

TRI CITY UTILITIES, INC.

AGREED-UPON PROCEDURES AND COMPILATION REPORT

Year Ended December 31, 2023

Williams & Morris, Accounting & Tax Service, LLC

Sheila Williams, CPA

Jodi Morris

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Officers and Members
Tri City Utilities, Inc.
PO Box 97
O'Kean AR 72449

We have performed the procedures enumerated below, which were agreed to by the management of Tri City Utilities, solely to assist you with respect to the accounting records of management as of and for the year ended December 31, 2023. This report is prepared in accordance with Ark. Code Ann. 14-234-119 through 122. Tri City Utilities management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and 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. Determine the ending book balance is within 5% or \$500, whichever is greater, of the proof of cash.
C. Confirm with depository institutions the cash on deposit and investments.

We found no exceptions as a result of the above procedures.

Receipts

2. A. Determine total receipts per journal are within 5% or \$500, whichever is greater, of deposits per proof of cash
B. Agree ten (10) 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.

The above procedure "B" could not be tested as described. Tri City Utilities outsources their billings. We traced payments from the outsourcing entity to the bill/payment summary, receipt, and deposit. We found no exceptions as a result of the above procedures "A" and "C".

Accounts Receivable

3. A. Agree ten (10) customer billings to the accounts receivable subledger.
B. Determine that five (5) customer adjustments were properly authorized.

The above procedure could not be tested as described. Tri City Utilities outsources their billings. We traced billing/payment summaries and payments from the outsourcing entity to the receipt and deposit. We found no exceptions as a result of the above procedures.

Disbursements

4.
 - A. Determine total disbursements per journal are within 5% or \$500, whichever is greater, of deposits per proof of cash.
 - B. Analyze all property, plant, and equipment disbursements.
 - C. Determine all disbursements paid to employees other than payroll and ten (10) other disbursements were adequately documented. (Materiality level – 5% of total dollars of selected disbursements or \$500, whichever is greater.)

We found no exceptions as a result of the above procedures.

Property, Plant, and Equipment

5.
 - 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 above procedures.

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 as a result of the above procedures.

General

7.
 - 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 above procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Tri City Utilities, Inc., Arkansas Rural Development Services, and the Division of Legislative Audit, and is not intended to be and should not be used by anyone other than those specified parties. However, pursuant to Arkansas Code Annotated §10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

Sheila Williams, CPA

Williams & Morris Accounting & Tax Service, LLC

October 7, 2024

Williams & Morris, Accounting & Tax Service, LLC

Sheila Williams, CPA

Jodi Morris

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Officers and Members
Tri City Utilities, Inc.
PO Box 97
O'Kean, AR 72449

Management is responsible for the accompanying financial statements of Tri City Utilities, which comprise the statement of net position as of December 31, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year 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. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

Williams & Morris

Williams & Morris Accounting & Tax Service, LLC
Imboden, Arkansas

October 7, 2024

TRI CITY UTILITIES, INC.

Statement of Financial Position

December 31, 2023

Current Assets

Cash and cash equivalents 30,062

Total Current Assets \$ 30,062

Capital Assets, Net of Accumulated Depreciation

39,662

Total Assets

69,724

LIABILITIES AND NET ASSETS

Current Liabilities

Current portion of notes payable \$ 3,298

Notes Payable, Net of Current Portion

146,029

Total Liabilities

149,327

Net Assets, Unrestricted

(79,603)

Total Liabilities and Net Assets

\$ 69,724

See Accountant's Compilation Report

TRI CITY UTILITIES, INC.

Statement of Activities
For Year Ended December 31, 2023

Operating Revenues

Sewer Fees	\$ 48,176
Miscellaneous	404
Total Operating Revenues	<u>48,580</u>

Operating Expenses

Contract labor	16,020
Depreciation expense	6,955
Education & travel	938
Engineering Fee	1,932
Fees & licenses	515
Insurance	590
Maintenance & supplies	7,484
Office supplies	433
Sewer analysis	1,965
Utilities	12,115
Total Operating Expenses	<u>48,947</u>

Operating Income (Loss)	<u>(367)</u>
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Other Income/Expense

Interest income	54
Interest expense	(6,396)
Total Other Income/Expense	<u>(6,342)</u>

Change in Net Assets	(6,709)
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Net Assets, Beginning of Year	<u>(72,894)</u>
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Net Assets, End of Year	<u>\$ (79,603)</u>
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TRI CITY UTILITIES, INC.

Statement of Cash Flows
For Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (6,709)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	<u>6,955</u>
Net Cash Provided by Operating Activities	<u>246</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital asset expenditures	-
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CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term borrowings	<u>(3,204)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	(2,958)
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Cash and Cash Equivalents - Beginning of Year	<u>33,020</u>
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Cash and Cash Equivalents - End of Year	<u><u>\$ 30,062</u></u>
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SUPPLEMENTAL DISCLOSURES:

Interest paid:	<u><u>\$ 6,396</u></u>
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