

**TOWN OF FELSENTHAL, ARKANSAS
WATER & SEWER DEPARTMENT**

**AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Stephen P. Savage, CPA
Post Office Box 1556
Monticello, AR 71657
501-766-3606

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Town of Felsenthal, Arkansas Water and Sewer Department

We have performed the procedures enumerated below with respect to the financial information and compliance with certain state laws for Town of Felsenthal Water and Sewer System for the year ended December 31, 2024, Town of Felsenthal Water and Sewer System is responsible for its accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Town of Felsenthal Water and Sewer System. Consequently, we 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.

The procedures and associated findings are as follows:

Cash and Investments

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.

Finding: We could not reconcile the following:

- 1) Water Fund Account 9571
- 2) Money Market Water Fund Account 6295
- 3) Sewer Fund Account 5307

No Finding: 1) Water Deposit Fund Account 0505
2) Sewer Deposit Fund Account 5580
3) Money Market Sewer Fund Account 2972
4) Sewer and Water Revenue Fund Account 5735

- B. Confirm with depository institutions the cash on deposit and investments.

No Finding

- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Finding: We could not reconcile the following:

- 1) Water Fund Account 9571
- 2) Money Market Water Fund Account 6295
- 3) Sewer Fund Account 5307

- No Finding: 1) Water Deposit Fund Account 0505
2) Sewer Deposit Fund Account 5580
3) Money Market Sewer Fund Account 2972
4) Sewer and Water Revenue Fund Account 5735

Receipts

2. 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.

Finding: We could not reconcile the following:

- 1) Water Fund Account 9571
- 2) Water Deposit Fund Account 0505
- 3) Money Market Water Fund Account 6295
- 4) Sewer Fund Account 5307
- 5) Sewer Deposit Fund Account 5580

- No Finding: 1) Money Market Sewer Fund Account 2972
2) Sewer and Water Revenue Fund Account 5735

- B. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.

No Finding

- C. For ten deposits, agree the cash/check composition of the deposit with receipt information.

No Finding

Accounts Receivable

3. A. Agree ten customer billings to the accounts receivable subledger.

No Finding

- B. Determine that five customer adjustments were properly authorized.

No Finding

Disbursements

4. 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.

Finding: We could not reconcile the following:

- 1) Water Fund Account 9571
- 2) Water Deposit Fund Account 0505
- 3) Money Market Water Fund Account 6295
- 4) Sewer Fund Account 5307
- 5) Sewer Deposit Fund Account 5580

No Finding: 1) Money Market Sewer Fund Account 2972
2) Sewer and Water Revenue Fund Account 5735

B. Analyze all property, plant, and equipment disbursements.

No Finding

C. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

No Finding

Property, Plant, and Equipment

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

No Finding

Long-Term Debt

6. A. Schedule long-term debt and verify changes in all balances for the year.

No Finding

B. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.

No Finding

C. Determine that the appropriate debt service accounts have been established maintained.

No Finding

General

7. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

No Finding

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We are not engaged to and did not perform an audit. This report is for compliance with Arkansas state statutes. 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.

This report is intended solely for the information and use of the City Council of the Town of Felsenthal, Arkansas state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. Section 10-40417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

A handwritten signature in black ink that reads "Stephen P. Savage, CPA". The signature is written in a cursive style with a large, stylized initial 'S'.

Stephen P. Savage, CPA
August 1, 2025

**TOWN OF FELSENTHAL, ARKANSAS
WATER & SEWER DEPARTMENT**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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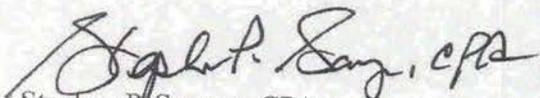
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Stephen P. Savage, CPA
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The City Council of the
Town of Felsenthal, Arkansas

Management is responsible for the accompanying schedule of cash receipts, disbursements and changes in cash basis fund balances, combining schedule of cash receipts, disbursements and changes in cash basis fund balances – special revenue funds, and selected information (the “Statements”) of Town of Felsenthal, Arkansas (the “City”) as of December 31, 2024, in accordance with the 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 statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the financial statement.

