

**CITY OF HAVANA, ARKANSAS
WATER AND SEWER SYSTEM**

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

DECEMBER 31, 2024 AND 2023



PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF HAVANA, ARKANSAS WATER AND SEWER SYSTEM

DECEMBER 31, 2024 AND 2023

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Havana, Arkansas Water and Sewer System
Havana, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the City of Havana, Arkansas Water and Sewer Department, (the Department) as of and for the year ended December 31, 2024. The City of Havana, Arkansas Water and Sewer Department's management is responsible for the financial and billing records.

The City of Havana, Arkansas Water and Sewer Department 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 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 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. Not applicable as the Department had no long-term debt.
 - B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. Not applicable as the Department had no long-term debt.
 - C. Determine that the appropriate debt service accounts have been established and maintained. Not applicable as the Department had no long-term debt.
- (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 Havana, Arkansas 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 Havana, Arkansas 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 Havana, Arkansas 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
January 9, 2026



To the Honorable Mayor and City Council
City of Havana, Arkansas Water and Sewer System
Havana, Arkansas

Management is responsible for the accompanying financial statements of the City of Havana, Arkansas Water and Sewer Department, which comprise the statements of net position as of December 31, 2024 and 2023, 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 and sewer department enterprise fund and do not purport to, and do not, present fairly the financial position of the City of Havana, as of December 31, 2024 and 2023, 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.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 9, 2026

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FINANCIAL STATEMENTS

CITY OF HAVANA, ARKANSAS WATER AND SEWER SYSTEM

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 292,757	\$ 712,937
Certificate of deposits	854,614	368,472
Restricted checking and savings accounts	12,527	10,806
Accounts receivable, less allowance for doubtful accounts of \$1,609 and \$655 respectively	42,672	32,879
Total Current Assets	1,202,570	1,125,094
Noncurrent Assets - Capital Assets		
Water and sewer system	1,221,772	1,221,772
Furniture and fixtures	2,845	2,845
Computer system	5,428	5,428
Building improvements	1,926	1,926
Vehicles	108,442	73,387
Total	1,340,413	1,305,358
Less accumulated depreciation	(905,766)	(846,253)
Net Noncurrent Assets - Capital Assets	434,647	459,105
Total Assets	\$ 1,637,217	\$ 1,584,199
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 25,500	\$ 15,143
Wages payable	2,661	-
Payroll taxes payable	1,514	2,021
Sales tax payable	2,321	1,740
Customer meter deposits	12,220	10,483
Total Current Liabilities	44,216	29,387
Total Liabilities	44,216	29,387
Net Position		
Net investment in capital assets	434,647	459,105
Unrestricted	1,158,354	1,095,707
Total Net Position	1,593,001	1,554,812
Total Liabilities and Net Position	\$ 1,637,217	\$ 1,584,199

See accountant's compilation report.

CITY OF HAVANA, ARKANSAS WATER AND SEWER SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2024	2023
Operating Revenue		
Water revenues, less bad debts	\$ 465,132	\$ 368,737
Other income	11,297	4,722
Total Operating Revenue	476,429	373,459
Operating Expenses		
Water purchases	179,565	143,575
Salaries and wages	71,344	69,777
Auto expense	4,803	3,821
Insurance expense	28,941	29,968
Repairs and maintenance	25,443	54,406
Testing and travel	2,080	2,346
Utilities	75,264	38,013
Supplies	3,025	14,564
Payroll taxes	5,690	5,529
Fees and licenses	4,601	964
Miscellaneous	14,573	5,723
Depreciation expense	59,513	53,136
Total Operating Expenses	474,842	421,822
Net Income (Loss) From Operations	1,587	(48,363)
Nonoperating Revenues (Expenses)		
Interest income	36,602	11,281
Change in Net Position	38,189	(37,082)
Net Position at Beginning of Year	1,554,812	1,591,894
Net Position at End of Year	\$ 1,593,001	\$ 1,554,812

See accountant's compilation report.