

Agreed Upon Procedures

Lydesdale Water Association

For the Year Ended December 31, 2023

PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE
EL DORADO, AR 71730
(870) 862-3401
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MEMBER
AMERICAN INSTITUTE OF CPAS

MEMBER
ARKANSAS SOCIETY OF CPAS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Lydesdale Water Association, Inc.
Magnolia, Arkansas

We have performed the procedures described in Schedule A on the financial records of Lydesdale Water Association, Inc. and on the minutes of the Board of Directors meetings for the year ended December 31, 2023. The Lydesdale Water Association's management is responsible for the company's accounting records and minutes of council meetings.

Lydesdale Water Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the requirements of the State of Arkansas Code Annotated §§ 14-234-119 through 122 for the year ended December 31, 2023. 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 described in Schedule A.

We were engaged by Lydesdale Water Association to perform this engagement to apply agreed-upon procedures 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements of Lydesdale Water Association as of December 31, 2023. 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 Lydesdale Water Association 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 Lydesdale Water Association and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.

Parks & Company PLC

El Dorado, Arkansas
February 28, 2025

SCHEDULE A

Cash and Investments

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- 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 performing the procedures.

Receipts

2. 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 10 customer payments on the accounts receivable sub-ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

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

Accounts Receivable

3. A. Agree 10 customer billings to the accounts receivable sub-ledger.
- B. Determine that 5 customer adjustments were properly authorized.

Lydesdale Water Association does not present adjustments to the board for approval. Parks & Company recommends that this is implemented in the future.

Disbursements

4. 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 ten (10) disbursements and determine if they were adequately documented.

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

Property, Plant and Equipment

5. 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 performing the procedures.

Long-Term Debt

6.
 - A. Schedule long-term debt and verify changes in all balances for the year.
 - B. Confirm all debt with third parties.
 - C. Determine that the appropriate debt service accounts have been established and maintained.

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

General

7. 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 performing the procedures.

Financial Statements

Lydesdale Water Association, Inc.

December 31, 2023

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To the Board of Directors
Magnolia, Arkansas

Management is responsible for the accompanying statement of net position as December 31, 2023 and the related statement of revenues, expenses and changes in net position for the year then ended of the Lydesdale Water Association 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 completion 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 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 Organization'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.

Parks & Company PLC

El Dorado, Arkansas
February 28, 2025

Lydesdale Water Association, Inc.
Statement of Financial Position
December 31, 2023

ASSETS

Current Assets

Cash	\$ 108,230
Accounts receivable	<u>6,723</u>
Total current assets	<u>114,953</u>

Non-Current Assets

Property, plant & equipment	656,055
Less: accumulated depreciation	<u>(555,792)</u>
	<u>100,263</u>

TOTAL ASSETS

\$ 215,216

LIABILITIES

Current Liabilities

Sales tax payable	<u>486</u>
Total current liabilities	486

Non-Current Liabilities

Customer deposits	<u>4,235</u>
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TOTAL LIABILITIES

\$ 4,721

NET ASSETS

Unrestricted and Undesignated	<u>210,495</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 215,216

Lydesdale Water Association, Inc.
Statement of Activities
December 31, 2023

Operating Revenues

Usage charges and fees	\$ 99,941
Total operating revenues	<u>99,941</u>

Operating Expenses

Salaries and wages	17,085
Professional services	750
Utilities and telephone	4,662
Maintenance, repair & supply	3,935
Mileage reimbursements	207
Insurance	2,995
Permits, licenses, and fees	2,698
Bank Charges	688
Supplies	6,806
Professional education	535
Sales tax	472
Cost of water	26,470
Office and administrative	1,595
Depreciation	<u>18,601</u>
Total operating expenses	<u>87,499</u>

Net operating income (loss)	<u>12,442</u>
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Non-operating income (expense)

Interest income	<u>6</u>
Total non-operating revenues (expenses), net	<u>6</u>

Net income	12,448
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Net assets, beginning of year	<u>198,047</u>
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Net assets, end of year	<u><u>\$ 210,495</u></u>
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Lydesdale Water Association, Inc.
Statement of Cash Flows
December 31, 2023

Cash Flows from Operating Activities

Receipts from customers	\$ 87,609
Cash paid for supplies and operating costs	(48,818)
Cash paid for employees and related costs	(20,080)
Net cash provided by (used in) operating activities	<u>18,711</u>

Cash Flows From Capital and Related Financing Activities

Purchases of property, plant, and equipment	<u>(14,642)</u>
Net cash provided by (used in) Capital and Related Financing Activities	<u>(14,642)</u>

Cash Flows from Investing Activities

Interest income	<u>6</u>
Net increase (decrease) in cash and cash equivalents	4,075
Cash and cash equivalents, beginning of year	<u>104,155</u>
Cash and cash equivalents, end of year	<u><u>\$ 108,230</u></u>

Presented on the Statement of Net Position as follows:

Current assets - cash	<u><u>\$ 108,230</u></u>
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**Reconciliation of Operating Income to Net Cash Provided by
(Used in) Operating Activities**

Operating income (loss)	\$ 12,442
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	18,601
(Increase) decrease in current assets:	
Accounts receivable	(6,723)
Increase (decrease) in current liabilities	
Sales tax payable	486
Meter deposits payable	(6,095)
Net cash provided by (used in) operating activities	<u><u>\$ 18,711</u></u>