NAIL-SWAIN WATER ASSOCIATION

Agreed Upon Procedures

Year Ended December 31, 2021

KEVIN MOORE CPA, PA

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INDEPENDENT ACCOUNTANT' S REPORT ON APPLYING AGREED-UPON PROCEDURES

Nail-Swain Water Association
HC 62 Box 549
Deer, AR 72628

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

Nail-Swain Water Association 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. (No additions or disposals)

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 Nail Swain Water Association 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 Nail Swain Water Association 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 Nail-Swain 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 26, 2022

NAIL-SWAIN WATER ASSOCIATION

Financial Statements

Year Ended December 31, 2021

NAIL-SWAIN WATER ASSOCIATION, INC.

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Independent Accountant's Compilation Report

To the Board of Directors of
Nail-Swain Water Association
Deer, AR 72628

Management is responsible for the accompanying financial statements of Nail-Swain Water Association (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.

Kevin Moore CPA PA

Certified Public Accountant

Russellville, AR

April 26, 2022

NAIL-SWAIN WATER ASSOCIATION
Statement of Financial Position
December 31, 2021

Assets		
Current Assets		
Cash - operations	$ 24,690	
Accounts receivable - trade	17,224	
Total current assets		$ 41,914
Restricted Funds		
Cash - USDA debt reserve	$ 8,250	
Cash - USDA short lived asset reserve	58,987	
Cash - meter deposits	19,103	
Cash - reserve account	37,278	
Cash - debt service	35,447	
Total restricted funds		159,065
Property, Plant and Equipment		
Property, plant and equipment, Net of accumulated depreciation		4,845,735
Other Assets		
Utility deposits		3,000
Total assets		$ 5,049,714
Liabilities and Net Assets		
Current maturities of long-term debt	$ 34,280	
Accrued expenses	14,427	
Meter deposits	7,500	
Total current liabilities		$ 56,207
Long-term debt, less current maturities shown above		869,214
Total liabilities		925,421
Net Assets		
Without donor restrictions	$ 4,124,293	
Total net assets		4,124,293
Total liabilities and net assets		$ 5,049,714

See independent accountant's compilation report.

NAIL-SWAIN WATER ASSOCIATION
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

Revenues		
Water collections	$	215,376
Other income		24,735
Interest income		45
Total revenues		240,156
Expenses		
Operating expenses		93,034
Personnel expense		43,782
General & administrative		6,578
Depreciation expense		184,763
Interest expense		29,693
Total expenses		357,850
Change in net assets		(117,694)
Net assets, beginning of year		4,241,987
Net assets, end of year	$	4,124,293

See independent accountant's compilation report.

NAIL-SWAIN WATER ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2021

Cash flows from operating activities:		
Change in net assets		$ (117,694)
Adjustments necessary to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	$ 184,763	
<Increase> decrease in restricted funds	(25,894)	
<Increase> decrease in accounts receivable	3,026	
Increase <decrease> in accounts payable	5,029	166,924
Net cash provided by <used in> operating activities		49,230
Cash flows from financing activities:		
Principal payments	$ (33,009)	
Net cash provided by <used in> financing activities		(33,009)
Net increase <decrease> in cash and cash equivalents		16,221
Beginning cash and cash equivalents		8,469
Ending cash and cash equivalents		$ 24,690
Supplemental data:		
Interest paid		$ 29,693

See independent accountant's compilation report.