

**TILLAR WATER AND SEWER SYSTEM**  
**FINANCIAL STATEMENTS**  
December 31, 2023

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**SEARCY & ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

JIM SEARCY, M.B.A., C.P.A.  
CHARLES SEARCY, C.P.A.  
TINA MARTIN, C.P.A.

POST OFFICE BOX 418  
MONTICELLO, ARKANSAS 71657  
(870) 367-3580 or (870) 367-3467  
FAX (870) 367-2154  
searcyco@searcy-cpa.com

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Legislative Joint Auditing Committee  
And Arkansas Natural Resources Commission

We have performed the procedures enumerated below for the Tillar Water and Sewer System, ("the System"), the year ended December 31, 2023. The System's management is responsible for accounting records.

The System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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 as follows:

Cash and Investments

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
2. Confirm with depository institutions the cash on deposit and investments.
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

***Findings:*** No findings identified.

Receipts

1. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
2. Agree 10 customer payments on the accounts receivable sub-ledger to deposit and billing documents.
3. For one deposit, agree the cash/check composition of the deposit with receipt information.

***Findings:*** No findings identified.

### Accounts Receivable

1. Agree 10 customer billings to the accounts receivable sub-ledger.
2. Determine that five (5) customer adjustments were properly authorized.

**Findings:** *No findings identified.*

### Disbursements

1. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$ 500, whichever is greater.
2. Analyze all property, plant, and equipment disbursements.
3. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

**Findings:** *No findings identified.*

### Property, Plant, and Equipment

1. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

**Findings:** *No findings identified.*

### Long-Term Debt

2. Schedule long-term debt and verify changes in all balances for the year.
3. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
4. Determine that the appropriate debt service accounts have been established and maintained.

**Findings:** *No findings identified.*

### General

1. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

**Findings:** *No findings identified.*

We were engaged by the System 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 accounting 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 System 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 System, Arkansas Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Seary & Associates LLC". The signature is written in a cursive, flowing style.

Monticello, Arkansas  
August 23, 2024

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To the Board of Directors of  
Tillar Water and Sewer System

We have compiled the accompanying Statement of Net Position of Tillar Water and Sewer System, as of December 31, 2023, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended. We have not audited or reviewed the 2023 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the accompanying financial statements of Tillar Water and Sewer System, 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 assurance on these financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has omitted the Management's Discussion and Analysis and Budget to Actual Comparison required by accounting principles generally accepted in the United States of America to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic or historical context.

Management has elected to omit substantially all of 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 System's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Monticello, Arkansas  
August 23, 2024

**TILLAR WATER AND SEWER SYSTEM  
STATEMENT OF NET POSITION**

December 31, 2023

	2023
<u>Assets</u>	
<u>Current assets</u>	
Cash and cash equivalents	\$ 132,506
Accounts receivable (net)	12,632
Total current assets	145,138
 <u>Restricted cash and investments</u>	
Meter deposits	9,015
Debt reserve funds	155,419
Total restricted cash and investments	164,434
Fixed assets, net of accumulated depreciation	230,033
Total assets	\$ 539,605
 <u>Liabilities and Net Position</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 2,719
Current portion of bonds payable	2,513
Total current liabilities	5,232
 <u>Long term liabilities</u>	
Bonds payable, net of current amount	91,602
Customer deposits	9,015
Total long term liabilities	100,617
 <u>Net position</u>	
Invested in capital assets, net of related debt	135,918
Unrestricted	297,838
Total net position	433,756
Total liabilities and net position	\$ 539,605

See Independent Accountant's Compilation Report.

**TILLAR WATER AND SEWER SYSTEM**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Year Ended December 31, 2023

	Water	Sewer	Total
<u>Operating revenues</u>			
Water sales	\$ 24,770	\$ 55,202	\$ 79,972
Other operating revenue	425	-	425
Total operating revenue	<u>25,195</u>	<u>55,202</u>	<u>80,397</u>
<u>Operating expenses</u>			
Salaries	3,619	1,662	5,281
Payroll Taxes	265	139	404
Depreciation	9,742	-	9,742
Utilities	5,842	3,026	8,868
Auto Expense	2,059	155	2,214
Repairs and Maintenance	6,094	7,673	13,767
Dues and Subscriptions	1,985	-	1,985
Operating Supplies	4,221	3,906	8,127
Professional Fees	3,000	3,000	6,000
Office Supplies	4,303	566	4,869
License & Permits	1,158	165	1,323
Contract Labor	18,315	12,210	30,525
Total operating expenses	<u>60,603</u>	<u>32,502</u>	<u>93,105</u>
Net operating income / (loss)	(35,408)	22,700	(12,708)
<u>Other revenue / (expenses)</u>			
Interest income			1,423
Interest expense			(3,936)
Total other revenue / (expenses)			<u>(2,513)</u>
<u>Net increase/(decrease) in net position</u>			<u>\$ (15,221)</u>
Beginning net position			448,977
Ending net position			<u>\$ 433,756</u>

See Independent Accountant's Compilation Report.

**TILLAR WATER AND SEWER SYSTEM**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2023

	2023
<u>Cash flows from operating activities</u>	
Cash received from customers	\$ 91,774
Payments for salaries and benefits	(5,685)
Payments for operating and administrative expenses	(76,810)
Net cash provided by (used for) operating activities	9,279
<u>Cash flows from investing activities</u>	
Interest income	1,423
Net cash provided by (used for) investing activities	1,423
<u>Cash flows from financing activities</u>	
Principal payments on debt	(2,412)
Interest payments	(3,936)
Change in customer deposits	425
Net cash provided by (used for) financing activities	(5,923)
<u>Change in cash and cash equivalents</u>	4,779
<u>Cash and cash equivalents, beginning of year</u>	292,161
<u>Cash and cash equivalents, end of year</u>	\$ 296,940
<u>Cash and cash equivalents</u>	132,506
<u>Restricted cash and cash equivalents</u>	164,434
	\$ 296,940

See Independent Accountant's Compilation Report.

**TILLAR WATER AND SEWER SYSTEM**  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended December 31, 2023

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	<u>2023</u>
<u>Reconciliation of operating income to</u>	
<u>net cash from operating activities:</u>	
Operating income (loss)	\$ (12,708)
Adjustments to reconcile operating income to	
net cash from operating activities:	
Depreciation	9,742
Changes in assets and liabilities:	
Accounts receivable	11,377
Accounts payable	868
Total adjustments	<u>21,987</u>
Net cash provided by (used for) operating activities	<u>\$ 9,279</u>

See Independent Accountant's Compilation Report.