

THORNTON WATER WORKS



THORNTON, ARKANSAS

JUNE 30, 2018

THORNTON WATER WORKS  
THORNTON, ARKANSAS

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# **TURNER, RODGERS, MANNING & PLYLER, PLLC**

*Certified Public Accountants*

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Mayor and City Council  
Thornton, Arkansas

We have performed the procedures enumerated below which were agreed to by the Thornton Water Works and the Arkansas Legislative Joint Auditing Committee, solely to assist you with respect to the accounting records of the Thornton Water Works as of and for the year ended June 30, 2018. Thornton Water Works' management is responsible for the entity's accounting records. The sufficiency of these procedures is solely the responsibility of the specified users of the report. 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 balances.
- 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.

We found no exceptions as a result of the procedures.

### 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 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.

We found no exceptions as a result of the procedures.

### 3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

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.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

We found no exceptions as a result of the procedure.

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 the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

7. General

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

We found no exceptions as a result of the procedure.

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.

This report is intended solely for the information and use of Thornton Water Works and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

*Turner, Rodgers, Manning & Plyler, PLLC*  
Arkadelphia, Arkansas  
October 31, 2018

# TURNER, RODGERS, MANNING & PLYLER, PLLC

*Certified Public Accountants*

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## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Thornton Water Works  
Thornton, AR

Management is responsible for the accompanying financial statements of Thornton Water Works, which comprise the statement of assets, liabilities, and fund equity – modified cash basis as of June 30, 2018, and the related statement of cash receipts and cash disbursements for the year then ended, and for determining that the 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 statement, 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 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 the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Thornton Water Works' cash position, and results of operations – modified cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

*Turner, Rodgers, Manning & Plyler, PLLC*

Arkadelphia, Arkansas  
October 31, 2018

THORNTON WATER WORKS  
STATEMENT OF ASSETS, LIABILITIES  
AND FUND EQUITY - MODIFIED CASH BASIS  
JUNE 30, 2018

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents	<u>\$ 15,746</u>
RESTRICTED ASSETS:	
Restricted Cash - Construction	121
Restricted Cash - Depreciation	28,154
Restricted Cash - Meter Deposits	25,106
Restricted Certificate of Deposit - Debt Service	23,953
Restricted Certificate of Deposit - Depreciation	5,110
Restricted Certificate of Deposit - Meter Deposits	<u>15,110</u>
TOTAL RESTRICTED ASSETS	<u>97,554</u>
FIXED ASSETS:	
Land	21,780
Water and Sewer System	1,623,902
Equipment and Vehicles	21,269
Construction in Progress	1,984,980
Less: Accumulated Depreciation	<u>(1,263,053)</u>
TOTAL FIXED ASSETS	<u>2,388,878</u>
TOTAL ASSETS	<u><u>\$ 2,502,178</u></u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:	
Current Portion of Long-Term Debt	<u>\$ 39,813</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:	
Meter Deposits Payable	26,302
LONG-TERM LIABILITIES:	
Bonds Payable	1,961,114
TOTAL LIABILITIES	<u>2,027,229</u>
FUND EQUITY:	
Restricted Net Assets	71,252
Unrestricted Net Assets	<u>403,697</u>
TOTAL FUND EQUITY	<u>474,949</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 2,502,178</u></u>

See Independent Accountants' Compilation Report.

THORNTON WATER WORKS  
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR YEAR ENDED JUNE 30, 2018

CASH RECEIPTS:	
Water and Sewer Receipts	\$ 244,060
Transfers from General Fund	9,667
Meter Deposits Received	2,745
Miscellaneous Income	3,671
Loan Proceeds	2,000
Interest Received	154
TOTAL CASH RECEIPTS	262,297
CASH DISBURSEMENTS:	
Payroll Expenses	66,054
Payroll Taxes	5,248
Contract Labor	31,890
Fixed Asset Additions	5,188
Insurance	1,737
Interest Expense	3,147
Licenses and Fees	3,939
Loan Payments - Principal	3,197
Meter Deposit Refunds	4,409
Office Supplies	1,375
Operating Supplies	33,619
Professional Fees	20,500
Repairs and Maintenance	23,905
Sales Tax	17,036
Transfers to General	10,982
Transfers to Solid Waste	16,424
Utilities and Telephone	12,474
Miscellaneous	257
TOTAL CASH DISBURSEMENTS	261,381
NET CHANGE IN CASH	916
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	68,211
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 69,127

See Independent Accountants' Compilation Report.