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


Stephen P. Savage, CPA
August 1, 2025

FELSENTHAL WATER AND SEWER
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

Current Assets:

Cash	\$ 16,714
Accounts Receivable	11,551
Total Current Assets	28,265

Restricted Cash:

Customer Deposits	24,635
Total Restricted Cash	24,635

Property, Plant and Equipment

Property, Plant and Equipment	252,728
Less: Accumulated Depreciation	(116,322)
Total Property Plant and Equipment	136,406

Total Assets	\$ 189,306
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LIABILITIES AND NET POSITON

Current Liabilities:

Accrued Liabilities	\$ 26,406
Customer Deposits	25,250
Total Current Liabilities	\$ 51,656

Net Assets:

Net Invested in Property, Plant and Equipment	136,406
Unrestricted	1,244
Total Net Assets	137,650

Total Liabilites and Net Assets	\$ 189,306
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FELSENTHA WATER AND SEWER
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue			
Water Revenue	\$ 72,287	\$ -	\$ 72,287
Sewer Revenue	5,359	70,772	76,131
Connection Fees	100	-	100
Miscellaneous Income	6,641	1,658	8,299
Total Operating Revenue	<u>\$ 84,387</u>	<u>\$ 72,430</u>	<u>\$ 156,817</u>
Operating Expenses			
Salaries	\$ 46,327	\$ 48,939	\$ 95,266
Utilities	2,520	3,504	6,024
Office Supplies	7,153	1,094	8,247
Repairs and Maintenance	653	19,055	19,708
Dues and Subscriptions	18	-	18
Insurance	1,348	1,348	2,696
Payroll Taxes	3,099	2,379	5,478
Sales Tax	3,273	79	3,352
Legal and Accounting	4,025	4,000	8,025
Rent Expense	290	-	290
Health Insurance	2,971	2,971	5,942
Bank Charges	806	2,464	3,270
Total Operating Expenses	<u>72,483</u>	<u>85,833</u>	<u>158,316</u>
Net Operating Income/(Loss)			(1,499)
Other Revenue and (Expenses)			
Transfer from Other Funds	5,097	6,022	11,119
Transfer to Other Funds	(39,961)	(43,047)	<u>(83,008)</u>
Total Other Revenues and (Expenses)			<u>(71,889)</u>
Net Increase/(Decrease) in Net Position			(73,388)
Beginning Net Position			<u>211,038</u>
Ending Net Position			<u><u>\$ 137,650</u></u>

FELSENTHAL WATER AND SEWER
 COMPARATIVE STATEMENT OF CHANGES IN NET POSITION COMPONENTS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Net Position Beginning of Year</u>	<u>Net Change Current Year</u>	<u>Net Position Year Ended</u>
Schedule of Change In Net Position for 2024			
Net Invested in Fixed Assets	\$ 133,558	\$ 2,848	\$ 136,406
Unrestricted Net Assets	77,480	(76,236)	1,244
	<u>211,038</u>	<u>(73,388)</u>	<u>137,650</u>

TOWN OF FELSENTHAL, ARKANSAS
 SELECTED INFORMATION
 (Substantially All Disclosures Ordinarily Included Under the
 FELSENTHAL WATER AND SEWER
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Increase/(Decrease) in Net Position	\$ (73,338)
Adjustments to Reconcile Decrease in Net Position to Net Cash Provided/(Used) by Operating Activities:	
(Increase)/Decrease in Operating Assets:	
Accounts Receivable	9,278
Increase/(Decrease) in Operating Liabilities:	
Water & Sewer Deposits	674
Payroll Taxes Payable	<u>(9,426)</u>
Net Cash Provided/(Used) in Cash	<u>(72,812)</u>
Net Increase/(Decrease) in Cash	(72,812)
Beginning Cash and Cash Equivalents	<u>159,689</u>
Ending Cash and Cash Equivalents	<u><u>\$ 86,877</u></u>

SUPPLEMENTARY INFORMATION

Amounts Paid for:

Interest	\$ -
Taxes	\$ 3,352