

**TOWN OF PEACH ORCHARD WATER AND SEWER
DEPARTMENT
Peach Orchard, Arkansas**

December 31, 2025

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

**S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT**

**TOWN OF PEACH ORCHARD, ARKANSAS
WATER AND SEWER DEPARTMENT
PEACH ORCHARD, 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 Peach Orchard Water and Sewer Department
Peach Orchard, 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 Peach Orchard, 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 black ink, appearing to read "S. Don Ray, CPA". The signature is stylized with a large "S" and "D" and a smaller "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 Peach Orchard Water and Sewer Department
Peach Orchard, Arkansas**

Management is responsible for the accompanying financial statements of the Town of Peach Orchard 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 PEACH ORCHARD WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS

Cash - Waterworks Revenue Fund	\$ 200
Cash - Sewer Operation and Maintenance Fund	1,542
Cash - Waterworks Operation and Maintenance Fund	5,602
TOTAL CURRENT ASSETS	<u>\$ 7,344</u>

RESTRICTED ASSETS

Cash - Short-Lived Asset Checking Fund	\$ 5,732
Cash - Short-Lived Asset Savings Fund	9,499
Cash - Water Meter Fund	10,275
Certificate of Deposit - Debt Reserve Fund	4,088
Certificate of Deposit - Debt Reserve Fund	6,680
Certificate of Deposit - Short Lived Asset Fund	9,962
TOTAL RESTRICTED ASSETS	<u>\$ 46,236</u>

CAPITAL ASSETS

Water and Sewer System	\$ 488,896
Less: Accumulated Depreciation	(266,383)
TOTAL CAPITAL ASSETS	<u>\$ 222,513</u>

TOTAL ASSETS

\$ 276,093

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Customer deposits	\$ 10,118
Current maturities of long-term debt	6,999
TOTAL CURRENT LIABILITIES	<u>\$ 17,117</u>

LONG-TERM LIABILITIES

Long-term debt, net of current maturities	\$ 107,136
TOTAL LIABILITIES	<u>\$ 124,253</u>

NET POSITION

Net investment in capital assets	\$ 108,378
Restricted	35,962
Unrestricted	7,500
TOTAL NET POSITION	<u>\$ 151,840</u>

TOTAL LIABILITIES AND NET POSITION

\$ 276,093

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

	WATER DEPARTMENT	SEWER DEPARTMENT	COMBINED BOTH DEPARTMENTS
CASH IN BANK, JANUARY 1			
Waterworks Revenue Account	\$ 200.00	-	\$ 200
Sewer Operation and Maintenance Account	-	\$ 1,883	1,883
Waterworks Operation and Maintenance Account	4,381	-	4,381
Short-Lived Asset Checking Account	5,727	-	5,727
Short-Lived Asset Savings Account	-	9,480	9,480
Water Meter Account	9,090	-	9,090
Debt Reserve Certificate of Deposit	3,888	-	3,888
Debt Reserve Certificate of Deposit	-	6,353	6,353
Short-Lived Asset Certificate of Deposit	9,474	-	9,474
TOTAL CASH IN BANK, JANUARY 1	\$ 32,760	\$ 17,716	\$ 50,476
ADD: CASH RECEIPTS			
Service Fees	\$ 32,726	\$ 21,513	\$ 54,239
Deposits	1,275	-	1,275
Other	29	-	29
Interest	714	327	1,041
TOTAL CASH RECEIPTS	\$ 34,744	\$ 21,840	\$ 56,584
LESS: CASH DISBURSEMENTS			
Billing Service	\$ 3,020	-	\$ 3,020
Water Purchases	1,956	-	1,956
Employee Reimbursements	17	-	17
Contribution to Town Government	1,213	\$ 135	1,348
Sales Tax	2,228	-	2,228
Postal Fees	84	-	84
Utilities	-	14,058	14,058
Repairs and Maintenance	6,174	718	6,892
Membership Dues	696	-	696
Testing Fees	293	-	293
Sanitation	11,476	-	11,476
USDA Debt Service - Principle	-	4,054	4,054
USDA Debt Service - Interest	-	866	866
USDA Debt Service - Principle	-	1,050	1,050
USDA Debt Service - Interest	-	954	954
USDA Debt Service - Principle	1,596	-	1,596
USDA Debt Service - Interest	2,244	-	2,244
Other	558	-	558
Deposit Refunds	90	-	90
TOTAL CASH DISBURSEMENTS	\$ 31,645	\$ 21,835	\$ 53,480
CASH IN BANK, DECEMBER 31			
Waterworks Revenue Account	\$ 200	-	\$ 200
Sewer Operation and Maintenance Account	-	\$ 1,542	1,542
Waterworks Operation and Maintenance Account	5,602	-	5,602
Short-Lived Asset Checking Account	5,732	-	5,732
Short-Lived Asset Savings Account	-	9,499	9,499
Water Meter Account	10,275	-	10,275
Debt Reserve Certificate of Deposit	4,088	-	4,088
Debt Reserve Certificate of Deposit	-	6,680	6,680
Short-Lived Asset Certificate of Deposit	9,962	-	9,962
TOTAL CASH IN BANK, DECEMBER 31	\$ 35,859	\$ 17,721	\$ 53,580

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SUPPLEMENTARY
INFORMATION

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

As of December 31, 2025, The Peach Orchard Water and Sewer Department had 132 service connections, comprised of 64 sewer connections and 68 water connections.

WATER RATES		
	Minimum Charge	Additional Charges
Water - Flat Rate	\$ 17.50	First 1,000 gallons
Water Additional Charge		\$6.17 per every additional 1,000 gallons

SEWER RATES		
	Minimum Charge	Additional Charges
Sewer - Flat Rate	\$ 28.25	First 1,000 gallons
Sewer Additional Charge		\$2.75 per every additional 1,000 gallons

GARDEN METER RATES		
	Minimum Charge	Additional Charges
Garden - Flat Rate	\$ 27.50	First 1,000 gallons
Garden Additional Charge		\$7.14 per every additional 1,000 gallons

TOWN OF PEACH ORCHARD 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	\$ 3,840	4.23%	\$ 73,000	\$ 1,666	\$ 50,258	\$ 51,924
USDA 92-01	\$ 4,920	5.00%	\$ 83,400	\$ 4,262	\$ 10,825	\$ 15,087
USDA 92-07	\$ 2,004	2.00%	\$ 55,000	\$ 1,071	\$ 46,053	\$ 47,124
TOTAL COMMITMENTS	\$ 10,764		\$ 211,400	\$ 6,999	\$ 107,136	\$ 114,135

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT