

Faulkner County
American Rescue Plan / Coronavirus State and Local
Fiscal Recovery Funds Application

RECEIVED
DEC 12 2022
FAULKNER CO. JUDGE

Organizational information:

Name or organization: Lake Conway Community Wastewater Utility
Physical address: 5 Brannon Landing Rd Conway, AR 72032
Mailing address: P.O. Box 198 Mayflower, AR 72106
Email: jayssonfunkhouser@gmail.com
Phone: 501-766-3663

CEO or Executive Director information:

Name: Oscar Gomez
Email: samgomez53@gmail.com
Phone: 501-339-6643

Brief qualifications statement: Chairman, Lake Conway Community Wastewater Utility Board

Financial Officer or Director information:

Name: Janice Johnson
Email: jananj8813@yahoo.com
Phone: 501-336-7592
Brief qualifications statement: Accountant, LCCWU

Who is the contact person for this application?

Name: Jaysson Funkhouser
Email: jayssonfunkhouser@gmail.com
Phone: 501-766-3663

Entity type or IRS registration: (501(c)3, LLC, sole proprietorship, etc.)

FEIN: 81-4648869 Community Wastewater Utility

Brief history of the organization:

Plant was constructed in early 2000's. Plant treats septic tank effluent from ~400 homes in Faulkner County and discharges into Lake Conway. Water quality standards for Lake Conway have changed over the years and Plant can no longer meet required standards. This project will regionalize with Conway Corporation and Plant will shut down permanently once project is complete.

Financial information:

1. Have you received other state or federal grant funds in the past three years? If so, list the grant name, the organization from whom it was received, the amount of funding received, and the status of the grant expenditure.

Yes. ANRD grant on 02 December 2022 for half of the project costs (\$800K. We are seeking funds to cover the remaining amount needed for project.

2. Please Attach your organization's audits from 2019, 2020, and 2021 if available.

LCCWU audits are conducted by Conner and Sartain Accountants from Conway, AR. I am attaching the cover letters only. The entire reports can be provided to the County if needed. Our audits run 1 year behind. Our most recent is 2020 so I am attaching 2018-2020 audits.

3. What is your organization's annual budget? Please attach a copy of your 2020, 2021, and 2022 budgets.

Annual budget is around \$180,000. 2018-2020 budgets are attached.

4. The applicant certifies that any funds received through this Faulkner County granting program are fully subject to federal regulations and affirms that the funds will be properly spent in compliance with the American Rescue Plan Act of 2021. The applicant further affirms that financial controls are in place such that each expenditure under the grant will be fully documented and that such documentation will be open to the public and submitted to the County for audit. The applicant understands that all aspects of their use of the grant are open to the public and subject to the Freedom of Information Act.

About your request:

5. Please indicate under which category of eligibility under ARPA your organization is applying:

- Public Health and Economic Impacts – Responding to COVID-19
- Public Health and Economic Impacts – Responding to Negative Economic Impacts
- Investments in Infrastructure – Water and Sewer
- Investments in Infrastructure – Broadband

6. Briefly and clearly state how your project responds to the COVID-19 crisis:

During Covid-19, materials and chemicals used to treat effluent at this plant have become nearly impossible to find. As such, effluent limits have been exceeded and we are no longer able to maintain a satisfactory level of compliance without jeopardizing the plant.

7. Does your project have a county-wide impact? If so, please describe.

Yes. Many residents in Faulkner County along Lake Conway are impacted by our inability to effectively meet current water quality standards.

8. Please describe your project including the following information (in any order): What will this project accomplish? How will those goals be measured? How do these goals relate to the goals of the American Rescue Plan Act (ARPA)?

This project will consolidate/regionalize with the Conway Corporation wastewater collection system. The Project consists of developing a lift station and force main capable of conveying untreated effluent to the Conway Corporation system collection point. LCCWU will no longer be required to discharge into Lake Conway and the plant will close. This improves the overall health and living conditions along the Lake.

9. Please attach a project budget. If the project includes construction or third-party services, please provide their estimates.

\$1.6M with a grant from the state for \$800K leaving a remaining balance of \$800K in funds needed. Crafton and Tull Engineers of Little Rock has developed a preliminary design and a budget for the project.

10. Are other funds part of the budget besides ARPA funds? If so, please list other sources of funding and a copy of their funding commitment, if available.

Yes. \$800K grant from ANRD.

11. Please describe the organization's financial management practices that will ensure audit compliance.

n/a

12. What is the total dollar amount that is being requested from Faulkner County?

\$800,000

13. Have you received other ARPA or CARES Act funds? If so, how much have you received?

n/a

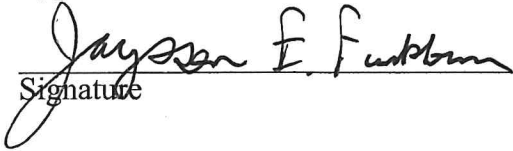
Authorized Representative: The signature indicates that I have been authorized to submit an application requesting funding for the proposed project and to the best of my knowledge and belief, all data contained in this application is true and correct. If the application is approved for funding, I am authorized to sign any applicable documents on behalf of the applicant.

