

Agreed Upon Procedures
Junction City Water and Sewer
For the Year Ended December 31, 2024

PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE
EL DORADO, AR 71730
(870) 862-3401
FAX (870) 862-0936

MEMBER
AMERICAN INSTITUTE OF CPAS

MEMBER
ARKANSAS SOCIETY OF CPAS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City Council
City of Junction City
Junction City, Arkansas

We have performed the procedures described in Schedule A on the financial records of Junction City Water and Sewer and on the minutes of the City of Junction City Council meetings for the year ended December 31, 2024. The City of Junction City Water and Sewer's management is responsible for the company's accounting records and the City Council is responsible for minutes of council meetings.

Junction City Water and Sewer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the requirements of the State of Arkansas Code Annotated §§14-234-119 through 122 for the year ended December 31, 2024. 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 described in Schedule A.

We were engaged by Junction City Water and Sewer 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 financial statements of Junction City Water and Sewer as of December 31, 2024. 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 Junction City Water and Sewer 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 Junction City Water and Sewer, the City Council and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than those specified parties.

Parks & Company PLC

El Dorado, Arkansas
July 26, 2025

SCHEDULE A

Cash and Investments

1. 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.

We found no exceptions as a result of performing the procedures.

Receipts

2. 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 10 customer payments on the accounts receivable sub-ledger to deposit and billing documents.
C. For 10 deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of performing the procedures.

Accounts Receivable

3. A. Agree 10 customer billings to the accounts receivable sub-ledger
B. Determine that five (5) customer adjustments were properly authorized.

We found no exceptions as a result of performing the procedures.

Disbursements

4. 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 ten (10) disbursements and determine if they were adequately documented.

We found no exceptions as a result of performing the procedures.

Property, Plant and Equipment

5. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater)

We found no exceptions as a result of performing the procedures.

Long-Term Debt

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

We found no exceptions as a result of performing the procedures.

General

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

We found no exceptions as a result of performing the procedures.

Financial Statements

Junction City Water and Sewer

For the Year Ending December 31, 2024

**Junction City Water and Sewer
Compiled Financial Statements
December 31, 2024**

Table of Contents

	<u>Page</u>
Accountant's Compilation Report	1
Financial Statements	
Statement of Net Position	2
Statement of Revenues, Expenses, and Changes in Net Position	3
Statement of Cash Flows	4-5
Supplemental information	
Statement of Revenues and Expenses by Department	6

PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE

EL DORADO, AR 71730

(870) 862-3401

FAX (870) 862-0936

MEMBER

AMERICAN INSTITUTE OF CPAS

MEMBER

ARKANSAS SOCIETY OF CPAS

To the City Council
City of Junction City
Junction City, Arkansas

Management is responsible for the accompanying financial statements of Junction City Water and Sewer, as of and for the year ended December 31, 2024. 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.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City'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.

Parks & Company PLC

July 26, 2025
El Dorado, Arkansas

**Junction City Water and Sewer
Statement of Net Position
December 31, 2024**

Assets

Current Assets

Cash	230,413
Certificates of Deposit	79,372
Accounts Receivable, net	15,596
Total current assets	<u>325,381</u>

Restricted Cash

Cash-sewer and replacement reserves	15,162
Cash- meter deposit	52,794
Cash - 2024 Water Construction	143
Cash - 2024 W & S O & M fund	1,001
Cash - 2024 W & S Depreciation Fund	1,001
Total restricted assets	<u>70,101</u>

Capital Assets not being depreciated

672,137

Capital Assets

Fixed assets	1,554,673
Bond fees	24,000
Less: accumulated depreciation & amortization	(1,086,048)
Net	<u>492,625</u>
Total assets	<u>1,560,244</u>

Liabilities and Net Position

Current Liabilities

Payables	426
Current portion of bonds payable	20,923
Total current Liabilities	<u>21,349</u>

Long-term Liabilities

Payroll due to general fund	232,441
Bonds payable	113,506
Loans payable	696,136
Customer meter deposits	52,309
Total long-term liabilities	<u>1,094,392</u>

Net Position

Net investment in capital assets	1,726,469
Restricted - expendable for deposit refunds and asset replacement	70,101
Unrestricted	(1,352,067)
Total net position	<u>444,503</u>
Total liabilities and net position	<u>1,560,244</u>

