

SDM WATER ASSOCIATION

AGREED-UPON PROCEDURES REPORT

DECEMBER 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
SDM Water Association

We have performed the procedures enumerated below, which were agreed upon by the management of the SDM Water Association in order to comply with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Audit Committee solely to assist you with respect to the accounting records of SDM Water Association as of and for the year ended December 31, 2023. SDM Water Association's management is responsible for the entity's accounting records. 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.

The procedures and associated findings are as follows:

1) Cash

- a) Perform a proof of cash for the year and reconcile the year-end 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 subledger to deposit and billing documents.
- c) For ten deposits, agree the cash/check composition of the deposits with the receipt information.

We were unable to perform procedures 2.b and 2.c given the fact that the bank handles the collection and deposit of all customer water payments for SDM Water Association. Customers provide their bill stub to the bank when making their payment and the bank prepares the deposit slip and deposits the payments directly. Stubs are attached to the deposit slip and given to SDM Water Association for recording purposes. We found no exceptions as a result of performing procedure 2.a.

3) Accounts Receivable

- a) Agree ten customer billings to the accounts receivable subledger.
- 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.

We found no exceptions as a result of the procedures.

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 procedures.

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 procedures.

- 8) We compiled a statement of net position of SDM Water Association as of December 31, 2023, and the related statement of revenues, expenses and changes in net position for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A copy of our report is included with this submission.

This agreed-upon procedures report was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 the management of the Association, the Board of Directors, and Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Turner, Williams and Associates, P.A.

Turner, Williams and Associates, P.A.
Searcy, Arkansas

August 19, 2024

SDM WATER ASSOCIATION

COMPILED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2023

TABLE OF CONTENTS

	Page number
Independent accountant's compilation report	1
Basic financial statements:	
Statement of net position	2
Statement of revenues, expenses and changes in net position	3

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors,
SDM Water Association

Management is responsible for the accompanying financial statements of SDM Water Association (a nonprofit organization), which comprise the statement of net position as of December 31, 2023 and the related statement of revenues, expenses and changes in net position 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

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

Turner, Williams and Associates, P.A.

Turner, Williams and Associates, P.A.
Searcy, Arkansas

August 19, 2024

SDM Water Association
Statement of Net Position
December 31, 2023

	<u>2023</u>
<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 98,518
Accounts receivable	12,260
Less: restricted assets	<u>(31,014)</u>
Total Current Assets	<u>79,764</u>
Restricted Assets	
Cash and cash equivalents-restricted	<u>31,014</u>
Total Restricted Assets	<u>31,014</u>
Property, Plant, and Equipment:	
Property, plant, and equipment, net	<u>1,489,828</u>
Total Property, Plant, and Equipment	<u>1,489,828</u>
Total Assets	<u>\$ 1,600,606</u>
<u>Liabilities and Net Position</u>	
Current Liabilities:	
Accounts payable	\$ 4,757
Current portion long-term debt	4,330
Customer meter deposits	<u>14,600</u>
Total Current Liabilities	<u>23,687</u>
Long-term Liabilities:	
Notes payable	18,513
Less: note payable - current portion	<u>(4,330)</u>
Total Long-term Liabilities	<u>14,183</u>
Total Liabilities	<u>37,870</u>
Net Position:	
Net investment in capital assets	1,471,315
Restricted	
Restricted for debt service	4,229
Restricted for capital improvements	12,185
Unrestricted	<u>75,007</u>
Total Net Position	<u>1,562,736</u>
Total Liabilities and Net Position	<u>\$ 1,600,606</u>

SDM Water Association
Statement of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023

	<u>2023</u>
Operating Revenues	
Water revenue	\$ 125,360
Total Operating Revenue	<u>125,360</u>
Operating Expenses	
Water purchased	47,123
Accounting	4,700
Salaries	29,921
Office supplies	3,299
Payroll taxes	4,840
Other taxes	8,994
Depreciation	37,546
Repairs	25,061
Fees and dues	1,674
Miscellaneous expenses	1,582
Contract labor	<u>7,136</u>
Total Operating Expenses	<u>171,876</u>
Net Operating Loss	(46,516)
Non-Operating Revenue/(Expense)	
Interest income	10
Interest expense	<u>(1,425)</u>
Total Non-Operating Revenue/(Expense)	<u>(1,415)</u>
Increase (decrease) in net position	(47,931)
Net position at beginning of year	<u>1,610,667</u>
Net position at end of year	<u>\$ 1,562,736</u>