CARTHAGE WATER & SEWER SYSTEM

CARTHAGE, ARKANSAS

DECEMBER 31, 2022

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— CERTIFIED PUBLIC ACCOUNTANTS —

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Carthage Water & Sewer System
Carthage, Arkansas

We have performed the procedures enumerated below on the accounting records of Carthage Water & Sewer System as of and for the year ended December 31, 2022. Carthage Water & Sewer System's management is responsible for the entity's accounting records.

Carthage Water & Sewer System 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.

    Finding: Step 2c could not be completed. The receipt reports maintained by Carthage Water & Sewer System do not agree daily deposits with cash/check payment reports.

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.

    Finding: Step 4c found no documentation related to employee mileage reimbursements. All other disbursements tested had proper documentation.

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 Carthage Water & Sewer System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Cettified 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 Carthage Water & Sewer System. 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 Carthage Water & Sewer System 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 Carthage Water & Sewer System 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
December 30, 2025

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
Carthage Water & Sewer System
Carthage, AR

Management is responsible for the accompanying financial statements of Carthage Water & Sewer System, which comprise the statement of assets, liabilities, and net position – cash basis as of December 31, 2022, and the related statement of cash receipts and cash disbursements for the year then ended, 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 statements, 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 these financial statements.

The financial statements are prepared in accordance with the 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 cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Carthage Water & Sewer System's cash position, and results of operations – cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

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

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
December 30, 2025

CARTHAGE WATER & SEWER SYSTEM
STATEMENT OF ASSETS, LIABILITIES
AND NET POSITION - CASH BASIS
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:	
Cash - Operating and Maintenance	42,885
RESTRICTED ASSETS:	
Cash - Reserve	14,593
Cash - Depreciation	429
Cash - Meter Deposit	5,063
TOTAL RESTRICTED ASSETS	20,085
TOTAL ASSETS	$ 62,970

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Current Portion of Long-Term Debt	$ 6,619
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	
Meter Deposits	5,148
LONG-TERM LIABILITIES:	
Note Payable	224,082
TOTAL LIABILITIES	235,849
NET POSITION:	
Restricted	14,937
Unrestricted	(187,816)
TOTAL NET POSITION	(172,879)
TOTAL LIABILITIES AND NET POSITION	$ 62,970

See Independent Accountants' Compilation Report.

CARTHAGE WATER & SEWER SYSTEM
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR YEAR ENDED DECEMBER 31, 2022

CASH RECEIPTS:		
Collections from Customers	$	86,189
Interest Income		6
TOTAL CASH RECEIPTS		86,195
CASH DISBURSEMENTS:		
Payroll Expenses		19,930
Debt Service - Principal		6,619
Debt Service - Interest		8,722
Contract Labor		10,428
Office Supplies		1,910
Dues and Fees		662
Laboratory Services		340
Taxes		9,458
Insurance		7,642
Repairs and Maintenance		3,296
Sales Tax Expense		925
Supplies		1,654
Travel		1,903
Utilities		9,888
Miscellaneous		459
TOTAL CASH DISBURSEMENTS		83,836
NET CHANGE IN CASH AND CASH EQUIVALENTS		2,359
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		60,611
CASH AND CASH EQUIVALENTS - END OF YEAR	$	62,970

See Independent Accountants' Compilation Report.