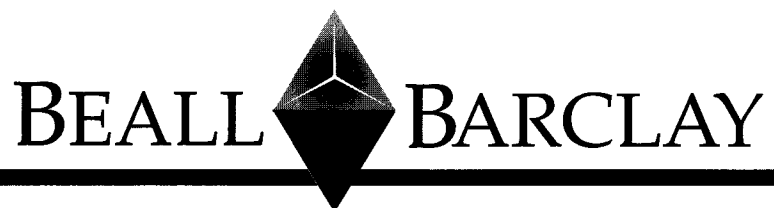


**NWA CONSERVATION AUTHORITY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2012**



*CERTIFIED PUBLIC ACCOUNTANTS*



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 March 31, 2012 and the related statement of revenue, expense and changes in net assets - actual and budget for the three 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  
April 11, 2012

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2012**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Unrestricted cash	
Petty cash	\$ 202.29
Cash in checking - FSB	475,717.76
	<u>475,920.05</u>
Restricted cash	
Series 2008 debt svcs reserve	1,722,978.27
Series 2008 bond fund	1,411,216.15
ANRC 2010B construction fund	0.75
ANRC - 2008	273,030.58
ANRC - 2009	207,072.16
ANRC - 2010A	216,074.01
ANRC - 2010B	44,996.11
	<u>3,875,368.03</u>
Prepaid assets	21,984.87
Receivable - J.Sampier	2,028.04
Accounts receivable	494,733.09
	<u>518,746.00</u>
<b>Total Current Assets</b>	<u><u>4,870,034.08</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>(2,144,586.62)</u>
	<u>58,840,855.86</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	(256,622.81)
Financing cost	8,183.25
Accumulated amortization	<u>(1,266.46)</u>
	<u>2,518,457.02</u>
	<u><u>\$ 66,229,346.96</u></u>

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2012**

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Accounts payable	\$ 140,965.67
Current portion of long-term debt	1,153,074.24
Accrued interest	1,363,129.70
Payroll liabilities	<u>4,229.21</u>
 Total Current Liabilities	 <u>2,661,398.82</u>

**LONG-TERM LIABILITIES**

Series 2008 revenue bond - Bentonville	19,405,000.00
Series 2008 revenue bond - Tontitown	7,420,000.00
Bond discount	(973,355.31)
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	349,423.86
Liberty equipment loan 2011A	164,010.38
Osage Basin deferred loan	257,500.00
Less current portion of long-term debt	<u>(1,153,074.24)</u>
	<u>64,203,661.92</u>

**NET ASSETS**

Net assets, beginning of period	(663,650.70)
Change in net assets	<u>27,936.92</u>

