SPADRA-GOOSE CAMP

WATER USERS' ASSOCIATION

INDEPENDENT ACCOUNTANTS' REPORT

ON APPLYING AGREED-UPON PROCEDURES,

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT,

AND FINANCIAL STATEMENTS

DECEMBER 31, 2024

SPADRA-GOOSE CAMP WATER USERS' ASSOCIATION

DECEMBER 31, 2024

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Spadra-Goose Camp Water Users' Association
Clarksville, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the Spadra-Goose Camp Water Users' Association as of and for the year ending December 31, 2024. The Spadra-Goose Camp Water Users' Association management is responsible for the financial and billing records.

The Spadra-Goose Camp Water Users' Association has agreed to and acknowledged that the procedures performed are appropriate to meet their 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:

Cash and Investments

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

   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 these procedures.

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.

   b. Agree ten customer payments on the accounts receivable subledger 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 these procedures.

Accounts Receivable

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

   b. Determine that five customer adjustments were properly authorized.

   All adjustments were made and approved by the water clerk, and we found no exceptions as a result of these procedures.

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.

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

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

   We found no exceptions as a result of these procedures.

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.)

   We found no exceptions as a result of this procedure.

Long-term Debt

6. 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 to Part a. and Part b. We did find exceptions to Part c. regarding the required debt service accounts. The USDA requires Spadra-Goose Camp Users' Association to set aside annually into a separate account an amount sufficient enough to establish and maintain reserves to assure for the replacement of short-lived assets which have a useful life significantly less than the repayment period of the debt. As of December 31, 2024, the $6,733 required deposit was not made into the Asset Reserve account. The balance of the account at December 31, 2024 was $1,022.

General

7. 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 this procedure.

We were engaged by the Spadra-Goose Camp Water Users' Association 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 Spadra-Goose Camp Water Users' Association 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 Spadra-Goose Camp Water Users' Association Management, and Arkansas Office of Legislative Audit and is not intended to be and should not be used by anyone other than those specified parties.

Jones and Lawton, CPAs, P.A.

Jones and Lawton

Russellville, Arkansas
June 20, 2026

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

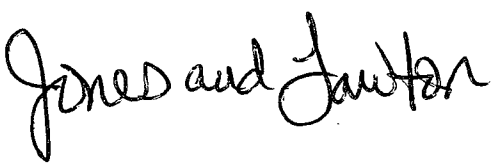
To the Board of Directors
Spadra-Goose Camp Water Users' Association
Clarksville, Arkansas

Management is responsible for the accompanying financial statements of the Spadra-Goose Camp Water Users' Association which comprise the statement of financial position as of December 31, 2024 and the related statement of activities and cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America. 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.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part for placing the financial statements in an appropriate operational, economic or historical context.

Jones and Lawton, CPAs, P.A.



Russellville, Arkansas
June 20, 2026

SPADRA-GOOSE CAMP WATER USERS' ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents - Unrestricted (Note 2)	
Unrestricted	$ 5,827
Restricted	16,840
Accounts Receivable - (Note 3)	36,152
Prepaid Expenses	1,772
Total Current Assets	60,591
PROPERTY AND EQUIPMENT, at cost (Note 4)	
Buildings	34,468
Water System	508,777
Machinery & Equipment	51,095
Office Equipment	8,449
Land	7,422
	610,211
Less: Accumulated Depreciation	448,351
	161,860
	222,451

LIABILITIES

CURRENT LIABILITIES	
Current Maturities of Long-term Debt (Note 5)	2,904
Accounts Payable	45,518
Accrued Expenses	1,847
Total Current Liabilities	50,269
LONG-TERM LIABILITIES	
Long-term Debt (Note 5)	109,775
Customer Deposits	16,185
	125,960

NET ASSETS

Net Invested in Capital Assets	49,181
Unrestricted Net Assets	(3,614)
Restricted Net Assets	655
	46,222
	$ 222,451

