

CARAWAY WATER AND SEWER SYSTEM
CARAWAY, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

To the Mayor and City Council
Caraway Water and Sewer System
Caraway, AR 72419

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122, of the Caraway Water and Sewer System as of December 31, 2024, and for the year then ended. The Caraway Water and Sewer System's management is responsible for the System's accounting records.

The Caraway Water and Sewer System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended compliance with Ark. Code Ann 14-234-119 to 122. Additionally, the Mayor and City of the Caraway have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purposes. The procedures performed may not address all the items of interest as 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:

Cash and Investments:

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for the Caraway Water and Sewer System:

Cash and Investments (cont'd):

Centennial Bank	
Cash - Operating Account	\$ 16,024
Cash - Meter Deposit Account	38,671
Cash - Meter Deposit CD	15,596
Cash - CD	21,256
Cash - Depreciation Reserve CD	16,500
Cash - Debt Service CD	21,537
	<hr/>
	129,584
Arvest Bank	
Cash - Meter Deposit Account	310
Cash - Water Well Depreciation	18,985
Cash - Infrastructure	81
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	19,376
Total Cash Deposits	<hr/> <hr/>
	\$ 148,960

3. Agreed the proof of cash ending balances to the book balances.

We found no exceptions as a result of these procedures.

Cash Receipts:

1. Agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.
2. Agreed 10 customer payments on the accounts receivable subledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

Accounts Receivable:

1. Agreed 10 customer billings to the accounts receivable subledger.
2. Reviewed five customer adjustments for proper authorization.

We found no exceptions as a result of these procedures.

Cash Disbursements:

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the cash disbursements journal within 5%.
2. Analyzed all property, plant and equipment disbursements.
3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant, and Equipment

1. We determined that all additions and disposals were properly accounted for in the records.

We found no exceptions as a result of the procedures.

Long-term Debt

1. We scheduled long-term debt and verified changes in the balances for the year.
2. We confirmed long-term debt with the lenders.
3. We determined that the appropriate debt service accounts have been maintained.

Long-term debt balances are summarized below:

	<u>12/31/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2024</u>
4.375% USDA Loan, secured by pledge of future revenues	\$ 216,741		\$ 6,708	\$ 210,033
.75% ADFA 2021 Bond Series, secured by pledge of future revenues	301,474		14,150	287,324
	<u>\$ 518,215</u>	<u>\$ -</u>	<u>\$ 20,858</u>	<u>\$ 497,357</u>

We found no exceptions as a result of the procedures.

We were engaged by the Caraway Water and Sewer System 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, examination or review engagement, the objective of which would be the expression of an opinion or conclusion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. 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 Caraway Water and Sewer System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR 72396

August 7, 2025

CARAWAY WATER AND SEWER SYSTEM
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
AND
INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT

MEYER AND WARD, P.A.
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**CARAWAY WATER AND SEWER SYSTEM
CARAWAY, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor and City Council
Caraway Water and Sewer System
Caraway AR 72419

Management is responsible for the accompanying financial statements of the Caraway Water and Sewer System, which comprise the statement of assets, liabilities and net position – cash basis and the related statement of receipts and disbursements - cash basis as of December 31, 2024 and for the year then ended in accordance with the cash basis of accounting and for determining that the 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 perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, 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 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 required by the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Meyer & Ward

Meyer and Ward, P.A.
Certified Public Accountants
Wynne, AR 72396
August 7, 2025

**CARAWAY WATER AND SEWER SYSTEM
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION- CASH BASIS
DECEMBER 31, 2024**

ASSETS

Current Assets:

Cash	\$ 37,461
Total Current Assets	37,461

Restricted Assets:

Cash - Meter Deposits	54,577
Cash - Depreciation Reserve	35,485
Cash - Debt Reserve	21,537
Debt Escrow Holdings	3,338
Total Restricted Assets	114,937

Property, Plant and Equipment:

Land	35,545
Water System	2,982,350
Tools & Equipment	218,343
Office Equipment	39,335
(Less) Accumulated Depreciation	(1,825,903)
Net Property, Plant and Equipment	1,449,670

Total Assets

\$ 1,602,068

**CARAWAY WATER AND SEWER SYSTEM
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2024**

LIABILITIES AND NET ASSETS

Current Liabilities:

Meter Deposits	\$ 50,454
Garbage Payable	11,284
Sales Tax Payable	1,856
Current Portion of Notes Payable	24,336
Total Current Liabilities	<u>87,930</u>

Long Term Liabilities:

Notes Payable Net of Current Portion	<u>473,021</u>
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Net Position

Net Investment in Capital Assets	952,313
Restricted	60,360
Unrestricted	28,444
Total Net Position	<u>1,041,117</u>

Total Liabilities and Net Position	<u><u>\$ 1,602,068</u></u>
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CARAWAY WATER AND SEWER SYSTEM
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Operating Revenues:

Water and Sewer Revenue	\$ 279,942
Late Fee Revenue	4,543
Reconnect Fees	3,900
Other Revenues	16,970
Total Operating Revenues	<u>305,355</u>

Operating Expenses:

Salaries	118,146
Payroll Tax	7,866
Health Insurance	50,642
Retirement	2,711
Professional Fees	4,600
Insurance	9,983
Fuel	6,243
Supplies	57,380
Utilities	32,452
Office Expense	3,950
Repairs and Maintenance	11,927
Depreciation	64,753
Dues and Fees	9,134
Miscellaneous	5,587
Total Operating Expenses	<u>385,374</u>

Operating Income (Loss)	<u>(80,019)</u>
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Non-Operating Revenues (Expenses):

Interest Income	2,864
Insurance Proceeds	25,285
Transfers In - City	41,548
Interest Expense	(11,583)
	<u>58,114</u>

Change in Net Position	<u><u>\$ (21,905)</u></u>
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT