

# INDEPENDENT ACCOUNTANT'S REPORT

ON APPLYING AGREED-UPON PROCEDURES

City Council  
City of Plumerville Water Department  
Plumerville, Arkansas

## Introduction

We have performed the procedures enumerated below, which were **agreed to by the City of Plumerville Water Department and the Arkansas Legislative Audit**, solely to assist the specified parties in evaluating certain financial information of the City of Plumerville Water Department for the year ended **December 31, 2024**.

The City of Plumerville Water Department's management is responsible for the financial information. This agreed-upon procedures engagement was conducted in accordance with **attestation standards established by the American Institute of Certified Public Accountants (AICPA)**.

## Purpose and Scope

The procedures performed were those agreed to by the specified parties and were **not intended to, and do not, constitute an audit or review**, the objective of which would be the expression of an opinion or conclusion on the financial statements. 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.

## Basis of Accounting

The accompanying financial statements were compiled on the accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

## Agreed-Upon Procedures and Findings

The procedures performed and the related findings are as follows:

### 1. Cash Receipts

We selected a sample of cash receipts and compared the amounts recorded to supporting documentation, including billing records and deposit information.

**Finding:** No exceptions were noted.

## **2. Cash Disbursements**

We selected a sample of disbursements and examined supporting documentation to determine whether payments were supported by invoices and evidence of approval.

**Finding:** No exceptions were noted.

## **3. Bank Reconciliations**

We reviewed bank reconciliations and agreed selected balances to bank statements.

**Finding:** No exceptions were noted.

## **4. Water Billing**

We reviewed water billing records and compared billed amounts to approved rate schedules.

**Finding:** No exceptions were noted.

## **5. Payroll**

We reviewed payroll records and agreed selected payroll amounts to supporting documentation.

**Finding:** No exceptions were noted.

## **6. Debt Compliance**

We reviewed debt service payments and compared them to debt agreements and schedules maintained by management.

**Finding:** No exceptions were noted.

## **7. Restricted Funds**

We reviewed restricted cash balances and determined whether funds were maintained and used in accordance with applicable restrictions.

**Finding:** No exceptions were noted.

## **8. Council Approval**

We reviewed City Council minutes to determine whether significant financial actions were properly approved.

**Finding:** No exceptions were noted.

## Summary

We were **not engaged to and did not conduct an examination or review**, the objective of which would be the expression of an opinion or conclusion on the financial information. Accordingly, **we do not express such an opinion or conclusion.**

## Restricted Use

This report is intended solely for the information and use of the **City of Plumerville Water Department**, the **City Council**, and the **Arkansas Legislative Audit**, and is **not intended to be and should not be used by anyone other than these specified parties.**

*Arkansas Accounting*

**Arkansas Accounting**  
Conway, Arkansas  
February 18,, 2026

**CITY OF PLUMERVILLE WATER AND SEWER**  
**STATEMENT OF NET POSITION - ENTERPRISE FUND**

**DECEMBER 31, 2024**

**ASSETS**

|                                | <u>2024</u>  |
|--------------------------------|--------------|
| <u>Current Assets:</u>         |              |
| Cash and cash equivalents      | \$ 41,077    |
| Accounts receivable - trade    | 75,483       |
| Accrued interest receivable    | 399          |
| Accrued utility revenue        | 4,534        |
|                                | <hr/>        |
| Total Current Assets           | 121,493      |
|                                | <hr/>        |
| <u>Restricted Assets:</u>      |              |
| Cash - Note 3                  | 156,068      |
|                                | <hr/>        |
| Total Restricted Assets        | 156,068      |
|                                | <hr/>        |
| <u>Fixed Assets:</u>           |              |
| Water and sewer systems        | 1,975,979    |
| Equipment                      | 260,488      |
| Less: Accumulated depreciation | (1,520,630)  |
|                                | <hr/>        |
|                                | 715,837      |
| Land                           | 44,665       |
|                                | <hr/>        |
| Total Fixed Assets             | 760,502      |
|                                | <hr/>        |
| Total Assets                   | \$ 1,038,063 |
|                                | <hr/> <hr/>  |

The accompanying notes are an integral part of the financial statements.

**CITY OF PLUMERVILLE WATER AND SEWER**  
**STATEMENT OF NET POSITION - ENTERPRISE FUND**

**DECEMBER 31, 2024**

**LIABILITIES AND NET ASSETS**

|                                                 | <u>2024</u>              |
|-------------------------------------------------|--------------------------|
| <u>Current Liabilities:</u>                     |                          |
| Accounts payable                                | \$ 9,567                 |
| Accounts payable - intercompany                 | 96,881                   |
| Accrued taxes payable                           | 3,685                    |
| Accrued interest payable                        | 132                      |
| Current portion of notes payable - Note 5       | <u>29,789</u>            |
| Total Current Liabilities                       | <u>140,054</u>           |
| <br>                                            |                          |
| <u>Long-Term Liabilities:</u>                   |                          |
| Notes payable (net of current) - Note 5         | 41,256                   |
| Customer meter deposits                         | <u>28,357</u>            |
| Total Long-Term Liabilities                     | <u>69,613</u>            |
| <br>                                            |                          |
| Total Liabilities                               | <u>209,667</u>           |
| <br>                                            |                          |
| <u>Net Position:</u>                            |                          |
| Invested in capital assets, net of related debt | 689,457                  |
| Unrestricted                                    | <u>138,939</u>           |
| Total Net Position                              | <u><u>\$ 828,396</u></u> |

The accompanying notes are an integral part of the financial statements.