SPADRA-GOOSE CAMP WATER USERS' ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING REVENUES	
Water Revenues	$ 191,111
OPERATING EXPENSES	
Water Purchased	116,237
Salaries	37,536
Payroll Taxes	4,609
Insurance	7,296
Supplies & Maintenance	6,000
Utilities	5,537
Office Expense	4,863
Auto Expense	2,957
Legal and Accounting	662
Dues and Subscriptions	536
Depreciation	15,415
	201,648
LOSS FROM OPERATIONS	(10,537)
OTHER INCOME (EXPENSE)	
Interest Income	36
Interest Expense	(4,697)
	(4,661)
CHANGE IN NET POSITION	(15,198)
NET ASSETS, BEGINNING OF YEAR	61,420
NET ASSETS, END OF YEAR	$ 46,222

SPADRA-GOOSE CAMP WATER USERS' ASSOCIATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Water Customers	$ 175,981
Payments to Suppliers	(112,187)
Payments to Employees	(37,536)
Payments for Other Admin Costs	(18,615)
Net Cash Provided (Used) by Operating Activities	7,643
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Increase (Decrease) in Customers' Deposits	930
Net Cash Provided by Non-Capital Financing Activities	930
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	36
Net Cash Provided by Investing Activities	36
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Long-term Debt	(2,788)
Interest Paid on Long-term Debt	(4,697)
Net Cash Used by Financing Activities	(7,485)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,124
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	21,543
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 22,667
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash Paid During the Year for Interest	$ (4,695)
Reconciliation of Cash to the Statement of Financial Position	
Unrestricted	$ 5,827
Restricted	16,840
	$ 22,667

SPADRA-GOOSE CAMP WATER USERS' ASSOCIATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2024

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Loss from Operations	$ (10,537)
Adjustments to Reconcile Operating Loss to Cash Provided by Operating Activities:	
Depreciation	15,415
(Increase) Decrease in Accounts Receivable	(14,836)
(Increase) Decrease in Prepaid Expenses	(87)
(Increase) Decrease in Employee Advances	730
Increase (Decrease) in Accounts Payable	19,080
Increase (Decrease) in Accrued Expenses	(2,122)
	18,180
Net Cash Provided by Operating Activities	$ 7,643

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Spadra-Goose Camp Water Users' Association is a utility established as a provider of water to residents of rural Johnson County, Arkansas, in an association form governed by an elected board of directors.

Organization

The Association is a proprietary fund type utilizing enterprise funds to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public safety, management control, accountability, or other purposes.

Fund Accounting

The accounts of the Association are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Revenue resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Association are grouped in the financial statements into one generic fund type.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Association uses the accrual basis of accounting which recognizes revenues when they are earned and expenses when they are incurred.

Cash Equivalents

The Association considers cash equivalents to be short-term highly liquid certificates of deposit with original maturities of three months or less which are readily convertible to known amounts of cash. For purposes of the Statements of Cash Flows, cash and cash equivalents include "Cash and cash equivalents" and "Restricted Cash and cash equivalents". The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

Accounts Receivable and Bad Debts

Accounts receivables are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Customers are required to make a deposit which is recorded on the balance sheet. When a bad debt is identified, the deposit can be offset against the receivable to mitigate the bad debt.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost and is being depreciated over the estimated useful lives of the assets using the straight-line depreciation method. Estimated useful lives are as follows:

Buildings	15 - 40
Pumping Stations, Tanks & Equipment	10 - 50
Furniture, Fixtures & Equipment	5 - 15

Depreciation expenses for the year ended December 31, 2024 amounted to $15,415. Repairs and maintenance are expenses as incurred.

Accounts Payable

The Association has a large balance payable to Hartman Water, its supplier of water, which was $43,124 at December 31, 2024. Payments of $500 per month to pay the past due balance are being paid monthly, in addition to paying the current charges.

Income Tax

The Spadra-Goose Camp Water Users' Association is non-taxable for Federal and State income tax purposes under the Internal Revenue Code Section 501(c)12.

Compensated Absences

Employees of the Association are entitled to paid vacations and sick days depending on job classification, length of service, and other factors. It is important to estimate the amount of compensation for future absences, however, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.

Net Position Classifications

Net position is classified and displayed in the following three components:

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted net position – All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Regulatory Environment

The quality of water furnished to customers is subject to the requirements of the Environmental Protection Agency under the Safe Drinking Water Act and the Arkansas Health Department.

