

TOWN OF SIDNEY WATER DEPARTMENT

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

As of December 31, 2023



Welch, Couch & Company, PA Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122 by the Town of Sidney Water Department, as of December 31, 2023. 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 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 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 balances to the amount shown on the bank reconciliations 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 the procedures applied to reconciled balances and proof of cash. We obtained confirmation from Bank of Cave City and agreed the balances without exception. Request for confirmation of balances from Simmons Bank and Citizens Bank were not returned.

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 the receipt information.

We noted no exceptions as a result of the proof of cash and customer payments procedures. We reviewed ten deposit slips noting agreement to the bank statement. The deposit slips do not list individual payments. Therefore, we were unable to trace the specific deposit to receipt information.

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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 exceptions as a result of these procedures applied to the ten customer billings. The Department does not keep a formal record of adjustments made and the reason. The adjustment policy gives the water department superintendent authority to authorize adjustments as needed. The five adjustments reviewed were authorized by the water department superintendent.

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 other 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 property, plant, and equipment or \$500, whichever was greater.

We determined there were no additions during the year ended December 31, 2023; therefore, we could not perform testing of the additions. 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 the loan balances as a result of these procedures. Debt service accounts appear to be underfunded by \$13,779 and short-lived assets appear to be overfunded by \$1,415.

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 AICPA. 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 the Town of Sidney Water Department, the Arkansas Legislative Joint Auditing Committee, and the United States Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specified parties.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
October 14, 2024

TOWN OF SIDNEY WATER DEPARTMENT

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

December 31, 2023

TOWN OF SIDNEY WATER DEPARTMENT

Table of Contents

	<u>Page</u>
Independent Accountant’s Compilation Report	1
Financial Statements	
Statement of Assets, Liabilities and Net Position – Modified Cash Basis	2
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	3



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INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

To the Mayor, Town Council and Management
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 (a proprietary fund of the Town of Sidney, Arkansas), which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2023, and the related statement of revenues, expenses and changes in net position – modified cash basis for the year then ended in accordance with the 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 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.

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.

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Batesville, Arkansas
October 14, 2024

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TOWN OF SIDNEY WATER DEPARTMENT

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

December 31, 2023

<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 26,333
Total current assets	<u>26,333</u>
Restricted assets	
Restricted cash and cash equivalents	106,411
Total restricted assets	<u>106,411</u>
Capital assets , net of accumulated depreciation of \$101,500	<u>452,100</u>
Total assets	<u><u>\$ 584,844</u></u>
<u>Liabilities and Net Position</u>	
Current liabilities	
Current maturities of long-term debt	\$ 11,205
Total current liabilities	<u>11,205</u>
Noncurrent liabilities	
Meter deposits	6,695
Long-term debt, net of current maturities	318,414
Total noncurrent liabilities	<u>325,109</u>
Total liabilities	<u>336,314</u>
Net position	
Investment in capital assets, net of related debt	122,481
Restricted expendable	99,716
Unrestricted	26,333
Total net position	<u>248,530</u>
Total liabilities and net position	<u><u>\$ 584,844</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, 2023

Operating revenues	
Water sales	\$ 143,650
Total operating revenues	<u>143,650</u>
Operating expenses	
Salaries	22,291
Contract labor	1,865
Payroll taxes	5,563
Taxes and licenses	11,627
Repairs and maintenance	44,183
Contract equipment	15,947
Insurance	9,381
Utilities	23,747
Legal and professional	5,250
Fees and dues	1,277
Office expenses	5,187
Miscellaneous expense	36
Depreciation	2,250
Total operating expenses	<u>148,604</u>
Operating loss	<u>(4,954)</u>
Nonoperating revenues (expenses)	
Interest income	117
Transfer from General Street Fund	82,973
Transfer to General Street Fund	(82,775)
Interest expense	(10,034)
Total nonoperating revenues (expenses)	<u>(9,719)</u>
Decrease in net position	(14,673)
Net position - beginning of year	<u>263,203</u>
Net position - end of year	<u>\$ 248,530</u>

See independent accountant's compilation report.