



**Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

Annual Financial Report

East End Water Improvement District #1

December 31, 2022 and 2021

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## Management's Discussion and Analysis

This section of East End Water Improvement District #1's annual financial report presents an analysis of the District's financial performance during 2022 and 2021. This information is presented in conjunction with the audited basic financial statements, which follow this section.

### Financial Highlights for 2022

- The District's unrestricted cash increased by \$238,684 or 14.35% from \$1,663,764 to \$1,902,448.
- The District's total net position increased by \$64,743 or 1.25% from \$5,160,901 to \$5,225,644.

### Overview of the Financial Statements

The annual report consists of the management's discussion and analysis and the basic financial statements. The financial statements include notes which explain in detail some of the information included in the basic financial statements.

### Required Financial Statements

The financial statements of the District report information utilizing the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The balance sheets (modified cash basis) include information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The statements of revenues, expenses, and changes in net position (modified cash basis) identify the District's revenues and expenses for the years ended December 31, 2022 and 2021. This statement provides information on the District's operations over the past two years and can be used to determine whether the District has recovered all of its costs through user fees and other charges. The third financial statement is the statements of cash flows (modified cash basis). This statement provides information on the District's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the statements of cash flows (modified cash basis), the reader can obtain comparative information on the source and use of cash and the change in the cash balance for each of the last two years.

### Financial Analysis of the District

The balance sheets (modified cash basis) and statements of revenues, expenses, and changes in net position (modified cash basis) provide an indication of the District's financial condition and also indicate that the financial condition of the District improved during the past year. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition. A summary of the District's balance sheets (modified cash basis) and statements of revenues, expenses, and changes in net position (modified cash basis) are presented below.

### Condensed Balance Sheets (Modified Cash Basis)

	2022	2021	2020
Current and Other Assets	\$ 2,347,991	\$ 2,025,145	\$ 1,978,213
Capital Assets, Net	<u>5,828,882</u>	<u>3,723,654</u>	<u>3,672,038</u>
Total Assets	<u>\$ 8,176,873</u>	<u>\$ 5,748,799</u>	<u>\$ 5,650,251</u>

Current Liabilities	\$ 89,617	\$ 32,724	\$ 57,752
Long-Term Liabilities	2,861,612	555,174	512,450
Total Liabilities	<u>2,951,229</u>	<u>587,898</u>	<u>570,202</u>
Net Investment in Capital Assets	3,012,148	3,266,406	3,229,198
Restricted for Debt Service	56,110	55,019	56,492
Restricted for Capital Assets Replacement	254,938	175,712	102,925
Unrestricted	<u>1,902,448</u>	<u>1,663,764</u>	<u>1,691,434</u>
Total Net Position	<u>5,225,644</u>	<u>5,160,901</u>	<u>5,080,049</u>
Total Liabilities and Net Position	<u>\$ 8,176,873</u>	<u>\$ 5,748,799</u>	<u>\$ 5,650,251</u>

As the above table indicates, total assets have increased \$2,526,622 or 44.72% over the past two years from \$5,650,251 to \$8,176,873. This is comprised primarily by the capital assets, net which caused assets to increase by \$2,156,844 or 58.74% from \$3,672,038 to \$5,828,882.

Total liabilities have increased \$2,381,027 or 417.58% over the past two years from \$570,202 to \$2,951,229. This increase reflects the issuance of bonds during the year by the District.

With an increase in assets and an increase in liabilities, the net position has increased \$145,595 or 2.87% over the past two years from \$5,080,049 to \$5,225,644.

**Condensed Statements of Revenues, Expenses and  
Changes in Net Position (Modified Cash Basis)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenues			
Water Revenue	\$ 907,049	\$ 875,883	\$ 785,388
Services Revenue	83,275	33,948	37,801
Total Operating Revenues	<u>990,324</u>	<u>909,831</u>	<u>823,189</u>
Interest	7,171	6,505	18,433
Gain on the Sale of Asset			<u>4,043</u>
Total Revenue	<u>997,495</u>	<u>916,336</u>	<u>845,665</u>
Operating Expenses			
Personnel	398,022	293,031	298,595
Water System Operations	410,517	388,558	253,875
Depreciation	<u>169,795</u>	<u>171,664</u>	<u>219,138</u>
Total Operating Expenses	<u>978,334</u>	<u>853,253</u>	<u>771,608</u>
Interest	<u>22,839</u>	<u>15,209</u>	<u>17,951</u>
Total Expenses	<u>1,001,173</u>	<u>868,462</u>	<u>789,559</u>
Capital Contributions	<u>68,421</u>	<u>32,978</u>	<u>29,555</u>
Change in Net Position	64,743	80,852	85,661
Net Position at Beginning of Year	<u>5,160,901</u>	<u>5,080,049</u>	<u>4,994,388</u>
Net Position at End of Year	<u>\$ 5,225,644</u>	<u>\$ 5,160,901</u>	<u>\$ 5,080,049</u>

The statements of revenues, expenses, and changes in net position (modified cash basis) identify the various revenue and expense items which affect the change in net position. As the table above indicates, total operating revenues have increased \$167,135 or 20.30% over the past three years from \$823,189 to \$990,324.