See accountant's compilation report

Junction City Water and Sewer
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2024

Operating Revenues

Water Charges	72,217
Sewer Charges	59,650
Late fees and reconnection fees	7,910
Lease income	16,895
Other operating revenues	2,000
Total operating revenues	<u>158,672</u>

Operating Expense

Advertising	817
Depreciation & amortization	33,057
Fuel	1,839
Insurance	4,653
Licenses & dues	1,383
Maintenance and repairs	13,555
Materials and supplies	6,302
Salaries and payroll taxes	114,601
Employee Benefits	7,562
Office	1,535
Professional Fees	2,775
Testing	3,095
Utilities	12,099
Total operating expenses	<u>203,273</u>

Net Operating Income (Loss) (44,601)

Nonoperating Revenue (Expense)

Interest Income	4,079
Interest Expense	<u>(7,073)</u>
Total nonoperating income (loss)	<u>(2,994)</u>

Total Income (Loss) (47,595)

Net Position, beginning of year 492,098

Net Position, end of year 444,503

See accountant's compilation report

**Junction City Water and Sewer
Schedule of Revenues and Expenses by Department
For the Year Ended December 31, 2024**

Operating Activities

Receipts from customers	141,943
Receipts from lessees	16,895
Cash paid for supplies and operating costs	(48,053)
Cash paid for employee and related costs	(122,163)

Net cash provided by (used in) operating activities	(11,378)

Capital and Related Financing Activities

Proceeds from related party debt	119,200
Proceeds from borrowings	696,136
Purchase of fixed assets	(697,786)
Interest paid on bonds	(7,073)
Retirement of long-term debt	(19,820)

Net cash provided by (used in) capital and related financing activities	90,657

Investing Activities

Interest income on certificates of deposit	4,079

Net cash provided by (used in) investing activities	4,079

Net Increase (Decrease) in Cash and Cash Equivalents	83,358
---	---------------

Cash and cash equivalents at beginning of the year	296,528

Cash and cash equivalents at end of year	379,886

Presented on the Statement of Net Position as follows:

Current assets	
Cash and cash equivalents	230,413
Certificates of deposit	79,372
Restricted assets - cash and cash equivalents	70,101
	379,886

See accountant's compilation report

**Junction City Water and Sewer
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2024**

**Reconciliation of Operating Income to Net Cash Provided by
Operating Activities**

Operating income (loss)	(44,601)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation & amortization	33,057
Decrease (increase) in current assets	
Accounts receivable	(2,747)
Increase (decrease) in current liabilities	
Payables	-
Meter deposits	2,913
Total Adjustments	33,223
Net cash provided by (used in) operating activities	(11,378)

See accountant's compilation report

**Junction City Water and Sewer
Schedule of Revenues and Expenses by Department
For the Year Ended December 31, 2024**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Water Charges	72,217		72,217
Sewer Charges		59,650	59,650
Late fees and reconnection fees	7,910		7,910
Lease income	16,895		16,895
Other operating revenues	2,000		2,000
Total operating revenues	<u>99,022</u>	<u>59,650</u>	<u>158,672</u>
Operating Expense			
Advertising	817		817
Depreciation & amortization	10,899	22,158	33,057
Fuel	1,784	55	1,839
Insurance	3,508	1,145	4,653
Licenses & dues	455	928	1,383
Maintenance and repairs	9,195	4,360	13,555
Materials and supplies	3,191	3,111	6,302
Salaries and payroll taxes	114,601		114,601
Employee Benefits	7,562		7,562
Office	1,535		1,535
Professional Fees	1,462	1,313	2,775
Testing		3,095	3,095
Utilities	8,699	3,400	12,099
Total operating expenses	<u>163,708</u>	<u>39,565</u>	<u>203,273</u>
Net Operating Income (Loss)	<u>(64,686)</u>	<u>20,085</u>	<u>(44,601)</u>
Nonoperating Revenue (Expense)			
Interest Income	2,596	1,483	4,079
Interest Expense		(7,073)	(7,073)
Total nonoperating income (loss)	<u>2,596</u>	<u>(5,590)</u>	<u>(2,994)</u>
Total Income (Loss)	<u><u>(62,090)</u></u>	<u><u>14,495</u></u>	<u><u>(47,595)</u></u>

See accountant's compilation report