

LURTON-PELSOR WATER ASSOCIATION, INC.

AGREED UPON PROCEDURES

Year Ended December 31, 2021

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INDEPENDENT ACCOUNTANT' S REPORT ON APPLYING AGREED-UPON PROCEDURES

Lurton-Pelsor Water Association, Inc.
P.O. Box 119
Pelsor, AR 72856

We have performed the procedures enumerated below on Agreed Upon Procedures of Lurton Pelsor Water Association, Inc. as of December 31, 2021. Lurton-Pelsor Water Association, Inc.'s management is responsible for the Agreed Upon Procedures

Lurton-Pelsor Water Association, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet intended purpose of complying with the requirements of the Arkansas Division of Legislative Audit and the State of Arkansas Act 400 of 2015 as of and for the year ended December 31, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all 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.

Our procedures and findings are as follows:

Cash and Investments

1. 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: We found no exceptions.

Receipts

2. 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 ten customer payments on the accounts receivable sub ledger to deposit and billing documents.

- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: We found no exceptions.

Accounts Receivable

- 3. A. Agree ten customer billings to the accounts receivable sub ledger.
- B. Determine that five customer adjustments were properly authorized.

Findings: We found no exceptions.

Disbursements

- 4. 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: We found no exceptions.

Property, Plant and Equipment

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

Findings: We found no exceptions.

Long-Term Debt

- 6. 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 the appropriate debt service accounts have been established and maintained.

Findings: We found no exceptions.

General

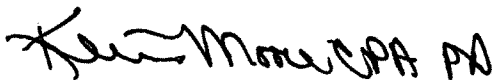
7. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

Findings: We found no exceptions.

We were engaged by Lurton-Pelsor Water Association, Inc. to perform this agreed-upon procedure 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 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.

We are required to be independent of Lurton-Pelsor Water Association, Inc. 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 Lurton-Pelsor Water Association, the State of Arkansas Legislative Audit and Arkansas Natural Resources Commission, and is not intended to be and should not be used by anyone other than those specified parties.



Certified Public Accountant

Russellville, Arkansas

April 27, 2022

LURTON-PELSOR WATER ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2021

LURTON-PELSOR WATER ASSOCIATION, INC.

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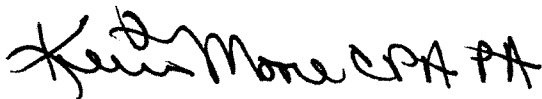
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Independent Accountant's Compilation Report

To the Board of Directors of
Lurton-Pelsor Water Association, Inc.
Pelsor, AR 72856

Management is responsible for the accompanying financial statements of Lurton-Pelsor Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended 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. 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 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.



Certified Public Accountants

Russellville, AR

April 27, 2022

LURTON-PELSOR WATER ASSOCIATION, INC.
Statement of Financial Condition
December 31, 2021

<u>Assets</u>		
<u>Current Assets</u>		
Cash - operations	\$ 6,303	
Cash - revenue	60,238	
Cash - soil & water	2,769	
Accounts receivable - trade	6,101	
Total current assets		\$ 75,411
<u>Restricted Funds</u>		
Cash - meter deposits	\$ 8,791	
Cash - soil and water depreciation	7,724	
CD - meter fund	8,830	
CD - debt service	18,552	
Total restricted funds		43,897
<u>Property, Plant and Equipment</u>		
Property, plant and equipment, Net of accumulated depreciation		116,017
Total assets		<u>\$ 235,325</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Current maturities of long-term debt	\$ 9,099	
Accrued expenses	1,630	
Accounts payable	3,409	
Meter deposits	12,075	
Total current liabilities		\$ 26,213
Long-term debt, less current maturities shown above		38,284
Total liabilities		64,497
<u>Net Assets</u>		
Without donor restrictions	\$ 170,828	
Total net assets		170,828
Total liabilities and net assets		<u>\$ 235,325</u>

See independent accountant's compilation report

LURTON-PELSOR WATER ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

Revenues	
Water collections	\$ 75,350
Interest income	140
Total revenues	<u>75,490</u>
Expenses	
Operating expenses	34,578
Personnel expense	20,190
General & administrative	5,259
Depreciation expense	16,311
Interest expense	3,069
Total expenses	<u>79,407</u>
Change in net assets	(3,917)
Net assets, beginning of year	<u>174,745</u>
Net assets, end of year	<u><u>\$ 170,828</u></u>

See independent accountant's compilation report

LURTON-PELSOR WATER ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

Cash flows from operating activities:

Change in net assets		\$ (3,917)
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Adjustments necessary to reconcile change in net assets to net cash provided by operating activities:

Depreciation	\$ 16,311	
<Increase> decrease in accounts receivable	(773)	
<Increase> decrease in restricted cash	(2,067)	
<Increase> decrease in accrued expenses	92	
<Increase> in accounts payable	3,409	16,972
Net cash provided by <used in> operating activities		13,055

Cash flows from financing activities:

Principal payments	(8,488)	
Net cash provided by <used in> financing activities		(8,488)

Net increase <decrease> in cash and cash equivalents		4,567
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Beginning cash and cash equivalents		64,743
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Ending cash and cash equivalents		\$ 69,310
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Supplemental data:

Interest paid		\$ 3,069
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See independent accountant's compilation report