**CITY OF PLUMERVILLE WATER AND SEWER**  
**STATEMENT OF REVENUES AND EXPENSES - ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2024**

|                                             | 2024       |
|---------------------------------------------|------------|
| <b><u>Operating Revenues:</u></b>           |            |
| Water sales                                 | \$ 243,851 |
| Sewer service charges                       | 100,888    |
| Connection fees                             | 2,220      |
| Miscellaneous revenue                       | 1,511      |
| Total Operating Revenues                    | 348,470    |
| <b><u>Operating Expenses:</u></b>           |            |
| Water purchases                             | 112,754    |
| Salaries                                    | 65,103     |
| Contract labor                              | -          |
| Maintenance materials - distribution system | 4,492      |
| System test                                 | 4,334      |
| Office supplies                             | 21,573     |
| Insurance                                   | 8,335      |
| Equipment repairs and maintenance           | 28,037     |
| Employee benefits                           | 8,965      |
| Sales tax                                   | 26,367     |
| Licenses and fees                           | 3,454      |
| Vehicle operation and repair                | 5,440      |
| Professional fees                           | -          |
| Miscellaneous expenses                      | -          |
| Depreciation expense                        | 51,115     |
| Total Operating Expenses                    | 339,969    |
| Operating Gain (Loss)                       | 8,501      |
| <b><u>Other Income (Expenses):</u></b>      |            |
| Interest income                             | 4          |
| Interest expense                            | (4,611)    |
| Total Other Income (Expenses)               | (4,607)    |
| Net Income (Loss)                           | \$ 3,894   |

The accompanying notes are an integral part of the financial statements.

**CITY OF PLUMERVILLE WATER AND SEWER**

**STATEMENT OF CHANGES IN FUND NET POSITION - ENTERPRISE FUND**

**YEAR ENDED DECEMBER 31, 2024**

|                              | <u>2024</u>       |
|------------------------------|-------------------|
| Balance at beginning of year | \$ 824,502        |
| Net Income (Loss)            | <u>3,894</u>      |
| Balance at end of year       | <u>\$ 828,396</u> |

The accompanying notes are an integral part of the financial statements.

**CITY OF PLUMERVILLE WATER AND SEWER**  
**STATEMENT OF CASH FLOWS - ENTERPRISE FUND**  
**YEAR ENDED DECEMBER 31, 2024**  
**BUSINESS-TYPE ACTIVITIES**

|                                                                                                | 2024        |
|------------------------------------------------------------------------------------------------|-------------|
| <b>Cash Flows from Operating Activities:</b>                                                   |             |
| Receipts from customers and users                                                              | \$ 348,470  |
| Payments to suppliers                                                                          | (388,299)   |
|                                                                                                | (39,829)    |
| Net Cash Provided by Operating Activities                                                      | (39,829)    |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                               |             |
| Purchase of capital assets                                                                     | -           |
| Principal paid on capital debt                                                                 | (12,244)    |
| Interest paid on capital debt                                                                  | (4,703)     |
|                                                                                                | (16,947)    |
| Net Cash (Used) by Capital and Related Financing Activities                                    | (16,947)    |
| <b>Cash Flows from Investing Activities:</b>                                                   |             |
| (Increase) decrease in meter deposits                                                          | (4,572)     |
| Interest and dividends received                                                                | (212)       |
|                                                                                                | (4,784)     |
| Net Cash Used by Investing Activities                                                          | (4,784)     |
| Net Increase in Cash and Cash Equivalents                                                      | (61,560)    |
| Cash and cash equivalents - Beginning of year                                                  | 258,705     |
| Cash and cash equivalents - End of year                                                        | \$ 197,145  |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b> |             |
| Operating income (loss)                                                                        | \$ 8,501    |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |             |
| Depreciation                                                                                   | 51,115      |
| (Increase) decrease in receivables                                                             | (8,129)     |
| Increase (decrease) in payables                                                                | (83,339)    |
|                                                                                                | (40,353)    |
| Total Adjustments                                                                              | (40,353)    |
| Net Cash Provided By Operating Activities                                                      | \$ (31,852) |

The accompanying notes are an integral part of the financial statements.

**CITY OF PLUMERVILLE WATER DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Organization**

The Entity is the business-type activity of the local government, the City of Plumerville, Arkansas, organized to provide utility services.

