

CITY OF KIBLER, ARKANSAS WATER SYSTEM
AGREED-UPON PROCEDURES
AND COMPILED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



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**CITY OF KIBLER, ARKANSAS WATER SYSTEM
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YEARS ENDED DECEMBER 31, 2024 AND 2023**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

**To the Mayor, City Council and Management of
City of Kibler Water System
Kibler, Arkansas**

We have performed the procedures enumerated below in compliance with Arkansas Code Annotated sections 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Auditing Committee, of the **City of Kibler, Arkansas Water System** (the System) as of **December 31, 2024 and 2023** and for the years then ended. The System's management is responsible for maintaining the System's financial records and complying with state law.

The System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended compliance with Arkansas Code Annotated sections 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Auditing Committee. Additionally, the Mayor, City Council, and management of the System have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for 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.

Our procedures and findings are as follows:

Cash and Investments

- A. Performed a proof of cash for the year and reconciled year-end balances to book balance.
- B. Confirmed with depository institutions the cash on deposit and investments.
- C. Agreed the proof of cash ending balances to the book balances within 5% or \$500, whichever was greater.

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

Receipts

- A. Agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever was greater.
- B. Agreed ten (10) customer payments on the accounts receivable sub-ledger to deposit and billing documents.
- C. For ten (10) deposits, agree the cash/check composition of the deposit with receipt information.

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

Member of:

*American Institute of Certified Public Accountants
*Governmental Audit Quality Center

*Arkansas Society of Certified Public Accountants

*Oklahoma Society of Certified Public Accountants

Accounts Receivable

- A. Agreed ten (10) customer billings to the accounts receivable sub-ledger.
- B. Determined that five (5) customer adjustments were properly authorized.

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

Disbursements

- A. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500.00 whichever was greater.
- B. Analyzed all property, plant and equipment disbursements.
- C. Selected all disbursements paid to employees other than payroll and ten (10) other disbursements and determined if they were adequately documented.

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

Property, Plant and Equipment

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

We found no exceptions as a result of the above procedure.

Long-Term Debt

- A. Scheduled long-term debt and verified changes in all balances for the year.
- B. Confirmed loans, bonds, notes and contracts payable with lender/trustee/contractor.
- C. Determined that the appropriate debt service accounts had been established and maintained.

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

General

- A. 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 the above procedure.

We were engaged by the 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 examination or review, 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 System 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 System and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Hubbs & Whitehead, CPAs

Hubbs & Whitehead, CPAs
Van Buren, Arkansas

September 25, 2025

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Mayor, City Council and Management of
City of Kibler Water System
Kibler, Arkansas**

Management is responsible for the accompanying financial statements of the business-type activities of the **City of Kibler Water System** (the System), which comprise the statements of net position as of **December 31, 2024 and 2023**, and the statements of revenues, expenses, and changes in net position, the statements of cash flows, and related notes to the financial statements as listed in the table of contents for the years then ended, 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. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has not presented Management's Discussion and Analysis and Budgetary Comparison that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a 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.

This compilation was prepared to satisfy the requirements of an agreed-upon procedures engagement and should only be used in conjunction with the Independent Accountant's Report on Applying Agreed-Upon Procedures dated **September 25, 2025**.

Hubbs & Whitehead, CPAs

**Hubbs & Whitehead, CPAs
Van Buren, Arkansas**

September 25, 2025

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*Arkansas Society of Certified Public Accountants

*Oklahoma Society of Certified Public Accountants

*Governmental Audit Quality Center

**CITY OF KIBLER, ARKANSAS
WATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023**

	ASSETS	
	2024	2023
CURRENT ASSETS		
Unrestricted cash and cash equivalents	\$ 8,183	\$ 9,225
Restricted checking, certificate of deposit, and savings accounts	476,214	461,654
Trade accounts receivable, less allowance for doubtful accounts of \$4,192 and \$4,994, respectively	34,750	31,745
Inventory	<u>3,157</u>	<u>3,157</u>
 Total Current Assets	 <u>522,304</u>	 <u>505,781</u>
 CAPITAL ASSETS		
Land	4,800	4,800
Building and improvements	66,060	66,060
Equipment - backhoe	56,627	56,627
Fixtures, equipment and fence	98,440	98,440
Distribution system	763,688	737,574
Vehicles and trailer	<u>81,941</u>	<u>81,941</u>
	1,071,556	1,045,442
Less: accumulated depreciation	<u>(855,921)</u>	<u>(837,464)</u>
 Total Capital Assets	 <u>215,635</u>	 <u>207,978</u>
 Total Assets	 <u><u>\$ 737,939</u></u>	 <u><u>\$ 713,759</u></u>

See Independent Accountant's Compilation Report and Notes to the Financial Statements.

