

**COLT WATER COMPANY
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2022**

**HOOD, PAGAN, & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
815 SOUTH WASHINGTON
FORREST CITY, AR 72335**



HOOD, PAGAN & ASSOCIATES
 CERTIFIED PUBLIC ACCOUNTANTS

LONDON P. HOOD, CPA
 DON W. PAGAN, CPA

815 SOUTH WASHINGTON, FORREST CITY, ARKANSAS 72335
 870-633-2114 or 800-382-3118 • FAX 870-633-5380

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Management of Colt Water Company and Rural Development:

We have performed the procedures enumerated below, which were agreed to by the Management of Colt Water Company and Rural Development, solely to assist you in evaluating the accompanying statement of assets, liabilities, and net position – cash basis as of December 31, 2022, and related statement of receipts and disbursements – cash basis for the year then ended. This agreed-upon procedures 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 has been requested or for any other purpose.

Agreed-Upon Procedures:

Cash:

1. Prepare a proof of cash for the year and reconciled year-end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for Colt Water Company:

FNBEA

Meter Deposit	\$	27,705
Checking		41,898
New Well & Lagoon Fund		<u>9,827</u>
	\$	<u>79,430</u>

3. Agree the proof of cash ending balances to the book balances.
- No exceptions noted.

Receipts:

1. Agree the deposits per the proof of cash for the year with the deposits per the receipts journal within 5% or \$500, whichever is greater.
2. Agree 10 customer payments to the billing documents and meter reading.
3. Agree the cash and check composition of ten deposits with receipt information
- No exceptions noted.

Accounts Receivable:

1. Agree 10 billings to the meter readings and the validated deposit.
2. Select 5 customer adjustments and validate they were approved.
- No exceptions noted.

BRANCH OFFICES

Disbursements:

1. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
 2. Select and review documentation for 10 disbursements other than payroll and/or to employees.
 3. Select and review all employee and board member disbursements.
 4. Review supporting documentation for all fixed asset purchases
 5. Review and analyze credit card statements, if applicable.
- No exceptions noted.

Property, Plant, and Equipment:

1. Determine that additions and disposals were properly accounted for in the records.
- No exceptions noted.

Long-Term Debt:

1. Schedule long-term debt and verify changes in all balances for the year.
 2. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
 3. Determine that the appropriate debt service accounts have been established and maintained.
- No exceptions noted.

Financial Statements:

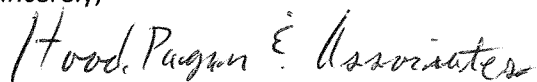
1. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.
 2. Review expenses to determine amounts spent on operating and maintenance.
 3. Review cash balances and/or reserve for depreciation for adequacy to support operating and maintenance expenditures.
 4. Review revenue to determine a two-year trend.
 5. Determine the number of customers.
 6. Determine the rate schedule.
- No exceptions noted.

Debt reserve requires \$31,836 in order to be fully funded. On December 31, 2022, debt reserve was \$114,114 representing 358.4% of funds needed to be considered fully funded.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying balance sheet and statement of activities of Colt Water Company. 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 Colt Water Company, Arkansas Natural Resources, and Rural Development, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Hood, Pagan & Associates

January 14, 2025

**COLT WATER COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

**HOOD, PAGAN, & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
815 SOUTH WASHINGTON
FORREST CITY, AR 72335**



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Colt Water Company
P.O. Box 207
Colt, AR 72326

Management is responsible for the accompanying financial statements of Colt Water Company, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2022, and the related statement of receipts and disbursements – cash basis for the year then ended in accordance with the cash basis of accounting and for determining that the cash basis of accounting is an acceptable financial reporting framework generally accepted in the United States of America. We have performed this compilation engagement in accordance with the 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 financial statement 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 Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis and budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basis financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in appropriate operational, economic, or historical context.

Hood Pagan & Associates

Certified Public Accountants
Forrest City, AR
January 14, 2025

BRANCH OFFICES

COLT WATER COMPANY

**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS:

Petty Cash	\$	50
FNBEA - Meter Deposits		27,705
FNBEA - Checking		41,898
FNBEA - New Well & Lagoon Fund		9,827
Accounts Receivable - Customers		78,533
Accounts Receivable - Employees		300
TOTAL CURRENT ASSETS		<u>158,313</u>

PROPERTY AND EQUIPMENT:

Land		3,500
Contract Structure		437,405
Phase II Water Relocation		103,883
Phase III Relocation		84,500
Equipment		103,173
		<u>732,461</u>
Less: Accumulated Depreciation		<u>(648,155)</u>
NET PROPERTY AND EQUIPMENT		<u>84,306</u>

OTHER ASSETS:

Deposits - Meter Reserve		114,114
Deposits - Utility		20
TOTAL OTHER ASSETS		<u>114,134</u>

TOTAL ASSETS \$ 356,753

COLT WATER COMPANY

**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2022**

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Payroll taxes withheld	\$ \$	2,321
Sales Tax Payable		1,285
Current portion of long-term debt		20,213
TOTAL CURRENT LIABILITIES		<u>23,819</u>

LONG-TERM LIABILITIES:

Meter Deposits - Customers		53,362
N/P - AR Natural Resources #00809		16,372
N/P - AR Natural Resources #00243		27,532
N/P - FHA #92-02 (Sewer)		65,252
N/P - FHA #91-03 (Relocation)		127,829
Less: Current Portion of Long-Term Debt		<u>(20,213)</u>
TOTAL LONG-TERM LIABILITIES		<u>270,134</u>

EQUITY:

Owners Equity		36,684
Current Operating Income (Loss)		<u>26,116</u>
TOTAL STOCKHOLDER'S EQUITY		<u>62,800</u>

TOTAL LIABILITIES AND EQUITY **\$ 356,753**

COLT WATER COMPANY

STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
DECEMBER 31, 2022

SALES

Sales - Water Revenue	\$ 228,999
Sales Tax Discount Earned	282
Installation Fees	1,270
Interest Income	124
Salary Reimbursements - City of Colt	<u>38,112</u>
TOTAL SALES	<u>268,787</u>

OPERATING EXPENSES

Accounting	5,300
Advertising	214
Auto & Truck Expense	8,550
Depreciation Expense	11,078
Dues & Subscriptions	792
Health & Life Insurance	2,667
Insurance	10,717
Interest Expense	12,585
Licenses & Fees	2,571
Office Expense	5,345
Postage	2,125
Reparis and Maintenance	49,257
Salaries & Wages	83,921
Supplies	22,042
Taxes - Payroll	6,558
Telephone	1,972
Travel	432
Uniform Expense	1,634
Utilities	<u>14,911</u>
TOTAL EXPENSES	<u>242,671</u>
OPERATING INCOME	<u>\$ 26,116</u>