

**NWA CONSERVATION AUTHORITY**

**FINANCIAL STATEMENTS**

**FEBRUARY 29, 2012**



*CERTIFIED PUBLIC ACCOUNTANTS*

**ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors  
Northwest Arkansas Conservation Authority  
Bentonville, Arkansas

We have compiled the accompanying statement of net assets of **Northwest Arkansas Conservation Authority** as of February 29, 2012 and the related statement of revenue, expense and changes in net assets - actual and budget for the two months then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statements were included in the financial statement, they might influence the user's conclusions about the Organization'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.

A management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Management has not presented the management's discussion and analysis required to supplement, although not required to be a part of, the basic financial statements.

We are not independent with respect to Northwest Arkansas Conservation Authority because as of January 1, 2012 we perform certain accounting services that impair our independence.

  
**BEALL BARCLAY & COMPANY, PLC**  
Certified Public Accountants

Rogers, Arkansas  
March 7, 2012

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**FEBRUARY 29, 2012**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Unrestricted cash	
Petty cash	\$ 202.29
Cash in checking - FSB	394,053.78
	<u>394,256.07</u>
Restricted cash	
Series 2008 debt svcs reserve	1,722,978.27
Series 2008 bond fund	1,282,638.46
ANRC 2010B construction fund	11,249.38
ANRC 2008A bond fund	68,481.77
ANRC - 2008	136,667.58
ANRC - 2009	155,304.66
ANRC - 2010A	144,050.34
ANRC - 2010B	22,498.11
	<u>3,543,868.57</u>
Prepaid assets	26,253.08
Accounts receivable	531,421.33
	<u>557,674.41</u>
<b>Total Current Assets</b>	<u><u>4,495,799.05</u></u>
<b>FIXED ASSETS</b>	
Conveyance lines	20,889,740.68
Treatment facility	34,630,767.15
Land and easements	5,279,274.42
Vehicles	108,154.11
Computers	40,526.57
Lab equipment	31,107.11
Telephone system	5,872.44
Less accumulated depreciation	<u>(2,027,048.08)</u>
	<u>58,958,394.40</u>
<b>OTHER ASSETS</b>	
Utility deposits	275.00
Series 2008 - bond issuance cost	1,509,908.04
ANRC bond issuance cost	1,257,980.00
Accumulated amortization	(250,481.98)
Financing cost	8,183.25
Accumulated amortization	<u>(1,169.04)</u>
	<u>2,524,695.27</u>
	<u><u>\$ 65,978,888.72</u></u>

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**FEBRUARY 29, 2012**

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Accounts payable	\$	144,347.06
Current portion of long-term debt		1,153,074.24
Accrued interest		1,107,207.32
Payroll liabilities		1,988.55
		1,988.55

Total Current Liabilities		2,406,617.17
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**LONG-TERM LIABILITIES**

Series 2008 revenue bond - Bentonville		19,405,000.00
Series 2008 revenue bond - Tontitown		7,420,000.00
Bond discount		(975,613.67)
Revenue Bond 2008A-ANRC		13,205,683.00
Revenue Bond 2009A-ANRC		10,234,020.00
Revenue Bond 2010A-ANRC		14,330,333.00
Revenue Bond 2010B-ANRC		964,121.23
First Security loan 2011B		353,391.77
Liberty equipment loan 2011A		166,086.72
Osage Basin deferred loan		257,500.00
Less current portion of long-term debt		(1,153,074.24)
		64,207,447.81

64,207,447.81

**NET ASSETS**

Net assets, beginning of period		(663,650.70)
Change in net assets		28,474.44
		28,474.44

**NET ASSETS, END OF PERIOD**

(635,176.26)

\$ 65,978,888.72

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**TWO MONTHS ENDED FEBRUARY 29, 2012**