Jaysson Funkhouser

Type Name

Board Member, LCCWU

Title



Signature

December 12, 2022

Date

When completed return by mail or drop-off
to: Faulkner County Judge's Office
801 Locust Street
Conway, AR 72034

Conner & Sartain

CERTIFIED PUBLIC ACCOUNTANTS

985 CARSON COVE, SUITE C

P.O. BOX 2260

CONWAY, ARKANSAS 72033

Telephone: (501) 327-6688

Fax: (501) 327-6699

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lake Conway Community Waste Water Utility
Mayflower, Arkansas

We have audited the accompanying financial statements of the business-type activities of the Lake Conway Community Waste Water Utility, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lake Conway Community Waste Water Utility, as of December 31, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 5 and 25 -26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

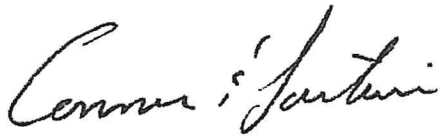
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lake Conway Community Waste Water Utility's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2020, on our consideration of the Lake Conway Community Waste Water Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Conway Community Waste Water Utility's internal control over financial reporting and compliance.



Conway, Arkansas
February 18, 2020

Conner & Sartain

CERTIFIED PUBLIC ACCOUNTANTS

985 CARSON COVE, SUITE C

P.O. BOX 2260

CONWAY, ARKANSAS 72033

Telephone: (501) 327-6688

Fax: (501) 327-6699

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lake Conway Community Waste Water Utility
Mayflower, Arkansas

We have audited the accompanying financial statements of the business-type activities of the Lake Conway Community Waste Water Utility, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Lake Conway Community Waste Water Utility, as of December 31, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

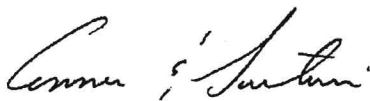
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 4 and 22 - 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021 on our consideration of the Lake Conway Community Waste Water Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Conway Community Waste Water Utility's internal control over financial reporting and compliance.



Conway, Arkansas
March 10, 2021

LAKE CONWAY COMMUNITY WASTE WATER UTILITY

**REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - BUDGETARY COMPARISON**

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2018

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>BUDGET VARIANCE</u>
Operating Revenues:			
Charges for services	\$ 165,350	\$ 164,905	\$ (445)
Total Operating Revenues	<u>165,350</u>	<u>164,905</u>	<u>(445)</u>
Operating Expenses:			
Facilities and Equipment	67,654	66,365	1,289
Operations and Maintenance	30,300	21,859	8,441
Utilities	11,000	11,245	(245)
Billings and Collections	8,614	8,552	62
Office supplies and postage	500	279	221
Operations supplies	4,000	3,840	160
Legal and audit	5,300	5,084	216
Licenses and Permits	1,200	1,062	138
Engineering Impact Study	-	2,494	(2,494)
Depreciation expense	72,000	74,613	(2,613)
Total Operating Expenses	<u>200,568</u>	<u>195,393</u>	<u>5,175</u>
Operating Income (Loss)	<u>(35,218)</u>	<u>(30,488)</u>	<u>4,730</u>
Non-Operating Revenues (Expenses):			
Interest revenue	-	957	957
Bad debt expense	(8,100)	(6,000)	2,100
Interest expenses and fiscal charges	(24,334)	(13,949)	10,385
Total Non-Operating Revenues (Expenses)	<u>(32,434)</u>	<u>(18,992)</u>	<u>13,442</u>
Change in Net Position	(67,652)	(49,480)	18,172
Net Position - Beginning of Year	<u>(207,562)</u>	<u>2,686,990</u>	<u>2,894,552</u>
Net Position - End of Year	<u>\$ (275,214)</u>	<u>\$ 2,637,510</u>	<u>\$ 2,912,724</u>

The accompanying notes are an integral part of the financial statements.