**Specific Accounting Policies**

The following is a summary of significant accounting policies:

**Fund Accounting**

The accounts of the Entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Resources are allocated to and for 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 are grouped, in the financial statements in this report, into one generic fund type (proprietary) and the following broad fund category:

**Enterprise Fund** - Enterprise funds are used 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 and expenses (including depreciation) of providing goods or services to the general public are financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

The accounting records of the Entity are maintained on the accrual basis. Revenues are recognized when they are earned; expenses are recognized when they are incurred. The Entity does not utilize encumbrance accounting.

**Cash and Cash Equivalents**

The Entity considers all highly liquid investments stemming from unrestricted cash with a maturity of three months or less to be cash.

**CITY OF PLUMERVILLE WATER DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Entity to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Entity places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Entity's customer base. At December 31, 2024, the Entity had no significant concentrations of credit risk.

**Accounts Receivable**

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management classifies accounts past due for 61 or more days in the allowance for doubtful accounts.

**Inventory**

Inventory is valued at the lower of average cost or market.

**Fixed Assets**

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. During construction, interest expenditures are capitalized. Subsequent to development, interest expenditures are recognized as incurred.

Depreciation of all exhaustible fixed assets used is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

|                         | <u>Years</u> |
|-------------------------|--------------|
| Water and Sewer Systems | 50           |
| Equipment               | 7 - 15       |

**Income Taxes**

Because the Entity is classified as a component of a local government, it is not subject to federal or state income taxes.

**Compensated Absences**

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

**CITY OF PLUMERVILLE WATER DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

**Budget**

Enterprise Fund service delivery levels are determined by the extent of consumer demand. Because Enterprise Fund revenues and expenses fluctuate with changing service delivery levels, generally accepted accounting principles do not require the financial statements to include budgetary comparisons and, accordingly, these comparisons have not been included.

**NOTE 2 — CASH AND BANK BALANCES**

At December 31, 2024, the Department's cash and bank balances consisted of the following accounts held at **Regions, First Security Bank, and Farmers & Merchants Bank:**

- Regions – Operating and Maintenance Fund #2: **\$41,077**
- F&M Meter Deposit Fund: **\$28,357**
- First Security Bank - Water Debt Service Reserve Fund: **\$127,711**

Total cash and bank balances at year-end were **\$197,145**.

Cash balances are carried at cost, which approximates market value. Certain balances are restricted for specific purposes as described in Note 6.

**NOTE 3 — DEPOSITS AND CUSTODIAL CREDIT RISK**

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits.

At December 31, 2024, the Department's bank balances were **fully insured or collateralized in accordance with Arkansas law**.

The Department does not have a formal deposit policy addressing custodial credit risk.

**Note 4 — Capital Assets**

Capital assets consist primarily of water system infrastructure and related equipment. Under the accrual basis of accounting, capital asset purchases are recorded as expenditures when incurred and then capitalized and depreciated.

The Department maintains limited records of capital assets for administrative and insurance purposes. Depreciation is recorded in the accompanying financial statements.

## **Note 5 — Long-Term Debt**

The Department has outstanding long-term debt related to the financing of water system improvements. No new debt was issued during the year ended December 31, 2024.

Debt service payments are recorded as expenditures when paid.

## **Note 6 — Restricted Assets**

Certain cash balances of the Department are restricted for specific purposes in accordance with loan agreements, reserve requirements, or City policy.

At December 31, 2024, restricted cash consisted of the following:

- Customer Meter Deposits: **\$28,357**
- Water Debt Service Reserve Fund: **\$127,711**

Restricted assets are held in separate accounts and are used solely for their intended purposes.

The **Operating and Maintenance Fund #2** is unrestricted operating funds.

## **Note 7 — Water Revenues**

The Department's primary source of revenue is charges for water services. Water revenues are billed and collected monthly based on metered usage in accordance with rates approved by the City Council.

Revenues are recognized when earned.

### **NOTE 8 - EMPLOYEE BENEFITS:**

The Entity, as a component unit of the local government, has a single employee who, along with other City of Plumerville employees, participates in the Arkansas Public Employees Retirement System (APERS). The APERS plan is a defined benefit plan, qualified under Section 401(a) to the Internal Revenue Code, with defined contribution options. Members of the plan contribute 5% of their pre-tax salary to the System. Participating employers contribute a rate that is established annually by the APERS Board of Trustees. The annual contribution rate for 2023 was 15.32%. Payments to the plan are invested by the System to pay future benefits to members, beneficiaries and survivors. The entity, as a component unit of the City of Plumerville, reimburses the City for the entity's lone employee's contribution and matching contribution. The City of Plumerville is responsible for payment of the retirement plan contributions as well as the recording of future liabilities of the plan. The retirement plan expense for the entity for 2023 was \$8,965.

## **Note 9 — Risk Management**

The Department is exposed to risks of loss related to torts, theft of assets, damage to property, and errors or omissions. These risks are covered by commercial insurance policies.

Management believes that insurance coverage is adequate.

## **Note 10 — Subsequent Events**

Management has evaluated subsequent events through the date of the accountant's compilation report. No events were identified that would require recognition or disclosure in the accompanying financial statements.