Fair Value of Financial Instruments

The Association's financial instruments include cash and cash equivalents. The carrying amounts of these financial instruments have been estimated by management to approximate fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

At December 31, 2024, the Association had unrestricted and restricted cash as follows:

Unrestricted	
Revenue and Operating Fund	$ 5,827
Restricted	
Meter Fund	8,252
Debt Service Fund	7,566
Depreciation Fund	1,022
	16,840
	$ 22,667

Spadra-Goose Camp Water Users Association is required by the USDA to set aside into a reserve account the sum of $63 per month until the sum of $7,488 is reached. At December 31, 2024, the debt reserve was fully funded.

The Association is also required by the USDA to set aside $6,733 annually into a separate account an amount sufficient enough to establish and mainain reserves to assure for the replacement of short-lived assets which have a useful life significantly less than the repayment period of the debt. As of December 31, 2024, the $6,733 required deposit was not made into the Asset Reserve account due to severe water loss in previous years. The balance in the account at December 31, 2024 was $1,022.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts Receivable consisted of the following at December 31, 2024:

Amounts Billed to Customers	$ 30,619
Accrued Revenues	5,533
	$ 36,152

NOTE 4: PROPERTY AND EQUIPMENT

At December 31, 2024, the Association had property and equipment as follows:

	12-31-2023	Additions	Deletions	12-31-2024
Buildings	$ 34,468			$ 34,468
Water System	508,777			508,777
Machinery & Equipment	51,095			51,095
Office Equipment	8,449			8,449
Land	7,422			7,422
	$ 610,211			$ 610,211

NOTE 5: LONG-TERM NOTES

Long-term debt at December 31, 2024 consists of the following:

	12-31-2023	Additions	Reductions	12-31-2024
4.5% note payable to USDA Rural Development payable in monthly installments of $364 including interest, secured by the water system.	$ 64,691		$ 1,487	$ 63,204
3.625% note payable to USDA Rural Development payable in monthly installments of $260 including interest, secured by the water system.	50,776		1,301	49,475
	$ 115,467		$ 2,788	112,679
Less: current maturities				2,904
				$ 109,775

The aggregate maturities of long-term debt are as follows:

	Principal	Interest	Total
2025	2,904	4,584	7,488
2026	3,026	4,462	7,488
2027	3,152	4,336	7,488
2028	3,284	4,204	7,488
2029	3,421	4,067	7,488
2030-34	19,373	18,067	37,440
2035-39	23,787	13,653	37,440
2040-44	29,219	8,221	37,440
2045-48	24,513	1,861	26,374
	$ 112,679	$ 63,455	$ 176,134

NOTE 6: METER DEPOSITS

In previous years the meter deposit bank account was used due to severe water loss. As of December 31, 2024, $16,185 was the customer deposit payable balance and the balance in the bank account was $8,252, resulting in a difference of $7,933.

NOTE 7: CONCENTRATION OF RISK

The Association maintains cash balances with a local bank. The balances at this bank are secured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. There were no uninsured deposits at December 31, 2024.

The Association provides water services to rural areas of Johnson County, Arkansas. The Association grants unsecured credit to its customers. The credit risk is considered minimal because the monthly revolving accounts receivable balances are small, the customer base is very stable with minimal changes, and the limited geographical area covered.

NOTE 8: SCHEDULE OF RATES

Effective January 1, 2024:

Monthly Water Rates:

a. Minimum charge on first 1,000 gallons, $38.46
b. Charge of $9.81 per 1,000 gallons of additional usage

NOTE 9: CUSTOMERS

The number of customers using the water services as of December 31, 2024 was 197.

NOTE 10: INSURANCE COVERAGE

Company: EMC Insurance
Expiration: 3/8/2025
Coverage: Property, Liability, Auto, Workers Comp, Crime, Professional Liability
Total amount of property insurance coverage: $421,586

NOTE 11: SUBSEQUENT EVENTS

The Association considers there to be no significant events to be reported through June 20, 2026, which is the date the financial statements were available to be issued.