**CITY OF KIBLER, ARKANSAS
WATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023**

LIABILITIES AND NET POSITION

	2024	2023
CURRENT LIABILITIES		
Accounts payable	\$ 15,874	\$ 15,874
Sales tax payable	2,441	2,255
Payroll taxes payable	<u>412</u>	<u>421</u>
Total Current Liabilities	<u>18,727</u>	<u>18,550</u>
 NONCURRENT LIABILITIES		
Customer deposits	<u>60,962</u>	<u>59,021</u>
Total Liabilities	<u>79,689</u>	<u>77,571</u>
 NET POSITION		
Invested in capital assets, net of related debt	215,635	207,978
Restricted net assets	476,214	461,654
Unrestricted (deficit)	<u>(33,599)</u>	<u>(33,444)</u>
Total Net Position	<u>658,250</u>	<u>636,188</u>
Total Liabilities and Net Position	<u><u>\$ 737,939</u></u>	<u><u>\$ 713,759</u></u>

See Independent Accountant's Compilation Report and Notes to the Financial Statements.

CITY OF KIBLER, ARKANSAS
WATER SYSTEM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Water sales and tap, net of bad debt	\$ 433,211	\$ 415,187
Other revenue	-	325
	<u>433,211</u>	<u>415,512</u>
OPERATING EXPENSES		
Bank charges	592	-
Bonding fees, license and dues	5,375	3,688
Construction repairs and supplies	29,179	39,823
Depreciation	18,457	20,895
Employee benefits	14,675	17,739
Gasoline	13,142	10,969
Insurance - general and health	26,986	22,623
Legal and accounting	1,500	-
Miscellaneous	7	-
Office supplies	2,142	4,759
Payroll taxes	6,837	7,700
Postage	5,521	4,235
Salaries and wages	81,311	96,969
Sales tax	32,326	26,494
Utilities and telephone	11,010	11,364
Water purchases	164,207	161,258
	<u>413,267</u>	<u>428,516</u>
Total Operating Expenses	<u>413,267</u>	<u>428,516</u>
OPERATING INCOME (LOSS)	<u>19,944</u>	<u>(13,004)</u>
NON-OPERATING REVENUES		
Interest income	2,118	2,385
	<u>2,118</u>	<u>2,385</u>
Total Non-operating Revenues	<u>2,118</u>	<u>2,385</u>
CHANGE IN NET POSITION	22,062	(10,619)
NET POSITION, BEGINNING OF YEAR	<u>636,188</u>	<u>646,807</u>
NET POSITION, END OF YEAR	<u><u>\$ 658,250</u></u>	<u><u>\$ 636,188</u></u>

See Independent Accountant's Compilation Report and Notes to the Financial Statements.

**CITY OF KIBLER, ARKANSAS
WATER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 430,206	\$ 416,981
Cash payments to suppliers for goods and services	(311,381)	(309,363)
Cash payments to employees for services	<u>(81,311)</u>	<u>(96,969)</u>
Net Cash Flows From Operating Activities	<u>37,514</u>	<u>10,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	2,118	2,385
Capital asset additions	<u>(26,114)</u>	<u>(58,617)</u>
Net Cash Flows From Investing Activities	<u>(23,996)</u>	<u>(56,232)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	13,518	(45,583)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>470,879</u>	<u>516,462</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 484,397</u></u>	<u><u>\$ 470,879</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 19,944	\$ (13,004)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	18,457	20,895
Changes in:		
Accounts receivable	(3,005)	1,469
Accounts payable	-	(48)
Sales tax payable	186	50
Payroll taxes payable	(9)	(765)
Customer deposits	<u>1,941</u>	<u>2,052</u>
Total adjustments	<u>17,570</u>	<u>23,653</u>
Net Cash Flows From Operating Activities	<u><u>\$ 37,514</u></u>	<u><u>\$ 10,649</u></u>
SUPPLEMENTAL RECONCILIATION OF CASH		
Unrestricted cash	\$ 8,183	\$ 9,225
Restricted cash	<u>476,214</u>	<u>461,654</u>
Cash at end of year	<u><u>\$ 484,397</u></u>	<u><u>\$ 470,879</u></u>

See Independent Accountant's Compilation Report and Notes to the Financial Statements.

**CITY OF KIBLER, ARKANSAS WATER SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The City of Kibler Water System (the System) provides water services to the general public in the City of Kibler, Arkansas (the City) and surrounding community.

Fund Type

The System accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Reporting Entity

The System's financial statements reflect only the accounts directly under control of the System. Using the criteria of ability to exercise oversight responsibility, there are no other component units that are or should be included in the System's reporting entity.

The financial statements present only the City of Kibler, Arkansas Water System, and, accordingly, do not reflect other activities, funds and account groups of the City.

Basis of Accounting

The financial statements of the Fund have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applicable to enterprise funds of governmental entities using the economic resources management focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the System considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents excluding restricted cash.

Fair Value of Financial Instruments

The System's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The System's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments is approximate fair value because of the short maturity of these investments.

