

**KINGSLAND WATER SYSTEM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

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SEARCY & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Kingsland Water System

Management is responsible for the accompanying financial statements of Kingsland Water (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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

Searcy & Associates, LLC
Monticello, Arkansas
May 21, 2018

KINGSLAND WATER SYSTEM
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

Current assets:

Cash	\$ 21,534	
Certificates of deposit	17,647	
Accounts receivable (net of allowance for doubtful accounts \$2,229)	<u>11,577</u>	
Total current assets		\$ 50,758

Restricted funds:

Reserve accounts	\$ 20,675	
Meter deposits	<u>18,079</u>	
Total restricted funds		38,754

Property, Plant and Equipment:

Property, plant and equipment	\$ 1,358,366	
Less: Accumulated depreciation	<u>(781,900)</u>	
Total property, plant and equipment		<u>576,666</u>

Total assets \$ 666,178

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 3,324	
Accrued liabilities	13,389	
Meter deposits payable	16,547	
Current portion of long term debt	<u>5,884</u>	
Total current liabilities		\$ 39,144

Long term liabilities:

Notes payable, net of current portion		<u>120,774</u>
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Total liabilities \$ 159,918

Net assets:

Unrestricted	485,585	
Restricted	<u>20,675</u>	
Total net assets		<u>506,260</u>

Total liabilities and net assets \$ 666,178

See independent accountant's report.

KINGSLAND WATER SYSTEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Revenue	\$ 54,705	\$44,920	\$ 99,625
Less: Refunds and Adjustments	<u>(1,198)</u>	<u>0</u>	<u>(1,198)</u>
Net Operating Revenues	53,507	44,920	98,427
Operating expenses			
Salaries	26,748	19,881	46,629
Depreciation	25,756	0	25,756
Utilities	3,323	2,417	5,740
Auto Expense	3,834	1,371	5,205
Repairs and Maintenance	2,089	0	2,089
Payroll Taxes	2,817	349	3,166
Dues and Subscriptions	1,655	736	2,391
Operating Supplies	2,936	0	2,936
Insurance	9,503	862	10,365
Postage and Delivery	954	0	954
Telephone	1,462	84	1,546
Computer and Internet	1,473	0	1,473
Office Supplies	1,130	0	1,130
Bank Charges	6	0	6
Legal and Accounting	6,000	1,000	7,000
Miscellaneous	<u>1,207</u>	<u>6,206</u>	<u>7,413</u>
Total operating expenses	90,893	32,906	<u>123,799</u>
Net Operating Income/(Loss)			(25,372)
Other revenues and (expenses)			
Penalty Charges			2,256
Misc. Income			2,446
Interest Income			114
Interest Expense			<u>(6,297)</u>
Total other revenues and (expenses)			<u>(1,481)</u>
Net Increase (Decrease) in Assets			(26,853)
Beginning Net Assets			<u>533,113</u>
Ending Net Assets			<u>\$ 506,260</u>

See independent accountants' report.

KINGSLAND WATER SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flow from operating activities		
Decrease in Net Assets		\$ (26,853)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities		
Depreciation		25,756
(Increase) Decrease in:		
Accounts Receivable	(4,968)	
Restricted Cash	<u>(337)</u>	(5,305)
Increase (Decrease) in:		
Accrued Taxes	6,279	
Meter Deposits Payable	1,309	
Accounts Payable	<u>516</u>	<u>8,104</u>
Net cash provided (used) by operating activities		1,702
 Cash flow from financing activities		
Repayment of Debt		<u>(5,883)</u>
Net cash provided (used) by financing activities		<u>(5,883)</u>
Increase (decrease) in cash and cash equivalents		(4,181)
Cash and cash equivalents, beginning balance		<u>43,362</u>
Cash and cash equivalents, ending balance		<u>\$ 39,181</u>

Supplementary Disclosures:

Interest expense \$6,297

See independent accountants' report.