## Analysis of Capital Assets and Long-Term Debt

A summary of the District's capital assets and long-term debt balances are below.

### Capital Assets

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Non-depreciable Assets			
Land	\$ 93,636	\$ 93,636	\$ 93,636
Construction in Progress	2,408,559	304,230	113,928
Depreciable Assets			
Building	101,547	101,547	101,547
Distribution System	7,780,251	7,609,557	7,576,579
Furniture and Fixtures	61,367	61,367	61,367
Vehicles	171,629	171,629	171,629
Less: Accumulated Depreciation	<u>(4,788,107)</u>	<u>(4,618,312)</u>	<u>(4,446,648)</u>
Total Capital Assets, Net	<u>\$ 5,828,882</u>	<u>\$ 3,723,654</u>	<u>\$ 3,672,038</u>

The District purchased capital assets of \$2,206,602, \$190,302 and \$176,732 in 2022, 2021 and 2020, respectively. In addition, the District received capital contributions to the distribution systems of \$68,421, \$32,978, and \$29,555 in 2022, 2021, and 2020, respectively.

The District is adding new well sites to the water distribution system and has spent \$103,446 on this project. No final cost has been determined for the completion of this project. The District is adding a new water tower to the water distribution system and has spent \$1,729,777 on this project. The District is adding a new 12" line to the new water tower to the water distribution system and has spent \$456,824 on this project. The District is adding a new line extension for Springlake Trails to the water distribution system and has spent \$118,512 on this project with an estimated cost of \$280,000 that will be reimbursed by the developer.

The capital assets, net of accumulated depreciation, increased over the past three years due to the construction projects and the increase in accumulated depreciation being less than the additions to the distribution system. Capital assets, net accumulated depreciation includes depreciation of \$169,795, \$171,664 and \$219,138 in 2022, 2021, and 2020, respectively.

### Long-Term Debt

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenue Bonds	\$ 2,816,734	\$ 457,248	\$ 442,840
Total Long-Term Debt	<u>\$ 2,816,734</u>	<u>\$ 457,248</u>	<u>\$ 442,840</u>

The revenue bonds will fully mature in 2043.

During 2016, the district issued revenue bonds in the amount of \$405,879 to provide service to Natureland. These bonds are paid from additional charges collected from the customers or future customers that will be serviced on Natureland. The bonds carry an interest rate of 3.9% and fully mature December 1, 2036. During 2021, the district issued revenue bonds up to the amount of \$2,650,000 to build a 750,000 gallon storage tank and 12-inch water line. The bonds carry an interest rate of 1.75% and fully mature April 15, 2043. During 2022, the district issued revenue bonds up to the amount of \$500,000 to provide additional funding to build a 750,000 gallon storage tank and 12-inch water line. The bonds carry an interest rate of 1.75% and fully mature October 15, 2043.



## **Yoakum, Lovell & Co., PLC**

CERTIFIED PUBLIC ACCOUNTANTS

### **Independent Auditors' Report**

Board of Directors  
East End Water Improvement District #1  
Little Rock, Arkansas

#### **Opinion**

We have audited the accompanying modified cash basis financial statements of East End Water Improvement District #1, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of East End Water Improvement District #1 as of December 31, 2022 and 2021, and the changes in its modified cash basis financial positions and cash flows for the years then ended in accordance with the modified cash basis of accounting described in Note 1(B).

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East End Water Improvement District #1 and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter—Basis of Accounting**

We draw attention to Note 1(B) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1(B), and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East End Water District Improvement District #1's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are

free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 East End Water Improvement District #1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about East End Water Improvement District #1's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

*Yoakum, Lovell & Co., P.C.*

Certified Public Accountants

Benton, Arkansas  
April 27, 2023

East End Water Improvement District #1  
Balance Sheets (Modified Cash Basis)  
December 31, 2022 and 2021

