

**TOWN OF O'KEAN WATER AND SEWER DEPARTMENT
O'Kean, Arkansas**

December 31, 2025

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

**S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT**

**TOWN OF O'KEAN, ARKANSAS
WATER AND SEWER DEPARTMENT
O'KEAN, 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 O’Kean Water and Sewer Department
O’Kean, 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 O’Kean, 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, 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 blue ink, reading "S. Don Ray, CPA". The signature is stylized and fluid.

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 O'Kean Water and Sewer Department
O'Kean, Arkansas**

Management is responsible for the accompanying financial statements of the Town of O'Kean 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 O'KEAN WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS

Cash - Water Revenue Fund	\$ 37,323
TOTAL CURRENT ASSETS	\$ 37,323

RESTRICTED ASSETS

Cash - Water Meter Fund	\$ 17,678
Cash - Sewer Depreciation Fund	14,227
Cash - Water Depreciation Fund	34,502
Cash - Sewer Debt Service Fund	14,954
Certificate of Deposit - Water Depreciation Fund	12,862
Certificate of Deposit - Sewer Depreciation Fund	10,718
Certificate of Deposit - Sewer Debt Service Fund	6,431
TOTAL RESTRICTED ASSETS	\$ 111,372

CAPITAL ASSETS

Land	\$ 1,050
Water and Sewer System	716,010
Less: Accumulated Depreciation	(338,679)
TOTAL CAPITAL ASSETS	\$ 378,381

TOTAL ASSETS	\$ 527,076
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Customer deposits	\$ 14,740
Current maturities of long-term debt	8,458
TOTAL CURRENT LIABILITIES	\$ 23,198

LONG-TERM LIABILITIES

Long-term debt, net of current maturities	\$ 168,162
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TOTAL LIABILITIES	\$ 191,360
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NET POSITION

Net investment in capital assets	\$ 201,761
Restricted	93,695
Unrestricted	40,260
TOTAL NET POSITION	\$ 335,716

TOTAL LIABILITIES AND NET POSITION	\$ 527,076
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

CASH IN BANK, JANUARY 1

Water Revenue Account	\$ 29,981
Water Meter Account	16,988
Sewer Depreciation Account	13,828
Water Depreciation Account	33,980
Sewer Debt Service Reserve Account	14,698
Water Depreciation Certificate of Deposit	12,862
Sewer Depreciation Certificate of Deposit	10,718
Sewer Debt Service Certificate of Deposit	6,431
TOTAL CASH IN BANK, JANUARY 1	\$ 139,486

ADD: CASH RECEIPTS

Service Fees	\$ 90,074
Deposits	1,234
Interest	1,177
TOTAL CASH RECEIPTS	\$ 92,485

LESS: CASH DISBURSEMENTS

Billing Service	\$ 4,472
Water Purchases	7,274
Employee Reimbursements	743
Contribution to Town Government	6,374
Sales Tax	3,193
Postal Fees	84
Utilities	22,292
Repairs and Maintenance	6,397
Membership Dues	707
Testing Fees	442
Sanitation	17,040
USDA Debt Service - Principle	2,561
USDA Debt Service - Interest	2,323
USDA Debt Service - Principle	4,535
USDA Debt Service - Interest	877
USDA Debt Service - Principle	1,056
USDA Debt Service - Interest	948
Other	1,414
Deposit Refunds	544
TOTAL CASH DISBURSEMENTS	\$ 83,276

CASH IN BANK, DECEMBER 31

Water Revenue Account	\$ 37,323
Water Meter Account	17,678
Sewer Depreciation Account	14,227
Water Depreciation Account	34,502
Sewer Debt Service Reserve Account	14,954
Water Depreciation Certificate of Deposit	12,862
Sewer Depreciation Certificate of Deposit	6,431
Sewer Debt Service Certificate of Deposit	10,718
TOTAL CASH IN BANK, DECEMBER 31	\$ 148,695

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SUPPLEMENTARY
INFORMATION

TOWN OF O'KEAN WATER AND SEWER DEPARTMENT
SCHEDULE OF WATER AND SEWER RATES
SUPPLEMENTARY INFORMATION
December 31, 2025

As of December 31, 2025, The O'Kean Water and Sewer Department had 188 service connections, comprised of 90 sewer connections and 98 water connections.

WATER RATES - RESIDENTIAL		
	Minimum Charge	Additional Charges
Water - Flat Rate	\$ 17.00	First 1,000 gallons
Water Additional Charge		\$2.50 per every additional 1,000 gallons

WATER RATES - COMMERCIAL		
	Minimum Charge	Additional Charges
Water - Flat Rate	\$ 45.00	First 1,000 gallons
Water Additional Charge		\$3.00 per every additional 1,000 gallons

SEWER RATES - RESIDENTIAL		
	Minimum Charge	Additional Charges
Sewer - Flat Rate	\$ 21.25	First 1,000 gallons
Sewer Additional Charge		\$2.50 per every additional 1,000 gallons

SEWER RATES - COMMERCIAL		
	Minimum Charge	Additional Charges
Sewer - Flat Rate	\$ 21.25	First 1,000 gallons
Sewer Additional Charge		\$5.00 per every additional 1,000 gallons

TOWN OF O'KEAN 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 91-04	\$ 4,884	2.0%	\$ 134,000	\$ 2,613	\$ 112,129	\$ 114,742
USDA 92-02	\$ 5,412	5.0%	\$ 91,700	\$ 4,767	\$ 10,301	\$ 15,068
USDA 92-06	\$ 2,004	2.0%	\$ 55,000	\$ 1,078	\$ 45,732	\$ 46,810
TOTAL COMMITMENTS	\$ 12,300		\$ 280,700	\$ 8,458	\$ 168,162	\$ 176,620

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT