CITY OF NORMAN, ARKANSAS WATER AND SEWER DEPARTMENT

AGREED-UPON PROCEDURES REPORT AND COMPILED FINANCIAL STATEMENTS

DECEMBER 31, 2024

PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF NORMAN, ARKANSAS WATER AND SEWER DEPARTMENT

DECEMBER 31, 2024

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Norman, Arkansas Water and Sewer Department
Norman, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Norman, Arkansas Water and Sewer Department, (the Department) as of and for the year ended December 31, 2024. The City of Norman Water and Sewer Department's management is responsible for the financial and billing records.

The City of Norman, Arkansas Water and Sewer Department's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose which is to comply with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water Service providers* as prepared by Arkansas Legislative Audit. 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 purpose.

The procedures and associated findings are as follows:

(1) Cash and Investments

A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance. All accounts were reconciled. Two bank accounts and the bond fund required an adjustment to reconcile.

B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with no findings.

C. Agree the proof of cash ending balances to the book balances within 5% or $500, whichever is greater. The operating and maintenance account required an adjustment of $1,333.03 which is greater than 5% of the ending balance. All other accounts were within these parameters.

(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. The water refurbishment account reflected total deposits per proof of cash of $4,600 while the journal reported deposits of

$4,250. The difference of $350 was the greater than 5% of total deposits. The adjustment was the result of difference between beginning balance per books and beginning reconciled balance. All other accounts were within the parameters.

B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure with no findings.

C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We concluded this procedure with no findings.

(3) Accounts Receivable

A. Agree ten customer billings to the accounts receivable sub-ledger. We concluded this procedure with no findings.

B. Determine that five customer adjustments were properly authorized. We concluded this procedure with no findings.

(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. We concluded this procedure and found the disbursements to be within the parameters.

B. Analyze all property, plant and equipment disbursements. We concluded this procedure with no findings.

C. Select all disbursements to employees other than payroll and ten other disbursements and determine if they were adequately documented. We concluded this procedure with no findings.

(5) Property, plant and equipment

A. Determine that additions and disposals were properly accounted for in the records. We concluded this procedure with no findings.

(6) Long-term debt

A. Schedule long-term debt and verify changes in all balances for the year. We concluded this procedure with no findings.

B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. We concluded this procedure with no findings.

C. Determine that the appropriate debt service accounts have been established and maintained. This procedure was not applicable

(7) General

A. Determine that any items of financial significance were approved and documented in the minutes of the City Council meetings. The minutes were provided to us and were read. We found all financially significant items to be documented.

We were engaged by the City of Norman, Arkansas Water and Sewer Department 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial and billing records. 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 Norman, Arkansas Water and Sewer 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 City of Norman, Arkansas Water and Sewer Department and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
July 20, 2026

To the Honorable Mayor and City Council
City of Norman, Arkansas Water and Sewer Department
Norman, Arkansas

Management is responsible for the accompanying financial statements of the City of Norman, Arkansas Water and Sewer Department, which comprise the statement of net position – modified cash basis as of December 31, 2024, the related statement of revenues, expenses and changes in net position – modified cash basis for the year then ended in accordance with the modified 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. 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 modified cash basis of accounting, which is a basis of accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Department's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
July 20, 2026

FINANCIAL STATEMENTS

CITY OF NORMAN, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

AS OF DECEMBER 31, 2024

Assets		
Current Assets		
Cash and cash equivalents	$	34,856
Restricted checking accounts		30,385
Restricted investments		24,195
Total Current Assets		89,436
Noncurrent Assets		
Capital Assets		
Land		17,113
Water and sewer systems		5,134,556
Transportation and other equipment		1,018,725
Total Capital Assets		6,170,394
Less: accumulated depreciation		3,352,675
Net Capital Assets		2,817,719
Total Assets	$	2,907,155
Liabilities		
Current Liabilities		
Accrued interest	$	8,104
Meter deposits payable		15,250
Current portion of long-term debt		43,610
Total Current Liabilities		66,964
Noncurrent liabilities:		
Long-term debt		380,739
Total Noncurrent Liabilities		380,739
Total Liabilities		447,703
Net Position		
Net investment in capital assets		2,393,370
Restricted		46,476
Unrestricted		19,606
Total Net Position		2,459,452
Total Liabilities and Net Position	$	2,907,155

See accountant's compilation report.

CITY OF NORMAN, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - MODIFIED CASH BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

Operating Revenue		
Water and sewer revenues	$	258,144
Turnback revenue		55,555
Total Operating Revenue		313,699
Operating Expenses		
Water purchases		149,330
Auto expenses		2,868
Insurance		896
Professional fees		2,038
Chemicals		844
Repairs and maintenance		13,959
Testing		4,370
Utilities and telephone		3,909
Dues and subscriptions		4,647
Operating supplies		6,116
Bank fees		2,306
Miscellaneous expense		342
Depreciation		129,971
Total Operating Expenses		321,596
Net Loss From Operations		(7,897)
Other Income (Expenses)		
Interest income		1,430
Interest expense		(18,585)
Total Net Other Income (Expenses)		(17,155)
Net Loss Before Transfers		(25,052)
Operating Transfers		(64,655)
Change in Net Position		(89,707)
Net Position at Beginning of Year		2,549,159
Net Position at End of Year	$	2,459,452

See accountant's compilation report.