

TOWN OF SIDNEY WATER DEPARTMENT

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

As of December 31, 2022



Welch, Couch & Company, PA

Certified Public Accountants

John Ed Welch, CPA | William T. Couch, Jr., CPA
Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA
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Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, Town Council and Management
of Town of Sidney Water Department
Sidney, Arkansas

We have performed the procedures enumerated below on compliance with Ark Coode Ann 14-234-119 to 122 for Town of Sidney Water Department, as of December 31, 2022. Town of Sidney Water Department's management is responsible for the Department's accounting records.

Town of Sidney Water Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with Ark Code Ann 14-234-119 to 122. Additionally, the Mayor, Town Council, and management of the Town of Sidney Water Department have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest as 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 the associated findings are as follows:

1. Cash and Investments

We obtained confirmation of the cash on deposit from the banks, and we agreed the confirmed balance to the amount shown on the bank reconciliation maintained by the Department. We performed a proof of cash for the year and agreed the ending balances to the book balances within 5% or \$500, whichever was greater. We reconciled the year-end bank balances to the book balances.

We noted no exceptions as a result of these procedures.

2. Receipts

We agreed the deposits per the proof of cash for the year to the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable sub-ledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with receipt information.

We noted no exceptions as a result of these procedures.

Batesville: PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

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Little Rock: 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

3. Accounts Receivable

We agreed ten customer billings to the accounts receivable sub-ledger. We determined proper authorization of five customer adjustments.

We noted no exception as a result of these procedures applied to the ten customer billings. There were no adjustments made during the year to test for proper authorization.

4. Disbursements

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We selected all disbursements paid to employees other than payroll and ten disbursements to determine if they were adequately documented.

We noted no exceptions as a result of these procedures.

5. Property, Plant and Equipment

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total equipment or \$500, whichever was greater.

We determined there were no additions as a result of these procedures. We were unable to determine if there had been any disposals due to the fact that Town of Sidney Water Department does not have a detailed depreciation schedule identifying individual assets.

6. Long-Term Debt

We scheduled long-term debt and verified changes in all balances for the year. We confirmed loan balances with the lender and we determined that the appropriate debt service accounts had been established and that monthly deposits had been made to this account.

We noted no exceptions to loan balances. Debt service account appears to be underfunded by \$14,641 and short-lived assets appear to be overfunded by \$1,451.

7. General

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

We noted no exceptions as a result of these procedures.

We were engaged by the Mayor, Town Council, and management of the Town of Sidney Water Department 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 specified elements, accounts, or items. 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.

We are required to be independent of the Town of Sidney Water Department 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 Mayor, Town Council, and management of Town of Sidney Water Department, and is not intended to be and should not be used by anyone other than these specified parties.

Welch, Couch & Company, PA
Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
October 9, 2023

TOWN OF SIDNEY WATER DEPARTMENT

**Independent Accountant's Compilation Report
and Financial Statements – Modified Cash Basis**

December 31, 2022

TOWN OF SIDNEY WATER DEPARTMENT

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor, Town Council and Management
of Town of Sidney Water Department
Sidney, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the Town of Sidney Water Department which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2022, and the related statement of revenues, expenses and changes in net position – modified cash basis for the year then ended in accordance with modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Department's assets, liabilities, and net position. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Required Supplementary Information

Management has omitted the management's discussion and analysis that the *Governmental Accounting Standards Board* requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
October 9, 2023

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TOWN OF SIDNEY WATER DEPARTMENT

Statement of Assets, Liabilities and Net Position – Modified Cash Basis

December 31, 2022

<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 51,267
Total current assets	<u>51,267</u>
Noncurrent assets	
Restricted cash and cash equivalents:	
Depreciation fund	6,564
Meter deposit	6,599
USDA and short-lived asset reserve	91,451
Total noncurrent assets	<u>104,614</u>
Capital assets , net of accumulated depreciation of \$99,250	<u>454,350</u>
Total assets	<u><u>\$ 610,231</u></u>
<u>Liabilities and Net Position</u>	
Current liabilities	
Current maturities of long-term debt	\$ 10,810
Total current liabilities	<u>10,810</u>
Long-term debt , net of current maturities	<u>329,619</u>
Other noncurrent liabilities	
Meter deposits	6,599
Total other noncurrent liabilities	<u>6,599</u>
Total liabilities	<u>347,028</u>
Net position	
Invested in capital assets, net of related debt	113,921
Restricted expendable	104,614
Unrestricted	44,668
Total net position	<u>263,203</u>
Total liabilities and net position	<u><u>\$ 610,231</u></u>

See independent accountant's compilation report.

TOWN OF SIDNEY WATER DEPARTMENT

**Statement of Revenues, Expenses and Changes in Net Position –
Modified Cash Basis**

For the Year Ended December 31, 2022

Operating revenues

Water sales	\$ 121,662
Total operating revenues	<u>121,662</u>

Operating expenses

Salaries	21,010
Contract labor	1,210
Payroll taxes	5,218
Taxes and licenses	9,855
Repairs and maintenance	40,713
Contract equipment	15,760
Insurance	7,758
Utilities	25,655
Legal and professional	5,000
Fees and dues	1,392
Office expenses	3,280
Depreciation	2,250
Total operating expenses	<u>139,101</u>

Operating loss	<u>(17,439)</u>
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Nonoperating revenues (expenses)

Interest income	117
Miscellaneous income	9,152
Insurance claim	33,801
Interest expense	(8,677)
Total nonoperating revenues (expenses)	<u>34,393</u>

Increase in net position	16,954
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Net position - beginning of year	<u>246,249</u>
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Net position - end of year	<u>\$ 263,203</u>
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See independent accountant's compilation report.