	ACTUAL	YTD BUDGET	OVER (UNDER) BUDGET	PERCENT OF BUDGET SPENT	ANNUAL BUDGET	PERCENT OF ANNUAL BUDGET SPENT
<b>OPERATING REVENUE</b>						
Grants	\$ 0.00	\$ 1,383.34	\$ (1,383.34)	0.00%	\$ 8,300.00	0.00%
Treatment revenue - Bentonville	768,813.66	778,727.34	(9,913.68)	98.73%	4,672,364.00	16.45%
Treatment revenue - Tontitown	140,492.06	108,502.50	31,989.56	129.48%	651,015.00	21.58%
Reserve fund revenue	90,931.64	88,723.00	2,208.64	102.49%	532,338.00	17.08%
	<u>1,000,237.36</u>	<u>977,336.18</u>	<u>22,901.18</u>	<u>102.34%</u>	<u>5,864,017.00</u>	<u>17.06%</u>
<b>OPERATING COSTS</b>						
Accounting fees	1,500.00	3,000.00	(1,500.00)	50.00%	18,000.00	8.33%
Automobile allowance	1,430.76	1,550.00	(119.24)	92.31%	9,300.00	15.38%
Contracted services	2,156.00	0.00	2,156.00	0.00%	0.00	0.00%
Dues and subscriptions	35.00	0.00	35.00	0.00%	0.00	0.00%
Equipment	200.00	83.34	116.66	239.98%	500.00	40.00%
Grant expense	0.00	1,383.34	(1,383.34)	0.00%	8,300.00	0.00%
Health insurance	3,547.22	3,570.00	(22.78)	99.36%	21,420.00	16.56%
Insurance	9,146.42	8,000.00	1,146.42	114.33%	48,000.00	19.06%
Legal fees	3,631.42	10,833.34	(7,201.92)	33.52%	65,000.00	5.59%
Marketing	0.00	83.34	(83.34)	0.00%	500.00	0.00%
Meeting expense	84.35	100.00	(15.65)	84.35%	600.00	14.06%
Office supplies and expense	275.34	666.66	(391.32)	41.30%	4,000.00	6.88%
Other expenses	0.00	100.00	(100.00)	0.00%	600.00	0.00%
Payroll tax expense	4,487.05	4,500.00	(12.95)	99.71%	27,000.00	16.62%
Postage	18.70	66.66	(47.96)	28.05%	400.00	4.67%
Professional fees	1,207.44	2,500.00	(1,292.56)	48.30%	15,000.00	8.05%
Property taxes	0.00	50.00	(50.00)	0.00%	300.00	0.00%
Public notices	132.00	50.00	82.00	264.00%	300.00	44.00%
Salaries and wages	40,729.49	44,076.66	(3,347.17)	92.41%	264,460.00	15.40%
Telephone	729.50	1,050.00	(320.50)	69.48%	6,300.00	11.58%
Travel	0.00	100.00	(100.00)	0.00%	600.00	0.00%
Trustee expense	480.00	4,500.00	(4,020.00)	10.67%	27,000.00	1.78%
Building and grounds maintenance	479.14	750.00	(270.86)	63.89%	4,500.00	10.65%
Chemical supplies	15,499.65	15,400.00	99.65	100.65%	92,400.00	16.77%
Equipment maintenance	1,217.09	1,850.00	(632.91)	65.79%	11,100.00	10.96%
Janitorial	706.01	666.66	39.35	105.90%	4,000.00	17.65%
Lab - testing and equipment	5,810.87	6,333.34	(522.47)	91.75%	38,000.00	15.29%
Membership, fees, and contracts	8,594.80	2,708.34	5,886.46	317.35%	16,250.00	52.89%
Operating supplies	803.34	500.00	303.34	160.67%	3,000.00	26.78%
Petroleum supplies	135.87	1,050.00	(914.13)	12.94%	6,300.00	2.16%
Plant equipment	0.00	833.34	(833.34)	0.00%	5,000.00	0.00%
Plant utilities	31,044.19	25,283.34	5,760.85	122.79%	151,700.00	20.46%
Rental and leases	32.70	333.34	(300.64)	9.81%	2,000.00	1.64%
Safety	745.71	583.34	162.37	127.83%	3,500.00	21.31%
Sludge and trash disposal	18,696.80	16,166.66	2,530.14	115.65%	97,000.00	19.28%
Travel and training	99.00	630.84	(531.84)	15.69%	3,785.00	2.62%
Uniforms	429.30	550.00	(120.70)	78.05%	3,300.00	13.01%
Vehicle repair	175.68	166.66	9.02	105.41%	1,000.00	17.57%
	<u>154,260.84</u>	<u>160,069.20</u>	<u>(5,808.36)</u>	<u>96.37%</u>	<u>960,415.00</u>	<u>16.06%</u>
<b>CHANGE IN NET ASSETS</b>	<u>845,976.52</u>	<u>817,266.98</u>	<u>28,709.54</u>	<u>103.51%</u>	<u>4,903,602.00</u>	<u>17.25%</u>

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
TWO MONTHS ENDED FEBRUARY 29, 2012**

	ACTUAL	YTD BUDGET	OVER (UNDER) BUDGET	PERCENT OF BUDGET SPENT	ANNUAL BUDGET	PERCENT OF ANNUAL BUDGET SPENT
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
Interest income	374.20	0.00	374.20	0.00%	0.00	0.00%
Interest expense	<u>(532,912.12)</u>	<u>(532,971.66)</u>	<u>59.54</u>	<u>99.99%</u>	<u>(3,197,830.00)</u>	<u>16.66%</u>
	<u>(532,537.92)</u>	<u>(532,971.66)</u>	<u>(433.74)</u>	<u>(99.92)%</u>	<u>(3,197,830.00)</u>	<u>(16.65)%</u>
<b>CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION</b>	<u>313,438.60</u>	<u>284,295.32</u>	<u>29,143.28</u>	<u>110.25%</u>	<u>1,705,772.00</u>	<u>18.38%</u>
Amortization of bond financing cost	12,476.50					
Depreciation expense	<u>272,487.66</u>					
	<u>284,964.16</u>					
	<u>\$ 28,474.44</u>					