

**CITY OF HACKETT, ARKANSAS WATER
AND SEWER DEPARTMENT**

**AGREED-UPON PROCEDURES REPORT AND
COMPILED FINANCIAL STATEMENTS**

JUNE 30, 2025 AND 2024



**CITY OF HACKETT, ARKANSAS WATER
AND SEWER DEPARTMENT**

JUNE 30, 2025 AND 2024

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Hackett, Arkansas Water and Sewer Department
Hackett, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Hackett Water and Sewer Department, (the Department) as of and for the year ended June 30, 2025. The City of Hackett Water and Sewer Department's management is responsible for the financial and billing records.

The City of Hackett Water and Sewer Department's has agreed to and acknowledged that the procedures performed are appropriate to meet the 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:

(1) Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance. We concluded this procedure with no findings.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with no findings.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater. The ending balances for all accounts were within these parameters.

(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. We concluded this procedure with no findings and found the deposits were within the parameters.

- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure with no findings.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We concluded this procedure with no findings.

(3) Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger. We concluded this procedure with no findings.
- B. Determine that five customer adjustments were properly authorized. We concluded this procedure with no findings.

(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. We concluded this procedure with no findings and found the disbursements to be within the parameters.
- B. Analyze all property, plant and equipment disbursements. We concluded this procedure with no findings.
- C. Select all disbursements to employees other than payroll and ten other disbursements and determine if they were adequately documented. We concluded this procedure with no findings.

(5) Property, plant and equipment

- A. Determine that additions and disposals were properly accounted for in the records. We concluded this procedure with no findings.

(6) Long-term debt

- A. Schedule long-term debt and verify changes in all balances for the year. We concluded this procedure with no findings.
- B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. We concluded this procedure with no findings.
- C. Determine that the appropriate debt service accounts have been established and maintained. This procedure was not applicable.

(7) General

- A. Determine that any items of financial significance were approved and documented in the minutes of the City Council meetings. The minutes were provided to us and were read. We found all financially significant items to be documented.

We were engaged by the City of Hackett 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 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 City of Hackett Water and Sewer Department 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 City of Hackett Water and Sewer Department and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
December 18, 2025



To the Honorable Mayor and City Council
City of Hackett, Arkansas Water and Sewer Department
Hackett, Arkansas

Management is responsible for the accompanying financial statements of the City of Hackett Water and Sewer Department, which comprise the statements of net position as of June 30, 2025 and 2024 the related statements of revenues, expenses and changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States 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.

The financial statements referenced in the first paragraph of this report present only the water department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Hackett Water and Sewer Department, as of June 30, 2025 and 2024, and the changes in its financial position in conformity with accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Department's financial position, results of operations, and cash flows. Accordingly, these financial statements are not for those who are not informed about such matters.

Accounting principles generally accepted in the United States of America require that state and local governments recognize pension liabilities, deferred outflows and inflows of resources related top pensions, and expense/expenditures related to participation in certain pension plans. The Department has not recorded its proportionate share of the pension liability, nor deferred outflows and inflows related to pensions, in the accompanying financial statements. Management has not determined the effect of this departure on the financial statements, but it is presumed to be material.

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 of the financial for placing the financial statements in an appropriate operational, economic or historical context.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
December 18, 2025

FINANCIAL STATEMENTS

CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF NET POSITION

AS OF JUNE 30,	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 135,907	\$ 92,272
Restricted checking accounts	238,998	219,070
Accounts receivable	35,003	33,847
Prepaid insurance	2,193	2,278
Total Current Assets	412,101	347,467
Noncurrent Assets - Capital Assets		
Land and mineral rights	80,350	80,350
Water system	3,218,173	2,705,863
Machinery and equipment	30,582	30,582
Buildings	23,305	23,305
Office Equipment	7,816	7,816
Construction in process	-	29,265
Total	3,360,226	2,877,181
Less accumulated depreciation	(2,057,026)	(1,987,012)
Total Net Capital Assets	1,303,200	890,169
Total Assets	1,715,301	1,237,636
Deferred Outflows of Resources		
Deferred amount on refunding of debt, net of amortization	34,706	39,912
Total Deferred Outflows of Resources	34,706	39,912
Total Assets and Deferred Outflows of Resources	\$ 1,750,007	\$ 1,277,548

See accountant's compilation report.

CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF NET POSITION

AS OF JUNE 30,	2025	2024
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 12,565	\$ 12,414
Accrued wages	2,529	3,777
Payroll taxes payable	1,113	1,111
Due to other funds	6,475	6,299
Sales tax payable	1,930	2,000
Customer meter deposits	37,496	35,592
Accrued interest	11,707	12,179
Current maturity of long-term debt	50,000	45,000
Total Current Liabilities	123,815	118,372
Noncurrent Liabilities		
Long-term debt, net of unamortized bond discounts	862,378	911,921
Total Noncurrent Liabilities	862,378	911,921
Total Liabilities	986,193	1,030,293
Net Position		
Net investment in capital assets	425,528	-
Restricted	71,753	71,759
Unrestricted	266,533	175,496
Total Net Position	763,814	247,255
Total Liabilities and Net Position	\$ 1,750,007	\$ 1,277,548

See accountant's compilation report.

CITY OF HACKETT, ARKANSAS WATER AND SEWER DEPARTMENT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,	2025	2024
Water and Sewer Revenue	\$ 418,830	\$ 402,288
Operating Expenses		
Water purchases	68,550	67,910
Sanitation services	65,610	67,944
Salaries and wages	66,628	64,991
Payroll taxes	4,493	4,210
Office supplies	5,162	6,146
Professional fees	6,400	6,400
Operating supplies	16,749	12,419
Repairs	10,900	3,655
Auto expense	3,147	4,299
Utilities	5,917	7,256
Telephone	2,049	1,854
Water sample tests	1,260	956
Insurance	3,944	3,328
Memberships, dues, and licenses	4,913	3,031
Miscellaneous expenses	8,873	9,120
Depreciation	79,628	70,033
Total Operating Expenses	354,223	333,552
Net Income From Operations	64,607	68,736
Other Income (Expenses)		
ACEDP grant	492,659	29,265
Interest income	5,537	5,755
Interest expense, inclusive of amortization of bond discount and amortization of deferred amount on advance refunding	(42,299)	(43,717)
Transfer (to)/from other funds	(3,945)	(4,730)
Total Net Other Income (Expenses)	451,952	(13,427)
Change in Net Position	516,559	55,309
Net Position at Beginning of Year	247,255	191,946
Net Position at End of Year	\$ 763,814	\$ 247,255

See accountant's compilation report.