LAKE CONWAY COMMUNITY WASTE WATER UTILITY

**REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - BUDGETARY COMPARISON**

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>BUDGET VARIANCE</u>
Operating Revenues:			
Charges for services	\$ 174,000	\$ 178,081	\$ 4,081
Total Operating Revenues	<u>174,000</u>	<u>178,081</u>	<u>4,081</u>
Operating Expenses:			
Facilities and contract services	68,962	68,680	282
Operations and maintenance	28,100	33,278	(5,178)
Utilities	11,000	14,692	(3,692)
Billings and collections	8,700	8,686	14
Office supplies and postage	500	731	(231)
Operations supplies	4,000	4,822	(822)
Legal and audit	5,300	5,000	300
Licenses and permits	1,200	1,062	138
Insurance	2,500	2,503	(3)
Depreciation expense	72,000	73,581	(1,581)
Total Operating Expenses	<u>202,262</u>	<u>213,035</u>	<u>(10,773)</u>
Operating Income (Loss)	<u>(28,262)</u>	<u>(34,954)</u>	<u>(6,692)</u>
Non-Operating Revenues (Expenses):			
Bad debt expense	(6,000)	(6,000)	-
Interest expenses and fiscal charges	(24,334)	(13,432)	10,902
Total Non-Operating Revenues (Expenses)	<u>(30,334)</u>	<u>(19,432)</u>	<u>10,902</u>
Change in Net Position	(58,596)	(54,386)	4,210
Net Position - Beginning of Year	<u>(275,214)</u>	<u>2,637,510</u>	<u>2,912,724</u>
Net Position - End of Year	<u>\$ (333,810)</u>	<u>\$ 2,583,124</u>	<u>\$ 2,916,934</u>

The accompanying notes are an integral part of the financial statements.

LAKE CONWAY COMMUNITY WASTE WATER UTILITY

**REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - BUDGETARY COMPARISON**

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>BUDGET VARIANCE</u>
Operating Revenues:			
Charges for services	\$ 174,000	\$ 178,081	\$ 4,081
Total Operating Revenues	<u>174,000</u>	<u>178,081</u>	<u>4,081</u>
Operating Expenses:			
Facilities and contract services	68,962	68,680	282
Operations and maintenance	28,100	33,278	(5,178)
Utilities	11,000	14,692	(3,692)
Billings and collections	8,700	8,686	14
Office supplies and postage	500	731	(231)
Operations supplies	4,000	4,822	(822)
Legal and audit	5,300	5,000	300
Licenses and permits	1,200	1,062	138
Insurance	2,500	2,503	(3)
Depreciation expense	72,000	73,581	(1,581)
Total Operating Expenses	<u>202,262</u>	<u>213,035</u>	<u>(10,773)</u>
Operating Income (Loss)	<u>(28,262)</u>	<u>(34,954)</u>	<u>(6,692)</u>
Non-Operating Revenues (Expenses):			
Bad debt expense	(6,000)	(6,000)	-
Interest expenses and fiscal charges	(24,334)	(13,432)	10,902
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Change in Net Position	(58,596)	(54,386)	4,210
Net Position - Beginning of Year	<u>(275,214)</u>	<u>2,637,510</u>	<u>2,912,724</u>
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The accompanying notes are an integral part of the financial statements.

LAKE CONWAY COMMUNITY WASTE WATER UTILITY

**REVENUES, EXPENSES, AND CHANGES IN NET
POSITION - BUDGETARY COMPARISON**

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	<u>BUDGETED AMOUNTS</u>	<u>ACTUAL AMOUNTS</u>	<u>BUDGET VARIANCE</u>
Operating Revenues:			
Charges for services	\$ 180,500	\$ 183,437	\$ 2,937
Total Operating Revenues	<u>180,500</u>	<u>183,437</u>	<u>2,937</u>
Operating Expenses:			
Facilities and contract services	71,200	71,469	(269)
Operations and maintenance	33,600	37,371	(3,771)
Utilities	15,000	13,921	1,079
Billings and collections	8,880	8,776	104
Office supplies and postage	500	225	275
Operations supplies	4,000	3,794	206
Legal and audit	5,000	5,000	-
Licenses and permits	1,200	1,162	38
Insurance	2,500	2,996	(496)
Depreciation expense	72,000	73,174	(1,174)
Total Operating Expenses	<u>213,880</u>	<u>217,888</u>	<u>(4,008)</u>
Operating Income (Loss)	<u>(33,380)</u>	<u>(34,451)</u>	<u>(1,071)</u>
Non-Operating Revenues (Expenses):			
Bad debt expense	(6,000)	(1,010)	4,990
Reimbursement	-	109	109
Interest income	-	79	79
Interest expenses and fiscal charges	<u>(24,344)</u>	<u>(12,910)</u>	<u>11,434</u>
Total Non-Operating Revenues (Expenses)	<u>(30,344)</u>	<u>(13,732)</u>	<u>16,612</u>
Change in Net Position	(63,724)	(48,183)	15,541
Net Position - Beginning of Year	<u>(333,810)</u>	<u>2,583,124</u>	<u>2,916,934</u>
Net Position - End of Year	<u>\$ (397,534)</u>	<u>\$ 2,534,941</u>	<u>\$ 2,932,475</u>

The accompanying notes are an integral part of the financial statements.