

**TOWN OF KNOBEL WATER AND SEWER
DEPARTMENT
Knobel, Arkansas**

December 31, 2025

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

**S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT**

**TOWN OF KNOBEL, ARKANSAS
WATER AND SEWER DEPARTMENT
KNOBEL, ARKANSAS
DECEMBER 31, 2025**

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S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

**To the Mayor, Town Council and Management
of the Town of Knobel Water and Sewer Department
Knobel, 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 Knobel, Arkansas, Water and Sewer Department (the Department), for the year ended December 31, 2025. 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.

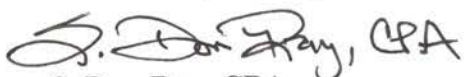
7. General

- A. Determine that any items of financial significance were 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, Arkansas Natural Resources Division 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 black ink, reading "S. Don Ray, CPA". The signature is stylized with a large, looped "S" and "R".

S. Don Ray, CPA
Jonesboro, Arkansas
August 24, 2026

S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

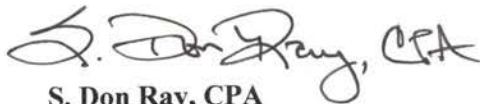
**To the Mayor, Town Council and Management
of the Town of Knobel Water and Sewer Department
Knobel, Arkansas**

Management is responsible for the accompanying financial statements of the Town of Knobel Water and Sewer Department (the Department) business-type activities, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2025 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.

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
August 24, 2026**

TOWN OF KNOBEL WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS

Cash - Water Revenue Fund	\$ 9,112
Cash - Operation and Maintenance Fund	18,589
TOTAL CURRENT ASSETS	\$ 27,701

RESTRICTED ASSETS

Cash - Meter Fund	\$ 13,518
Cash - Arkansas Soil and Water Fund	1,733
Cash - Depreciation Fund	5,165
Cash - Bond Fund	3,889
Cash - USDA Debt Reserve Fund	33,695
Cash - USDA Short-Lived Assets Fund	80,926
Certificate of Deposit - USDA Debt Reserve Fund	4,000
Certificate of Deposit - USDA Debt Reserve Fund	5,500
Certificate of Deposit - USDA Debt Reserve Fund	12,000
Certificate of Deposit - USDA Debt Reserve Fund	3,647
Certificate of Deposit - Meter Fund	3,500
TOTAL RESTRICTED ASSETS	\$ 167,573

CAPITAL ASSETS

Land	\$ 11,000
Water and Sewer System	1,255,203
Less: Accumulated Depreciation	(731,314)
TOTAL CAPITAL ASSETS	\$ 534,889

TOTAL ASSETS

\$ 730,163

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Customer deposits	\$ 14,300
Current maturities of long-term debt	27,392
TOTAL CURRENT LIABILITIES	\$ 41,692

LONG-TERM LIABILITIES

Long-term debt, net of current maturities	\$ 410,414
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TOTAL LIABILITIES

\$ 452,106

NET POSITION

Net investment in capital assets	\$ 97,083
Restricted	150,555
Unrestricted	30,419
TOTAL NET POSITION	\$ 278,057

TOTAL LIABILITIES AND NET POSITION

\$ 730,163

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF KNOBEL WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2025

CASH IN BANK, JANUARY 1

Cash - Water Revenue Fund	\$ 8,316
Cash - Operation and Maintenance Fund	2,139
Cash - Meter Fund	12,626
Cash - Arkansas Soil and Water Fund	750
Cash - Depreciation Fund	4,462
Cash - Bond Fund	1,261
Cash - USDA Debt Reserve Fund	33,628
Cash - USDA Short-Lived Assets Fund	74,039
Certificate of Deposit - USDA Debt Reserve Fund	4,000
Certificate of Deposit - USDA Debt Reserve Fund	3,586
Certificate of Deposit - USDA Debt Reserve Fund	5,500
Certificate of Deposit - USDA Debt Reserve Fund	12,000
Certificate of Deposit - Meter Fund	3,500

TOTAL CASH IN BANK, JANUARY 1 \$ 165,807

ADD: CASH RECEIPTS

Service Fees	\$ 105,894
Interest	1,092
Contribution from Town Government	6,729
Other	55
Meter Deposits	1,289
TOTAL CASH RECEIPTS	<u>\$ 115,059</u>

