

**TOWN OF SIDNEY WATER DEPARTMENT**

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

**As of December 31, 2017**



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

John Ed Welch, CPA | William T. Couch, Jr., CPA | Jeff D. Welch, CPA, JD

**Members of American Institute of Certified Public Accountants**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below with respect to modified cash basis financial information and compliance with certain state laws for Town of Sidney Water Department for the year ended December 31, 2017. Town of Sidney Water Department's management is responsible for the Department's 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 these procedures is solely the responsibility of the management. 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 the associated findings are as follows:

**1. Cash and Investments**

We obtained confirmation of the cash on deposit from the following 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 balance.

	<u>Account Number</u>	<u>Journal Account Balances as of December 31, 2017</u>	<u>Reconciled Balances as of December 31, 2017</u>
<b><u>Bank of Cave City</u></b>			
Checking - Water Revenue	1100688	\$ 28,798	\$ 28,798
Checking - Water O & M	1100696	12,131	12,131
Checking - Meter Deposit	1100718	5,698	5,698
<b><u>Simmons Bank</u></b>			
Checking - Debt Service	8210111	\$ 4,444	\$ 4,444
<b><u>Citizens Bank</u></b>			
Certificate of Deposit	411418	\$ 78,436	\$ 78,436

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  
**Salem:** PO Box 647 | Salem, AR 72576 | P: 870.895.3212 | F: 870.895.2998  
**West Plains:** 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

2. **Receipts**

We agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever was greater.

We agreed the deposits per the proof of cash without exceptions. Town of Sidney Water Department does not keep billing documents or an accounts receivable sub-ledger. Therefore, we were unable to trace customer payments.

3. **Accounts Receivable**

Agree ten customer billings to the accounts receivable sub-ledger and determine proper authorization of five customer adjustments.

Town of Sidney Water Department does not keep billing documents or an accounts receivable sub-ledger, so we were unable to trace customer billings. Also the Water Department does not have a policy regarding adjustments to customers' accounts and does not keep supporting documentation for these adjustments. Therefore, we were unable to determine proper authorization for adjustments.

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 analyzed all property, plant and equipment disbursements. We selected ten disbursements to determine if they were adequately documented.

We agreed the disbursements per the proof of cash without exception. Out of the ten disbursements selected there was one check # 2423 to Postmaster that did not have a supporting invoice. The other nine disbursements were adequately documented.

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, which ever 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 loans with the lender and we determined that the appropriate debt service accounts had been established and maintained.

We noted no exceptions as a result of these procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion 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.

This report is intended solely for the information and use of the Mayor, City 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*  
Certified Public Accountants

Batesville, Arkansas  
June 5, 2018

**TOWN OF SIDNEY WATER DEPARTMENT**

**Independent Accountant's Compilation Report  
and Financial Statements**

**December 31, 2017**

**TOWN OF SIDNEY WATER DEPARTMENT**

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

To the Mayor, City 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 of Town of Sidney Water Department as of December 31, 2017, and the related statement of revenues, expenses and changes in net position – modified cash basis for the year then ended, 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. Accordingly, 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 on 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 resulting from cash transactions and the cash receipts and disbursements. 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Batesville, Arkansas  
June 5, 2018

TOWN OF SIDNEY WATER DEPARTMENT

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

December 31, 2017

Assets

<b>Current assets</b>	
Cash and cash equivalents	\$ 119,365
Inventory	1,630
<b>Total current assets</b>	<u>120,995</u>
<b>Noncurrent assets</b>	
Restricted cash and cash equivalents	10,486
<b>Total noncurrent assets</b>	<u>10,486</u>
<b>Capital assets</b> , net of accumulated depreciation of \$88,000	<u>465,600</u>
<b>Total assets</b>	<u><u>\$ 597,081</u></u>

Liabilities and Net Position

<b>Current liabilities</b>	
Current maturities of long-term debt	\$ 9,048
<b>Total current liabilities</b>	<u>9,048</u>
<b>Long-term debt</b> , net of current maturities	<u>380,011</u>
<b>Other noncurrent liabilities</b>	
Meter deposits	6,042
<b>Total other noncurrent liabilities</b>	<u>6,042</u>
<b>Total liabilities</b>	<u>395,101</u>
<b>Net position</b>	
Invested in capital assets, net of related debt	76,541
Restricted expendable	10,486
Unrestricted	114,953
<b>Total net position</b>	<u>201,980</u>
<b>Total liabilities and net position</b>	<u><u>\$ 597,081</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, 2017**

<b>Operating revenues</b>	
Water sales	\$ 76,208
<b>Total operating revenues</b>	<u>76,208</u>
<b>Operating expenses</b>	
Salaries	17,364
Contract labor	1,140
Payroll taxes	1,375
Taxes and licenses	5,272
Repairs and maintenance	4,882
Contract equipment	8,337
Insurance	1,879
Utilities	16,583
Fees and dues	1,204
Office expenses	1,635
Miscellaneous	107
Depreciation	2,250
<b>Total operating expenses</b>	<u>62,028</u>
<b>Operating income</b>	<u>14,180</u>
<b>Nonoperating revenues (expenses)</b>	
Interest income	94
Interest expense	(12,109)
<b>Total nonoperating revenues (expenses)</b>	<u>(12,015)</u>
<b>Increase in net position</b>	2,165
<b>Net position - beginning of year</b>	<u>199,815</u>
<b>Net position - end of year</b>	<u>\$ 201,980</u>

See independent accountant's compilation report.