

TILLAR WATER AND SEWER SYSTEM
FINANCIAL STATEMENTS
December 31, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2021. 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 "Seavoy & Associates LLC". The signature is written in a cursive, flowing style.

Monticello, Arkansas
September 25, 2023

SEARCY & ASSOCIATES, LLC
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To the Board of Directors of
Tillar Water and Sewer System

Management is responsible for the accompanying financial statements of the Tillar Water and Sewer System, ("the System"), a component unit of the City of Tillar, Arkansas, which comprised the statement of net position as of December 31, 2021 and the related statement of revenue, expenses, and changes in net position, and cash flows as of and for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents, 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 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
September 25, 2023

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

December 31, 2021

	2021
<u>Assets</u>	
<u>Current assets</u>	
Cash and cash equivalents	\$ 110,788
Accounts receivable (net)	14,538
Total current assets	125,326
 <u>Restricted cash and investments</u>	
Meter deposits	8,590
Debt reserve funds	146,487
Total restricted cash and investments	155,077
Fixed assets, net of accumulated depreciation	249,517
Total assets	\$ 529,920
 <u>Liabilities and Net Position</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 1,851
Current portion of bonds payable	2,314
Total current liabilities	4,165
 <u>Long term liabilities</u>	
Bonds payable, net of current amount	96,526
Customer deposits	8,590
Total long term liabilities	105,116
 <u>Net position</u>	
Invested in capital assets, net of related debt	150,677
Unrestricted	269,962
Total net position	420,639
Total liabilities and net position	\$ 529,920

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, 2021

	Water	Sewer	Total
<u>Operating revenues</u>			
Water sales	\$ 69,020	\$ 37,722	\$ 106,742
Other operating revenue	1,299	-	1,299
Total operating revenue	<u>70,319</u>	<u>37,722</u>	<u>108,041</u>
<u>Operating expenses</u>			
Salaries	2,619	2,303	4,922
Payroll Taxes	252	138	390
Depreciation	9,704	-	9,704
Utilities	7,175	2,364	9,539
Auto Expense	1,450	-	1,450
Reparis and Maintenance	6,410	4,829	11,239
Dues and Subscriptions	515	704	1,219
Operating Supplies	4,526	6,052	10,578
Professional Fees	3,000	-	3,000
Office Supplies	2,607	153	2,760
License & Permits	788	-	788
Contract Labor	16,560	11,040	27,600
Total operating expenses	<u>55,606</u>	<u>27,583</u>	<u>83,189</u>
Net operating income / (loss)	14,713	10,139	24,852
<u>Other revenue / (expenses)</u>			
Interest income			131
Interest expense			(4,127)
Total other revenue / (expenses)			<u>(3,996)</u>
<u>Net increase/(decrease) in net position</u>			<u>\$ 20,856</u>
Beginning net position			399,783
Ending net position			<u>\$ 420,639</u>

See Independent Accountant's Compilation Report.

TILLAR WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021
<u>Cash flows from operating activities</u>	
Cash received from customers	\$ 102,634
Payments for salaries and benefits	(5,312)
Payments for operating and administrative expenses	(68,173)
Net cash provided by (used for) operating activities	29,149
<u>Cash flows from investing activities</u>	
Purchase of property, plant and equipment	4,560
Interest income	131
Net cash provided by (used for) investing activities	4,691
<u>Cash flows from financing activities</u>	
Principal payments on debt	(2,222)
Interest payments	(4,127)
Change in customer deposits	-
Net cash provided by (used for) financing activities	(6,349)
<u>Change in cash and cash equivalents</u>	27,491
<u>Cash and cash equivalents, beginning of year</u>	238,374
<u>Cash and cash equivalents, end of year</u>	\$ 265,865
 <u>Cash and cash equivalents</u>	 110,788
<u>Restricted cash and cash equivalents</u>	155,077
	\$ 265,865

See Independent Accountant's Compilation Report.

TILLAR WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2021

	<u>2021</u>
<u>Reconciliation of operating income to</u> <u>net cash from operating activities:</u>	
Operating income (loss)	<u>\$ 24,852</u>
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	9,704
Changes in assets and liabilities:	
Accounts receivable	(5,407)
Accounts payable	<u>-</u>
Total adjustments	<u>4,297</u>
Net cash provided by (used for) operating activities	<u><u>\$ 29,149</u></u>

See Independent Accountant's Compilation Report.