**NET ASSETS, END OF PERIOD**

	<u>(635,713.78)</u>
	<u>\$ 66,229,346.96</u>

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**THREE MONTHS ENDED MARCH 31, 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	\$ 2,075.01	\$ (2,075.01)	0.00%	\$ 8,300.00	0.00%
Treatment revenue - Bentonville	1,168,750.28	1,168,091.01	659.27	100.06%	4,672,364.00	25.01%
Treatment revenue - Tontitown	190,312.79	162,753.75	27,559.04	116.93%	651,015.00	29.23%
Reserve fund revenue	135,907.38	133,084.50	2,822.88	102.12%	532,338.00	25.53%
	<u>1,494,970.45</u>	<u>1,466,004.27</u>	<u>28,966.18</u>	<u>101.98%</u>	<u>5,864,017.00</u>	<u>25.49%</u>
<b>OPERATING COSTS</b>						
Accounting fees	3,000.00	4,500.00	(1,500.00)	66.67%	18,000.00	16.67%
Automobile allowance	1,430.76	2,325.00	(894.24)	61.54%	9,300.00	15.38%
Contracted services	5,104.80	0.00	5,104.80	0.00%	0.00	0.00%
Dues and subscriptions	45.00	0.00	45.00	0.00%	0.00	0.00%
Equipment	200.00	125.01	74.99	159.99%	500.00	40.00%
Grant expense	0.00	2,075.01	(2,075.01)	0.00%	8,300.00	0.00%
Health insurance	5,365.85	5,355.00	10.85	100.20%	21,420.00	25.05%
Insurance	13,719.63	12,000.00	1,719.63	114.33%	48,000.00	28.58%
Legal fees	3,631.42	16,250.01	(12,618.59)	22.35%	65,000.00	5.59%
Marketing	0.00	125.01	(125.01)	0.00%	500.00	0.00%
Meeting expense	84.35	150.00	(65.65)	56.23%	600.00	14.06%
Office supplies and expense	5,037.02	999.99	4,037.03	503.71%	4,000.00	125.93%
Other expenses	59.90	150.00	(90.10)	39.93%	600.00	9.98%
Payroll tax expense	6,348.90	6,750.00	(401.10)	94.06%	27,000.00	23.51%
Postage	18.70	99.99	(81.29)	18.70%	400.00	4.67%
Professional fees	18,957.44	3,750.00	15,207.44	505.53%	15,000.00	126.38%
Property taxes	0.00	75.00	(75.00)	0.00%	300.00	0.00%
Public notices	132.00	75.00	57.00	176.00%	300.00	44.00%
Salaries and wages	65,328.50	66,114.99	(786.49)	98.81%	264,460.00	24.70%
Telephone	1,132.62	1,575.00	(442.38)	71.91%	6,300.00	17.98%
Travel	0.00	150.00	(150.00)	0.00%	600.00	0.00%
Trustee expense	720.00	6,750.00	(6,030.00)	10.67%	27,000.00	2.67%
Building and grounds maintenance	659.22	1,125.00	(465.78)	58.60%	4,500.00	14.65%
Chemical supplies	21,470.85	23,100.00	(1,629.15)	92.95%	92,400.00	23.24%
Equipment maintenance	9,914.83	2,775.00	7,139.83	357.29%	11,100.00	89.32%
Janitorial	1,100.83	999.99	100.84	110.08%	4,000.00	27.52%
Lab - testing and equipment	12,422.91	9,500.01	2,922.90	130.77%	38,000.00	32.69%
Membership, fees, and contracts	9,534.80	4,062.51	5,472.29	234.70%	16,250.00	58.68%
Operating supplies	952.73	750.00	202.73	127.03%	3,000.00	31.76%
Petroleum supplies	2,096.66	1,575.00	521.66	133.12%	6,300.00	33.28%
Plant equipment	299.52	1,250.01	(950.49)	23.96%	5,000.00	5.99%
Plant utilities	44,770.92	37,925.01	6,845.91	118.05%	151,700.00	29.51%
Rental and leases	49.05	500.01	(450.96)	9.81%	2,000.00	2.45%
Safety	936.45	875.01	61.44	107.02%	3,500.00	26.76%
Sludge and trash disposal	30,101.76	24,249.99	5,851.77	124.13%	97,000.00	31.03%
Travel and training	99.00	946.26	(847.26)	10.46%	3,785.00	2.62%
Uniforms	779.10	825.00	(45.90)	94.44%	3,300.00	23.61%
Vehicle repair	211.33	249.99	(38.66)	84.54%	1,000.00	21.13%
	<u>265,716.85</u>	<u>240,103.80</u>	<u>25,613.05</u>	<u>110.67%</u>	<u>960,415.00</u>	<u>27.67%</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,229,253.60</u>	<u>1,225,900.47</u>	<u>3,353.13</u>	<u>100.27%</u>	<u>4,903,602.00</u>	<u>25.07%</u>

**NORTHWEST ARKANSAS CONSERVATION AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**THREE MONTHS ENDED MARCH 31, 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	746.43	0.00	746.43	0.00%	0.00	0.00%
Interest expense	<u>(793,322.16)</u>	<u>(799,457.49)</u>	<u>6,135.33</u>	<u>99.23%</u>	<u>(3,197,830.00)</u>	<u>24.81%</u>
	<u>(792,575.73)</u>	<u>(799,457.49)</u>	<u>(6,881.76)</u>	<u>(99.14)%</u>	<u>(3,197,830.00)</u>	<u>(24.78)%</u>
<b>CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION</b>	<u>436,677.87</u>	<u>426,442.98</u>	<u>10,234.89</u>	<u>102.40%</u>	<u>1,705,772.00</u>	<u>25.60%</u>
Amortization of bond financing cost	18,714.75					
Depreciation expense	<u>390,026.20</u>					
	<u>408,740.95</u>					
	<u>\$ 27,936.92</u>					