**CITY OF KIBLER, ARKANSAS WATER SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Income Taxes

The System is exempt from income taxes as a governmental agency.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Capital Assets

Capital assets of the System are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>Life</u>
Distribution plant, lines and improvements	10-40 years
Furniture, fixtures, equipment	5-10 years
Vehicles and trailers	5 years

It is the System's policy to capitalize all assets purchased for \$500 or more and to expense assets purchased for less than \$500.

Depreciation expense for the years ended December 31, 2024 and 2023 were \$18,457 and \$20,895, respectively. The cost basis of capital assets that are fully depreciated but still in use by the System totaled approximately \$796,000 and \$765,000 as of December 31, 2024 and 2023, respectively.

Accounts Receivable

Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$4,192 and \$4,994, respectively, as of December 31, 2024 and 2023, respectively.

Inventory

Inventory is valued at the lower of cost or net realizable value using the first-in, first-out method.

Compensated Absences

Employees of the System do not accrue vacation or sick leave since it is the System's policy not to do so. Therefore, no provision has been made for such.

**CITY OF KIBLER, ARKANSAS WATER SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Net Position Classifications

Net position is classified and displayed in the following three components:

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted net position – All other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, the System’s policy is to make payment from unrestricted funds and generally take reimbursement from restricted funds.

Subsequent Events

Subsequent events are evaluated through September 25, 2025, the date the financial statements were available to be issued.

Note 2: Cash Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The System's deposit policy for custodial credit risk requires compliance with provisions of state law. Arkansas law requires collateralization of all municipal deposits by federal depository insurance (FDIC) and/or qualified pledged securities consisting of obligations of the U.S. Treasury and U.S. Agencies. The System had deposits in one area financial institution and were secured as follows:

<u>December 31, 2024</u>	<u>Book Value</u>	<u>Bank Value</u>
FDIC insured or collateralized	\$ 484,397	\$ 493,778
Total	<u>\$ 484,397</u>	<u>\$ 493,778</u>
<u>December 31, 2023</u>	<u>Book Value</u>	<u>Bank Value</u>
FDIC insured or collateralized	\$ 470,879	\$ 479,634
Total	<u>\$ 470,879</u>	<u>\$ 479,634</u>

**CITY OF KIBLER, ARKANSAS WATER SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Note 3: Restricted Cash

Restricted cash and cash equivalents and restricted certificates of deposits are restricted by ordinance of the City, debt requirements and prescribed laws. Expenditures from these accounts are restricted to improvements and betterments to utility plant, debt service and related fees and refunds of customer deposits. As of December 31, 2024, and 2023 all required transfers to these accounts had been made and consist of the following:

	2024	2023
Reserve checking account	\$ 246,600	\$ 246,231
Revenue checking account	11,122	3,821
Meter checking account	167,384	161,972
Certificate of deposit	51,108	49,630
 Total	 \$ 476,214	 \$ 461,654

Note 4: Capital Assets

Activity of capital assets consists of the following during the year ended December 31, 2024:

	January 1, 2024	Additions	Retirements	December 31, 2024
Land	\$ 4,800	\$ -	\$ -	\$ 4,800
Building and improvements	66,060	-	-	66,060
Equipment - backhoe	56,627	-	-	56,627
Fixtures, equipment, and fence	98,440	-	-	98,440
Distribution system	737,574	26,114	-	763,688
Vehicles and trailer	81,941	-	-	81,941
 Total	 \$ 1,045,442	 \$ 26,114	 \$ -	 \$ 1,071,556

**CITY OF KIBLER, ARKANSAS WATER SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

Activity of capital assets consists of the following during the year ended December 31, 2023:

	January 1, 2023	Additions	Retirements	December 31, 2023
Land	\$ 4,800	\$ -	\$ -	\$ 4,800
Building and improvements	66,060	-	-	66,060
Equipment - backhoe	56,627	-	-	56,627
Fixtures, equipment, and fence	98,440	-	-	98,440
Distribution system	694,157	43,417	-	737,574
Vehicles and trailer	66,741	15,200	-	81,941
Total	\$ 986,825	\$ 58,617	\$ -	\$ 1,045,442

Note 5: Concentrations of Risk

Financial instruments that potentially subject the System to credit risk consist primarily of accounts receivable. The Department sells only to its customers within a defined geographic region.

Note 6: Risk Management & Insurance Coverage

The System is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters of which the System maintains insurance coverage as follows:

Property Coverage

Insurer	Arkansas Municipal League - Municipal Property Program
Expiration	March 10, 2026

Business Auto

Insurer	Arkansas Municipal League - Municipal Vehicle Program
Expiration	March 10, 2026

Workmen's Compensation - The City maintains workman's compensation insurance for System employees.

Note 7: Water Purchases

The System contracts with the Alma Water System for all water purchases. The current contract rate is \$2.73 per 1,000 gallons.