

TILLAR WATER AND SEWER SYSTEM
FINANCIAL STATEMENTS
December 31, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S REPORT	
Applying Agreed Upon Procedures	1
Compilation Report	4
FINANCIAL STATEMENTS	
Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7

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, 2022. 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
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

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, 2022 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, 2022

	2022
<u>Assets</u>	
<u>Current assets</u>	
Cash and cash equivalents	\$ 132,722
Accounts receivable (net)	24,009
Total current assets	156,731
 <u>Restricted cash and investments</u>	
Meter deposits	8,590
Debt reserve funds	150,849
Total restricted cash and investments	159,439
 Fixed assets, net of accumulated depreciation	
	239,775
Total assets	\$ 555,945
 <u>Liabilities and Net Position</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 1,851
Current portion of bonds payable	2,412
Total current liabilities	4,263
 <u>Long term liabilities</u>	
Bonds payable, net of current amount	94,115
Customer deposits	8,590
Total long term liabilities	102,705
 <u>Net position</u>	
Invested in capital assets, net of related debt	143,248
Unrestricted	305,729
Total net position	448,977
Total liabilities and net position	\$ 555,945

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, 2022

	Water	Sewer	Total
<u>Operating revenues</u>			
Water sales	\$ 56,677	\$ 44,420	\$ 101,097
Other operating revenue	353	-	353
Total operating revenue	<u>57,030</u>	<u>44,420</u>	<u>101,450</u>
<u>Operating expenses</u>			
Salaries	3,462	1,800	5,262
Payroll Taxes	265	138	403
Depreciation	9,742	-	9,742
Utilities	6,313	2,744	9,057
Auto Expense	1,950	-	1,950
Reparis and Maintenance	737	1,682	2,419
Dues and Subscriptions	1,047	-	1,047
Operating Supplies	4,314	2,005	6,319
Office Supplies	1,312	105	1,417
License & Permits	968	708	1,676
Contract Labor	18,000	12,000	30,000
Total operating expenses	<u>48,110</u>	<u>21,182</u>	<u>69,292</u>
Net operating income / (loss)	8,920	23,238	32,158
<u>Other revenue / (expenses)</u>			
Interest income			214
Interest expense			(4,034)
Total other revenue / (expenses)			<u>(3,820)</u>
<u>Net increase/(decrease) in net position</u>			<u>\$ 28,338</u>
Beginning net position			420,639
Ending net position			<u>\$ 448,977</u>

See Independent Accountant's Compilation Report.

TILLAR WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

	2022
<u>Cash flows from operating activities</u>	
Cash received from customers	\$ 91,979
Payments for salaries and benefits	(5,665)
Payments for operating and administrative expenses	(53,885)
Net cash provided by (used for) operating activities	32,429
<u>Cash flows from investing activities</u>	
Interest income	214
Net cash provided by (used for) investing activities	214
<u>Cash flows from financing activities</u>	
Principal payments on debt	(2,313)
Interest payments	(4,034)
Net cash provided by (used for) financing activities	(6,347)
<u>Change in cash and cash equivalents</u>	26,296
<u>Cash and cash equivalents, beginning of year</u>	265,865
<u>Cash and cash equivalents, end of year</u>	\$ 292,161
 <u>Cash and cash equivalents</u>	 132,722
<u>Restricted cash and cash equivalents</u>	159,439
	\$ 292,161

See Independent Accountant's Compilation Report.

TILLAR WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2022

	<u>2022</u>
<u>Reconciliation of operating income to</u>	
<u>net cash from operating activities:</u>	
Operating income (loss)	\$ 32,158
Adjustments to reconcile operating income to	
net cash from operating activities:	
Depreciation	9,742
Changes in assets and liabilities:	
Accounts receivable	(9,471)
Accounts payable	-
Total adjustments	<u>271</u>
Net cash provided by (used for) operating activities	<u>\$ 32,429</u>

See Independent Accountant's Compilation Report.