

WILLISVILLE WATER SYSTEM
2017

TOWN OF WILLISVILLE-WATER SYSTEM
Willisville, Arkansas

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Members of the Town Council
Town of Willisville, Arkansas 71864

We have performed the procedures enumerated below which are required by Act 400 of 2015 of the State of Arkansas, applying such procedures to the records of the Town of Willisville, Arkansas Water System, as of and for the year ended December 31, 2017. This agreed-upon engagement was conducted in accordance with Attestation Standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report is required or for any other purpose.

Cash and Investments

- | | |
|-----------------|--|
| (1) Procedure: | Perform a proof of cash for the year and reconcile year-end bank balances to book balances. |
| Findings: | There were no exceptions found as a result of applying this procedure. |
| (2) Procedure: | Confirm with depository institutions the cash on deposits and investments. |
| Findings: | There were no exceptions found as a result of applying procedures. |
| (3) Procedures: | Agree the proof of cash ending balances to the book balances within 5% or \$500.00 whichever is greater. |
| Findings: | There were no exceptions found as a result of applying this procedure. |

Receipts

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|-----------------|--|
| (1) Procedures: | Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500.00, whichever is greater. |
| Findings: | There were no exceptions found as a result of applying this procedure. |
| (2) Procedure: | Agree 10 customer payments on the accounts receivable sub ledger to deposit and billing documents. |
| Findings: | There were no exceptions found as a result of applying this procedure. |
| (3) Procedure: | For one deposit, agree the cash/check composition of the deposit with receipt information |
| Findings: | There were no exceptions found as a result of applying this procedure. |

Accounts Receivable

- | | |
|----------------|---|
| (1) Procedure: | Agree 10 customer billings to the accounts receivable sub ledger. |
| Findings: | There were no exceptions found as a result of applying the procedure. |
| (2) Procedure: | Determine that 5 customer adjustments were properly authorized. |

Findings: When errors in billings are determined (located) corrections to such billings were made.

Disbursements

(1) Procedure: Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500.00, whichever is greater.

Findings: There were no exceptions found as a result of applying this procedure.

(2) Procedure: Analyze all property, plant and equipment disbursements.

Findings: There were no exceptions found as a result of applying this procedure.

(3) Procedure: Select all disbursements paid to employees other than payroll and 10 other disbursements and determine if they were adequately documented.

Findings: There were no exceptions found as a result of applying this procedure.

Property, Plant and Equipment

(1) Procedure: Determine that additions and disposals were properly accounted for in the records. (Materiality level 5% of total equipment or \$500.00, whichever is greater).

There were no additions noted for the year ending December 31, 2017.

Findings: There were no exceptions found as a result of applying the procedures.

Long-Term Debt

(1) Procedure: Schedule long-term debt and verify change in all balances for the year.

Findings: There were no exceptions found as a result of applying this procedure.

(2) Procedure: Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.

Findings: Direct confirmation of notes payable to Berkadia Commercial Mortgage LLC, and Arkansas Natural Resources Commission were not requested. Alternative procedures were applied in lieu of direct confirmation, ie; examination of documentation and loan schedules. No exceptions were found.

(3) Procedure: Determine that the appropriate debt service accounts have been established and maintained.

Findings: There were no exceptions found as a result of applying this procedure. It was determined that the appropriate debt service accounts have been established in accordance with loan requirements.

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 the management of the Town of Willisville, Arkansas Water System and the State of Arkansas Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

In accordance with the requirements of Act 400 of 2015 of the State of Arkansas we include a Statement of Assets and Liabilities-Cash Basis and a Statement of Receipts and Disbursements-Cash Basis, with Independent Accountants' Compilation Report as of and for the year ended December 31, 2017.

Wood and Wood, Ltd.
Magnolia, AR

November 28, 2018

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Mayor and Town Council
Town of Willisville, Arkansas 71864

Management is responsible for the accompanying financial statements of Town of Willisville, Arkansas Water System, which comprise the statement of assets, liabilities, and equity—cash basis as of December 31, 2017, and the related statement of revenues, expenses, and other changes in net assets—cash basis 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 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 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 required by the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Willisville Water System's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Wood and Wood, Ltd.
Magnolia, AR

November 28, 2018

TOWN OF WILLISVILLE-WATER SYSTEM
Willisville, Arkansas

STATEMENT OF ASSETS, LIABILITIES AND EQUITY-CASH BASIS
December 31, 2017

ASSETS

Current Assets:

Cash in Bank	\$ 8,558
Total Current Assets	<u>\$ 8,558</u>

Restricted Assets:

Cash in Banks	\$ 80,345
Total Restricted Assets	<u>\$ 80,345</u>

Property, Plant and Equipment

Furniture and Equipment	\$ 32,698
Water Well, Tank, Lines and Treatment Plant	<u>610,362</u>
Total	\$ 643,060
Less: Allowance for Depreciation	<u>277,348</u>
Total Property Plant and Equipment, Net of Depreciation	<u>\$ 365,712</u>

Other Assets

Administrative, Loan Cost, Net Amortization	\$ 3,938
Total	<u>\$ 3,938</u>

Total Assets	<u>\$ 458,553</u>
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LIABILITIES AND EQUITY

Current Liabilities

Notes Payable-Current Portion of Long-Term Debt	\$ 20,207
Meter Deposits-Customers -Estimated	<u>19,204</u>
Total Current Liabilities	<u>\$ 39,411</u>

Long-Term Liabilities

Notes Payable-Long-Term Debt	\$ 226,270
Total Long-Term Debt	<u>\$ 226,270</u>

Total Liabilities	<u>\$ 265,681</u>
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Equity

Retained Earnings, Undesignated	\$ 151,938
Retained Earnings, Designated	<u>40,934</u>
Total Equity	<u>\$ 192,872</u>

Total Liabilities and Equity	<u>\$ 458,553</u>
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See independent accountants' compilation report

TOWN OF WILLISVILLE-WATER SYSTEM
Willisville, Arkansas

STATEMENT OF RECEIPTS AND DISBURSEMENTS-CASH BASIS
For the year ended December 31, 2017

<u>Operating Revenue</u>	
Income-Water Collections	\$ 106,927
Income-Miscellaneous	<u>745</u>
Total Operating Revenue	<u>\$ 107,672</u>
<u>Operating Expenses</u>	
Salaries and Taxes	\$ 23,068
Sales Tax Remitted	9,262
Accounting	2,076
Insurance	1,676
Utilities	11,382
Gas	752
Parts and Material and Repairs	14,370
Contract Labor	1,883
Office Supply	1,329
Bank Fees	839
Dues and Subscriptions	1,084
Payroll Taxes	5,499
Depreciation	13,001
Interest	14,185
Amortization -Loan Administrative Expense	<u>175</u>
Total Operating Expenses	<u>\$ 100,581</u>
Net Income (Loss) from Operations	<u>\$ 7,091</u>
<u>Non-Operating Income</u>	
Income-Interest	<u>\$ 64</u>
Total Non-Operating Income	<u>\$ 64</u>
Net Income (Loss)	<u>\$ 7,155</u>

See independent accountants' compilation report