<b>Assets</b>		
	2022	2021
Current Assets		
Cash	\$ 1,902,448	\$ 1,663,764
Total Current Assets	<u>1,902,448</u>	<u>1,663,764</u>
Noncurrent Assets		
Restricted Funds	445,543	361,381
Capital Assets, Net	5,828,882	3,723,654
Total Noncurrent Assets	<u>6,274,425</u>	<u>4,085,035</u>
Total Assets	<u><u>\$ 8,176,873</u></u>	<u><u>\$ 5,748,799</u></u>
 <b>Liabilities and Net Position</b>		
Current Liabilities		
Current Portion of Long-Term Debt	\$ 89,617	\$ 32,724
Total Current Liabilities	<u>89,617</u>	<u>32,724</u>
Long-Term Liabilities		
Meter Deposits Held In Trust	134,495	130,650
Long-Term Debt, Net of Current Portion	2,727,117	424,524
Total Long-Term Liabilities	<u>2,861,612</u>	<u>555,174</u>
Net Position		
Net Investment in Capital Assets	3,012,148	3,266,406
Restricted for Debt Service	56,110	55,019
Restricted for Capital Assets Replacement	254,938	175,712
Unrestricted	1,902,448	1,663,764
Total Net Position	<u>5,225,644</u>	<u>5,160,901</u>
Total Liabilities and Net Position	<u><u>\$ 8,176,873</u></u>	<u><u>\$ 5,748,799</u></u>

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



East End Water Improvement District #1  
Statements of Revenue, Expenses, and  
Changes in Net Position (Modified Cash Basis)  
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue		
Water Revenue	\$ 907,049	\$ 875,883
Service Charges	6,938	2,101
Plumbing Permits	8,990	5,925
Assessments	33,426	3,426
Reconnect Fee	18,586	11,610
Rent	2,376	6,336
Miscellaneous	12,959	4,550
Total Operating Revenue	<u>990,324</u>	<u>909,831</u>
Operating Expenses		
Salaries	326,053	235,152
Payroll Taxes	21,754	16,034
Health Insurance	41,992	35,136
Retirement Plan	8,223	6,709
Telephone	13,487	13,534
Utilities	79,592	87,100
Insurance	32,234	24,335
Legal Fees	15,000	26,200
Supplies	146,921	100,612
Postage		605
Repairs	79,181	70,510
Professional Fees	8,300	8,200
Plumbing Inspections	6,750	4,650
Miscellaneous	29,052	52,812
Depreciation	169,795	171,664
Total Operating Expenses	<u>978,334</u>	<u>853,253</u>
Operating Income (Loss)	<u>11,990</u>	<u>56,578</u>
Nonoperating Revenues (Expenses)		
Interest Income	7,171	6,505
Interest Expense	(22,839)	(15,209)
Total Nonoperating Revenues (Expenses)	<u>(15,668)</u>	<u>(8,704)</u>
Income (Loss) Before Capital Contributions	(3,678)	47,874
Capital Contributions	<u>68,421</u>	<u>32,978</u>
Change in Net Position	64,743	80,852
Net Position at Beginning of Year	<u>5,160,901</u>	<u>5,080,049</u>
Net Position at End of Year	<u>\$ 5,225,644</u>	<u>\$ 5,160,901</u>

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

East End Water Improvement District #1  
Statements of Cash Flows (Modified Cash Basis)  
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash Receipts from Customers	\$ 990,324	\$ 909,831
Cash Payments to Suppliers for Goods and Services	(482,486)	(446,437)
Cash Payments to Employees for Services	(326,053)	(235,152)
Net Cash Provided by Operating Activities	<u>181,785</u>	<u>228,242</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	(2,206,602)	(190,302)
Proceeds from Issuance of Debt	2,375,535	109,765
Principal Paid on Debt	(16,049)	(95,357)
Interest Paid on Debt	(22,839)	(15,209)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>130,045</u>	<u>(191,103)</u>
Cash Flows from Investing Activities		
Changes in Restricted Funds	(80,317)	(71,314)
Interest Received	7,171	6,505
Net Cash Used by Investing Activities	<u>(73,146)</u>	<u>(64,809)</u>
Net Increase (Decrease) in Cash	238,684	(27,670)
Cash at Beginning of Year	<u>1,663,764</u>	<u>1,691,434</u>
Cash at End of Year	<u><u>\$ 1,902,448</u></u>	<u><u>\$ 1,663,764</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 11,990	\$ 56,578
Depreciation (Noncash Expense)	169,795	171,664
Net Cash Provided by Operating Activities	<u><u>\$ 181,785</u></u>	<u><u>\$ 228,242</u></u>

Supplemental Disclosure of Noncash Capital and Related  
Financing Activities:

Capital Contributions of Property	<u><u>\$ 68,421</u></u>	<u><u>\$ 32,978</u></u>
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The accompanying notes are an integral part of these financial statements.

