

TILLAR WATER AND SEWER SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2019
INDEPENDENT ACCOUNTANT'S REPORT IN
APPLYING AGREED-UPON PROCEDURES

SEARCY & ASSOCIATES, LLC

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 with respect to the financial information and compliance with certain state laws for Tillar Water and Sewer System for the year ended December 31, 2019. Tillar Water and Sewer System is responsible for its accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Tillar Water and Sewer System. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Cash and Investments

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

Findings: None

2. Receipts

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

Findings: None

"Well done is better than well said"

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Private Companies Practice Section

3. Accounts Receivable

- A. Agree 10 customer billings to the accounts receivable subledger.
- B. Determine that five (5) customer adjustments were properly authorized.

Findings: Customer adjustments are made by the billing clerk. The System has no other formal authorization process.

4. Disbursements

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

Findings: None

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

Findings: None

6. Long Term Debt

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

Findings: None


7. General

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

Findings: None.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on Tillar Water and Sewer System's financial statements or specified elements, accounts, or items thereof. 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.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.


Searcy & Associates, LLC
Monticello, AR 71655

August 11, 2021

TILLAR WATER AND SEWER SYSTEM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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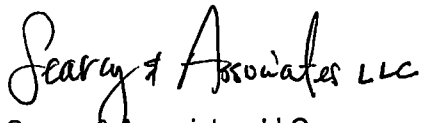
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Tillar Water and Sewer System

Management is responsible for the accompanying financial statements of Tillar Water and Sewer System (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended. We have performed a compilation engagement in accordance with Statements in 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 form of assurance on these financial statements.

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 Organization'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.



Searcy & Associates, LLC
Monticello, Arkansas
August 11, 2021

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TILLAR WATER AND SEWER SYSTEM
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current assets:		
Cash	\$ 91,274	
Accounts receivable	<u>8,257</u>	
Total current assets		\$ 99,531
Restricted funds:		
Reserve accounts	\$ 138,135	
Meter deposits	<u>7,973</u>	
Total restricted funds		146,108
Property, Plant and Equipment:		
Property, plant and equipment	\$ 370,000	
Less: Accumulated depreciation	<u>(106,375)</u>	
Total property, plant and equipment		<u>263,625</u>
Total assets		<u><u>\$ 509,264</u></u>

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$ 2,370	
Meter deposits payable	8,436	
Current portion of long term debt	<u>2,057</u>	
Total current liabilities		\$ 12,863
Long term liabilities:		
Notes payable, net of current portion		<u>101,137</u>
Total liabilities		\$ 114,000
Net position:		
Invested in capital assets, net of related debt	160,431	
Unrestricted	<u>234,833</u>	
Total net position		<u>395,264</u>
Total liabilities and net position		<u><u>\$ 509,264</u></u>

See independent accountant's report.

TILLAR WATER AND SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Revenue	\$ 40,079	\$31,302	\$ 71,381
Less: Refunds and Adjustments	<u>(9)</u>	<u>0</u>	<u>(9)</u>
Net Operating Revenues	40,070	31,302	71,372
Operating expenses			
Salaries	3,055	22,537	25,592
Depreciation	9,250	0	9,250
Utilities	8,823	2,581	11,404
Auto Expense	828	0	828
Repairs and Maintenance	19,418	7,808	27,226
Dues and Subscriptions	500	0	500
Operating Supplies	2,875	5,322	8,197
Postage and Delivery	451	0	451
Office Supplies	642	125	767
License & Permits	1,564	0	1,564
Miscellaneous	27	0	27
Sales Tax	3,073	0	3,073
Contract Labor	<u>0</u>	<u>1,600</u>	<u>1,600</u>
Total operating expenses	50,506	39,973	90,479
Net Operating Income/(Loss)			(19,107)
Other revenues and (expenses)			
Interest Income			185
Interest Expense			<u>(4,291)</u>
Total other revenues and (expenses)			<u>(4,106)</u>
Net Increase (Decrease) in Unrestricted Net Assets			(23,213)
Beginning Net Position			418,477
Ending Net Position			<u>\$ 395,264</u>

See independent accountants' report.

TILLAR WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flow from operating activities	
Increase in Net Assets	\$ (23,213)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	9,250
(Increase) Decrease in:	
Accounts Receivable	(773)
Increase (Decrease) in:	
Accounts Payable	171
Meter Deposits	<u>(147)</u>
Net cash provided (used) by operating activities	(14,712)
Cash flow from financing activities	
Principal Paid on Notes Payable	<u>(2,057)</u>
Net cash provided (used) by financing activities	<u>(2,057)</u>
Increase (decrease) in cash and cash equivalents	(16,769)
Cash and cash equivalents, beginning balance	<u>254,151</u>
Cash and cash equivalents, ending balance	<u><u>\$ 237,382</u></u>

Supplementary Disclosures:

Interest expense	<u>\$4,291</u>
Sales tax expense	<u><u>\$3,073</u></u>

See independent accountants' report.