Fees	701	-	-	-	-	-	-	701
Supplies	5,020	-	-	-	-	-	-	5,020
Equipment Repairs	12,995	-	-	-	-	-	-	12,995
Membership Fees	661	-	-	-	-	-	-	661
Electric	8,415	-	-	-	-	-	-	8,415
Vehicle Repairs	482	-	-	-	-	-	-	482
Property Insurance	10,211	-	-	-	-	-	-	10,211
Fuel	2,908	-	-	-	-	-	-	2,908
Sanitation Fees	30,118	-	-	-	-	-	-	30,118
Sales Tax	2,588	-	-	-	-	-	-	2,588
Construction in Progress	290,342	-	-	-	-	\$ 221,240	\$ 73,390	584,972
Accounting Fees	2,000	-	-	-	-	-	-	2,000
Permit Fees	592	-	-	-	-	-	-	592
Licensing Fees	25	-	-	-	-	-	-	25
Sewer Testing Fees	1,055	-	-	-	-	-	-	1,055
Debt Service - Principle	7,193	-	-	-	-	-	-	7,193
- Interest	9,695	-	-	-	-	-	-	9,695
Software	401	-	-	-	-	-	-	401
Sewer Deposit Refunds	-	\$ 1,204	-	-	-	-	-	1,204
TOTAL CASH DISBURSEMENTS	\$ 399,595	\$ 1,204	\$ -	\$ -	\$ -	\$ 221,240	\$ 73,390	\$ 695,429
TOTAL CASH IN BANK, DECEMBER 31	\$ 26,010	\$ 8,084	\$ 15,431	\$ 1,468	\$ 1,119	\$ 100	\$ 100	\$ 52,312

**TOWN OF ETOWAH SEWER DEPARTMENT
SCHEDULE OF COMMITMENTS
SUPPLEMENTARY INFORMATION
December 31, 2024**

Loan Number	Amount Authorized and Issued	Total Debt Outstanding	2024 Principal Payments	2024 Interest Payments	2024 Total Payments	Interest Rate	Final Payment Date
92-02	\$ 166,400	\$ 118,152.02	\$ 3,580.45	\$ 5,431.55	\$ 9,012.00	4.375%	October 5, 2044
92-06	148,000	124,408	2,668	3,536	6,204	2.750%	May 17, 2055
WL-1-1 (New Loan)	73,390	72,445	945	727	1,672	1.5%	April 28, 2064
Total	\$ 387,790	\$ 315,005	\$ 7,193	\$ 9,695	\$ 16,888		