LESS: CASH DISBURSEMENTS

Billing Service	\$ 3,651
Employee Reimbursements	17
Consulting Fees	5,397
Sales Tax	5,221
Testing Fees	1,355
Sanitation	18,192
Postal Fees	84
Utilities	6,304
Repairs and Maintenance	481
Membership Dues	1,162
USDA Debt Service - Principle	1,086
USDA Debt Service - Interest	1,242
USDA Debt Service - Principle	7,837
USDA Debt Service - Interest	9,839
USDA Debt Service - Principle	11,769
USDA Debt Service - Interest	1,599
ARN Debt Service - Principle	1,865
ARN Debt Service - Interest	1,485
ARN Debt Service - Principle	3,688
ARN Debt Service - Interest	378
Other	2,440
Deposit Refunds	500
TOTAL CASH DISBURSEMENTS	<u>\$ 85,592</u>

CASH IN BANK, DECEMBER 31

Cash - Water Revenue Fund	\$ 9,112
Cash - Operation and Maintenance Fund	18,589
Cash - Meter Fund	13,518
Cash - Arkansas Soil and Water Fund	1,733
Cash - Depreciation Fund	5,165
Cash - Bond Fund	3,889
Cash - USDA Debt Reserve Fund	33,695
Cash - USDA Short-Lived Assets Fund	80,926
Certificate of Deposit - USDA Debt Reserve Fund	4,000
Certificate of Deposit - USDA Debt Reserve Fund	3,647
Certificate of Deposit - USDA Debt Reserve Fund	5,500
Certificate of Deposit - USDA Debt Reserve Fund	12,000
Certificate of Deposit - Meter Fund	3,500

TOTAL CASH IN BANK, DECEMBER 31 \$ 195,274

SUPPLEMENTARY
INFORMATION

TOWN OF KNOBEL WATER AND SEWER DEPARTMENT
SCHEDULE OF WATER AND SEWER RATES
SUPPLEMENTARY INFORMATION
December 31, 2025

As of December 31, 2025, The Knobel Water and Sewer Department had 207 service connections, comprised of 101 sewer connections and 106 water connections.

WATER RATES - RESIDENTIAL		
	Minimum Charge	Additional Charges
Water - Flat Rate	\$ 32.00	First 1,000 gallons
Water Additional Charge		\$6.76 per every additional 1,000 gallons

WATER RATES - COMMERCIAL		
	Minimum Charge	Additional Charges
Water - Flat Rate	\$ 32.00	First 1,000 gallons
Water Additional Charge		\$7.80 per every additional 1,000 gallons

SEWER RATES		
	Minimum Charge	Additional Charges
Sewer - Flat Rate	\$ 18.00	First 1,000 gallons
Sewer Additional Charge		\$3.35 per every additional 1,000 gallons

TOWN OF KNOBEL WATER AND SEWER DEPARTMENT
SCHEDULE OF COMMITMENTS
SUPPLEMENTARY INFORMATION
December 31, 2025

ISSUER	ANNUAL PAYMENT	RATE OF INTEREST	AMOUNT AUTHORIZED AND ISSUED	CURRENT PORTION OF DEBT OUTSTANDING	LONG-TERM PORTION OF DEBT OUTSTANDING	TOTAL DEBT OUTSTANDING
USDA 91-06	\$ 2,328	4.50%	\$ 42,600	\$ 1,136	\$ 25,878	\$ 27,014
USDA 91-11	\$ 17,676	2.75%	\$ 428,000	\$ 8,055	\$ 345,456	\$ 353,511
USDA 92-04	\$ 13,368	5.00%	\$ 226,700	\$ 12,370	\$ 13,203	\$ 25,573
ANR - WSSW-L00572	\$ 3,350	5.00%	\$ 51,500	\$ 1,958	\$ 25,877	\$ 27,835
ANR - WSSW-27-28-D	\$ 4,066	5.00%	\$ 50,676	\$ 3,873	\$ -	\$ 3,873
TOTAL COMMITMENTS	\$ 40,788		\$ 799,476	\$ 27,392	\$ 410,414	\$ 437,806

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT