

CITY OF VIOLA WATER AND SEWER DEPARTMENT



VIOLA, ARKANSAS

DECEMBER 31, 2025

CITY OF VIOLA WATER AND SEWER DEPARTMENT
VIOLA, ARKANSAS

TABLE OF CONTENTS
DECEMBER 31, 2025

	<u>PAGE NO.</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1 - 2
Independent Accountants' Compilation Report	3
Statement of Assets, Liabilities, and Net Position (Water) - Modified Cash Basis - December 31, 2025	4
Statement of Revenues, Expenses and Net Position (Water) - Modified Cash Basis - For the Year Ended December 31, 2025	5
Statement of Assets, Liabilities, and Net Position (Sewer) - Modified Cash Basis - December 31, 2025	6
Statement of Revenues, Expenses and Net Position (Sewer) - Modified Cash Basis - For the Year Ended December 31, 2025	7

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Mayor and City Council
Viola, Arkansas

We have performed the procedures enumerated below on the accounting records of the City of Viola Water and Sewer Department as of and for the year ended December 31, 2025. The City of Viola Water and Sewer Department's management is responsible for the entity's accounting records.

The City of Viola Water and Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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 purposes.

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 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.

We found no exceptions as a result of the 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 sub ledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the 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.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

We found no exceptions as a result of the procedure.

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 lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

7. 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 procedure.

We were engaged by the City of Viola 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 accounting records of the City of Viola Water and Sewer Department. 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 Viola Water and Sewer Department and to meet 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 Viola Water and Sewer Department and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

August 10, 2026

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Mayor, City Council and Management
City of Viola Water and Sewer Department
Viola, AR

Management is responsible for the accompanying financial statements of the City of Viola Water and Sewer Department, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2025, and the related statement revenues, expenses and changes in net position for the year then ended, and for determining that the modified 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 statement 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 other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in the 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 City of Viola Water and Sewer Department's assets, liabilities, net position, and results of operations – modified cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
August 10, 2026

CITY OF VIOLA - WATER
STATEMENT OF ASSETS, LIABILITIES, AND
NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

Page 4

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 5,730
Accounts Receivable	3,127
TOTAL CURRENT ASSETS	<u>8,857</u>

RESTRICTED ASSETS:

Restricted Cash - Debt Service	64,139
Restricted Cash - Meter Deposits	11,845
Restricted Cash - Certificate of Deposit	18,083
TOTAL RESTRICTED ASSETS	<u>94,067</u>

FIXED ASSETS:

Water System	305,919
Less: Accumulated Depreciation	<u>(221,609)</u>
TOTAL FIXED ASSETS	84,310

TOTAL ASSETS	<u><u>\$ 187,234</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Current Portion of Long-Term Debt	\$ 4,740
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LIABILITIES PAYABLE FROM RESTRICTED ASSETS:

Meter Deposits Payable	27,806
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LONG-TERM LIABILITIES:

Notes Payable	56,493
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TOTAL LIABILITIES	<u>89,039</u>
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NET POSITION:

Invest in Capital Assets, Net Related of Debt	23,077
Restricted Net Position	66,261
Unrestricted Net Position	31,934
TOTAL NET POSITION	<u>98,195</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 187,234</u></u>
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See Independent Accountants' Compilation Report.

CITY OF VIOLA - WATER
STATEMENT OF REVENUES, EXPENSES AND NET POSITION
MODIFIED CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2025

Page 5

REVENUES:

Water Sales	\$ 90,278
Sanitation Fees	31,597
New Customer Hookup	4,175
Sales Tax Received	13,804
Misc Income	10,412
TOTAL REVENUES	<u>150,266</u>

OPERATING EXPENSES:

Credit Card Fees	1,425
Dues and Subscriptions	164
Insurance	1,350
Office Expense	329
Ozark Waste Disposal Inc	30,215
Postage	1,545
Professional Fees	5,117
Repairs and Maintenance	35,514
Salaries	36,000
Sales Tax	13,392
Supplies	338
Utilities	7,185
Depreciation	8,671
Water Testing	984
TOTAL OPERATING EXPENSES	<u>142,229</u>

TOTAL OPERATING INCOME (LOSS)

8,037

NON-OPERATING REVENUES (EXPENSES):

Transfer from Viola City Fund	19,269
Interest Income	765
Interest Expense	(2,580)
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>17,454</u>

TOTAL CHANGE IN NET POSITION

25,491

NET POSITION - BEGINNING

72,704

NET POSITION - ENDING

\$ 98,195

See Independent Accountants' Compilation Report.

CITY OF VIOLA - SEWER
STATEMENT OF ASSETS, LIABILITIES, AND
NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2025

Page 6

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 4,761
TOTAL CURRENT ASSETS	<u>4,761</u>

RESTRICTED ASSETS:

Restricted Cash - Debt Service	52,762
TOTAL RESTRICTED ASSETS	<u>52,762</u>

FIXED ASSETS:

Sewer / Collection System	1,606,319
Less: Accumulated Depreciation	<u>(150,700)</u>
TOTAL FIXED ASSETS	1,455,619

TOTAL ASSETS	<u><u>\$1,513,142</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Current Portion of Long-Term Debt	\$ 20,536
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LONG-TERM LIABILITIES:

Notes Payable	865,999
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TOTAL LIABILITIES	<u>886,535</u>
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NET POSITION:

Invested In Capital Assets, Net of Related Debt	569,084
Restricted Net Position	52,762
Unrestricted Net Position	<u>4,761</u>
TOTAL NET POSITION	626,607

TOTAL LIABILITIES AND NET POSITION	<u><u>\$1,513,142</u></u>
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See Independent Accountants' Compilation Report.

CITY OF VIOLA - SEWER
STATEMENT OF REVENUES, EXPENSES AND NET POSITION
MODIFIED CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2025

Page 7

CASH REVENUES:

Bills Collected From Viola Residents	\$ 64,548
New Customer Hookup	650
Sewer Fund - City Sales Tax	77,077
TOTAL REVENUES	<u>142,275</u>

OPERATING EXPENSES:

Garbage Fees	401
Insurance	6,218
Lab Fees	3,288
Office Expense	102
Professional Fees	1,375
Permits	760
Repairs and Maintenance	29,549
Salaries	36,000
Depreciation	64,252
Utilities	14,593
TOTAL OPERATING EXPENSES	<u>156,538</u>

TOTAL OPERATING INCOME (LOSS)	<u>(14,263)</u>
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NON-OPERATING REVENUES (EXPENSES):

Interest Expense	(11,219)
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TOTAL CHANGE IN NET POSITION	<u>(25,482)</u>
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NET POSITION - BEGINNING	652,089
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NET POSITION - ENDING	<u><u>\$ 626,607</u></u>
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See Independent Accountants' Compilation Report.