

**CITY OF CUSHMAN WATER DEPARTMENT**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures**

**As of December 31, 2025**



**Welch, Couch & Company, PA**  
Certified Public Accountants

Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA  
M. Garrett McSpadden, CPA | Allen E. Brinkman, CPA

**Members of American Institute of Certified Public Accountants**

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

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

We have performed the procedures enumerated below in compliance with Ark. Code Ann. 14-234-119 to 122 of City of Cushman Water Department as of December 31, 2025. City of Cushman Water Department's management is responsible for the compliance with Ark. Code Ann. 14-234-119 to 122.

City of Cushman Water Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with Ark. Code Ann. 14-234-119 to 122. Additionally, the Mayor, City Council, and management of the City of Cushman Water Department have agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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 the associated findings are as follows:

**1. Cash and Investments**

We obtained confirmation of the cash on deposit from the banks, and we agreed the confirmed balances to the amounts shown on the bank reconciliations maintained by the Water Department. We performed a proof of cash for the year and agreed the ending balances to the book balances within 5% or \$500, whichever was greater. We reconciled the year-end bank balances to the book balances.

We noted no exceptions as a result of our procedures.

**2. Receipts**

We agreed the deposits per the proof of cash for the year to the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable subledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with receipt information.

We noted no exceptions as a result of these procedures.

Batesville: PO Box 2094, Batesville, AR 72503 P: 870.793.5231 F: 870.793.7788

Salem: PO Box 647, Salem, AR 72576 P: 870.895.3212 F: 870.985.2998

West Plains: 1386 Bill Virdon Blvd., West Plains, MO 65775 P: 417.256.6624 F: 417.256.1171

Little Rock: 1501 N. University, Suite 268, Little Rock, AR 72207 P: 501.468.0089 F: 501.557.3929

**3. Accounts Receivable**

We agreed ten customer billings to the accounts receivable subledger. We selected five customer adjustments to verify proper authorization.

We noted no exceptions to the agreement of ten customer billings to the accounts receivable subledger, but we were unable to determine proper authorization of the five customer adjustments.

**4. Disbursements**

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We analyzed all property, plant and equipment disbursements. We selected all disbursements paid to employees other than payroll and ten other disbursements to determine if they were adequately documented.

We noted no exceptions as a result of these procedures.

**5. Property, Plant and Equipment**

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total property, plant and equipment or \$500, whichever was greater.

We noted no disposals of property, plant, and equipment and noted no exceptions as a result of procedures applied to additions.

**6. Long-Term Debt**

We scheduled long-term debt and verified changes in all balances for the year. We confirmed loan balances with the lender and we determined that the appropriate debt service accounts had been established and maintained.

We noted no exceptions as a result of these procedures. Debt service account appears to be properly funded as of December 31, 2025.

**7. General**

Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We noted no exceptions as a result of these procedures.

We were engaged by the Mayor, City Council, and management of the City of Cushman Water Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 compliance with Ark. Code Ann. 14-234-119 to 122. 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 Cushman Water 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 Mayor, City Council, and management of the City of Cushman Water Department, Arkansas Legislative Joint Auditing Committee, United States Department of Agriculture, and Arkansas Natural Resources Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

*Welch, Couch & Company, PA*

Certified Public Accountants

Batesville, Arkansas

February 5, 2026

**CITY OF CUSHMAN WATER DEPARTMENT**  
**Independent Accountant's Compilation Report**  
**and Financial Statements**  
**December 31, 2025**

**CITY OF CUSHMAN WATER DEPARTMENT**

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

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

Management is responsible for the accompanying financial statements of the business-type activities of the City of Cushman Water Department as of and for the year ended December 31, 2025, which collectively comprise the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, 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 assurance on these financial statements.

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 City of Cushman Water Department's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

***Welch, Couch & Company, PA***  
Certified Public Accountants

Batesville, Arkansas  
February 5, 2026

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**CITY OF CUSHMAN WATER DEPARTMENT**

**Statement Net Position**

**December 31, 2025**

**Assets**

**Current assets**

Cash and cash equivalents	\$ 72,746
Accounts receivable, net of allowance of \$25,080	24,725
<b>Total current assets</b>	<b><u>97,471</u></b>

**Noncurrent assets**

Restricted cash and cash equivalents:	
Water refurbishment and replacement	12,605
ANRC restricted	3,496
Meter deposit	27,095
USDA restricted	10,508
<b>Total noncurrent assets</b>	<b><u>53,704</u></b>

<b>Capital assets</b> , net of accumulated depreciation of \$1,416,739	<b><u>169,499</u></b>
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<b>Construction in progress</b>	<b><u>539,728</u></b>
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<b>Total assets</b>	<b><u>\$ 860,402</u></b>
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**Liabilities and Net Position**

**Current liabilities**

Accounts payable	\$ 12,277
Accrued expenses	8,236
Due to city	146,215
Current maturities of long-term debt	15,702
<b>Total current liabilities</b>	<b><u>182,430</u></b>

<b>Long-term debt</b> , net of current maturities	<b><u>128,430</u></b>
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**Other noncurrent liabilities**

Meter deposits	27,175
<b>Total other noncurrent liabilities</b>	<b><u>27,175</u></b>

<b>Total liabilities</b>	<b><u>338,035</u></b>
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**Net position**

Invested in capital assets, net of related debt	565,095
Restricted expendable	26,529
Unrestricted	(69,257)
<b>Total net position</b>	<b><u>522,367</u></b>

<b>Total liabilities and net position</b>	<b><u>\$ 860,402</u></b>
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See independent accountant's compilation report.

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**CITY OF CUSHMAN WATER DEPARTMENT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2025**

<b>Operating revenues</b>	
Water revenue	\$ 463,304
Other revenue	5,751
<b>Total operating revenues</b>	469,055
 <b>Operating expenses</b>	
Salaries	3,080
Contract labor	156,543
Payroll taxes	159
Lab and testing fees	535
Professional fees	950
Insurance	8,000
Utilities	26,890
Supplies	179,351
Depreciation	53,262
<b>Total operating expenses</b>	428,770
<b>Operating income</b>	40,285
 <b>Nonoperating revenues (expenses)</b>	
Miscellaneous income	2,066
ANRC loan forgiveness income	514,675
Interest expense	(4,291)
<b>Total nonoperating revenues (expenses)</b>	512,450
<b>Increase in net position</b>	552,735
<b>Net position - beginning of year</b>	(30,368)
<b>Net position - end of year</b>	<b>\$ 522,367</b>

See independent accountant's compilation report.

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