

**COMPTON WATER ASSOCIATION, INC.
FINANCIAL REVIEW
FOR THE PERIOD JANUARY 1, 2015 – DECEMBER 31, 2015**

**Stephen Savage
P. O. Box 164623
Little Rock, AR 72216**

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Independent Accountant's Report

Compton Water Association, Inc.
P. O. Box 825
Compton, AR 72624

I have performed the procedures listed below with respect to the financial information and state law compliance which were agreed to by the management of Compton Water Association, Inc. for the period January 1, 2015 – December 31, 2015. Management is responsible for maintaining the financial records and complying with the state law. This report is prepared in accordance with Rule 506.1.B of the Arkansas Natural Resources Commission's rules and regulations. This 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 the specified users of the report. Consequently, I 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 for the Compton Water Association, Inc. are as follows:

Compiled Financial Statements

Cash

1. a. Prepare 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.

I found no exceptions to the procedures listed above.

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 10 customer payments on the accounts receivable subledger to deposit and billing documents.

I found no exceptions to the procedures listed above.

Accounts Receivable:

3. a. Agree 10 customer billings to the accounts receivable subledger.
- b. Determine that (5) customer adjustments were properly authorized.

I found no exceptions to the procedures listed above.

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 10 disbursements and determine if they were adequately documented.

I found no exceptions to the procedures listed above.

Property, Plant and Equipment

5. a. Determine that additions and disposals were properly accounted for in the records.

I found no exceptions to the procedures listed above.

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.

I found no exceptions to the procedures listed above.

Other Recommendations:

I noted fairly large deposits in transit on the December 31, 2015 bank reconciliation. I traced these to deposits in January, but I noted they weren't deposited until the middle of January. I recommend that deposits be made weekly if at all possible.

Conclusion:

This report is intended solely for the information and use of the Compton Water Association, Inc. and is not intended to be and should not be used by anyone other than this specified party.

I appreciate Veronica as she was extremely helpful and cooperative. Veronica and the water system do a great job, and the system itself has made great improvements. I appreciate your willingness to provide us with all the information we requested. Thank you very much for all your help.

Sincerely,

Stephen Savage, CPA
March 21, 2016

**Compton Water
Association, Inc.
Financial Report
December 31, 2015**

Beginning Cash, January 1, 2015	<u>\$ 61,191</u>
Water Sales	268,212
Meter Deposits	1,750
Connection Fees	466
Interest	2
	<u>270,430</u>
Water Purchases	138,205
Contract Labor	52,400
Utilities	4,624
Repairs	5,562
Sales Tax	20,970
Professional Fees	4,806
Insurance	2,081
Supplies and Postage	8,056
Debt Principal	18,833
Debt Interest	12,107
Vehicle Expense	4,352
	<u>\$ 271,996</u>
Ending Cash	<u><u>\$ 59,625</u></u>

COMPTON WATER ASSOCIATION
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

1 Cash basis financial information includes demand and savings accounts.

2 Long Term Debt Outstanding at 12/31/2015

USDA Loan 91-01	\$	46,161.76
USDA Loan 91-04		1,626.92
USDA Loan 91-05		18,654.51
USDA Loan 91-09		109,685.94
Arkansas Natural Resources 00952-WSSW		18,986.00
Arkansas Natural Resources 99-03		56,274.00
	\$	<u>251,389.13</u>