East End Water Improvement District #1  
Notes to the Financial Statements

**Note 1: Summary of Significant Accounting Policies**

**A. Nature of Activities** – East End Water Improvement District #1 is a suburban improvement district established by court order to provide water to rural East End, Arkansas. Operating income includes revenues and expenses related to the primary, continuing operations of the District. The primary sources of operating revenues are charges from the sale of water and related services to its members. The primary operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**B. Basis of Presentation and Accounting** – The District's basic financial statements are presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States (GAAP). Revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting include capitalization and depreciation of property and equipment. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this focus, all assets and all liabilities associated with the operations are included on the balance sheets (modified cash basis). Net position is segregated into net investment in capital assets, restricted and unrestricted components.

**C. Cash** – Cash consists of all cash deposited in a bank and certificates of deposit.

**D. Capital Assets** – All capital asset accounts are stated at cost except for donated property which is recorded at fair market value. Depreciation has been provided for on the straight-line method. Estimated useful lives are 10-40 years for the buildings and the distribution systems and 3-10 years for furniture, fixtures, equipment, and vehicles. Land and construction in process are non-depreciable assets.

Maintenance and repairs are charged to expense as incurred. The cost of additions, renewals and betterments are capitalized.

**E. Capital Contributions** – Capital contributions consist of the cost of property donated by developers or customers from meter connections and line extensions required for new housing additions. After being connected to the District's distribution system, ownership and control of this property transfers to the District.

East End Water Improvement District #1  
Notes to the Financial Statements

**Note 1: Summary of Significant Accounting Policies (Cont'd)**

- F. Net Position** – The District must report its net position as either restricted, unrestricted, or net investment in capital assets. These components of net position are defined below:

Net Investment in Capital Assets – This component of net position consists of the historical costs of capital assets, less accumulated depreciation, and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources, less deferred inflows of resources related to those assets.

Restricted – This component of net position consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the remaining balance in net position that does not meet the definition of restricted or net investment in capital assets.

- G. Income Taxes** – No provision has been provided for income taxes since this organization is a suburban improvement District.
- H. Estimates** – The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2: Restricted Funds**

Restricted funds consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Meter Deposit Held in Trust	\$ 134,495	\$ 130,650
Depreciation Reserve Series 2016	159,930	130,220
Depreciation Reserve Series 2021	95,008	45,492
Bond Fund	27,908	30,178
Natureland Project	<u>28,202</u>	<u>24,841</u>
Total Restricted Funds	<u>\$ 445,543</u>	<u>\$ 361,381</u>

Restricted funds are amounts set aside to meet certain requirements. These requirements are as follows:

Meter Deposits Held in Trust – Customers' meter deposits must be available to refund to any customer who leaves the District. A bank account and various certificates of deposits have been established to hold these funds.

Depreciation Reserve Fund – Under the terms of the bonds issued through the Arkansas Natural Resources Commission, these funds are reserved for the replacement of the distribution system. Any and all uses of this fund must be approved in writing by the commission. This fund shall not be used for ordinary maintenance.

Bond Fund - Under the terms of the bonds issued through the Arkansas Natural Resources Commission, these funds were established for the principal and interest payments on the bonds.



East End Water Improvement District #1  
Notes to the Financial Statements

**Note 2: Restricted Funds (Cont'd)**

Natureland Project – These funds were collected from customers on Natureland and have been reserved for the payment of the loan with Arkansas Natural Resources Commission. The District collected \$30,735 and \$31,373 that has been reserved for payment on this loan in 2022 and 2021, respectively.

**Note 3: Cash Deposits with Financial Institutions**

The District maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2022 and 2021.

**Note 4: Capital Assets**

The following is a summary of capital assets at December 31, 2022 and 2021:

	<u>12/31/21</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>12/31/22</u>
Land	\$ 93,636	\$	\$	\$ 93,636
Building	101,547			101,547
Distribution System	7,609,557	170,694		7,780,251
Furniture and Fixtures	61,367			61,367
Construction in Process	304,230	2,104,329		2,408,559
Vehicles	<u>171,629</u>			<u>171,629</u>
Total Capital Assets	8,341,966	2,275,023		10,616,989
Less: Accumulated Depreciation	<u>(4,618,312)</u>	<u>(169,795)</u>		<u>(4,788,107)</u>
Capital Assets, Net	<u>\$ 3,723,654</u>	<u>\$ 2,105,228</u>	<u>\$</u>	<u>\$ 5,828,882</u>

  

	<u>12/31/20</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>12/31/21</u>
Land	\$ 93,636	\$	\$	\$ 93,636
Building	101,547			101,547
Distribution System	7,576,579	32,978		7,609,557
Furniture and Fixtures	61,367			61,367
Construction in Process	113,928	190,302		304,230
Vehicles	<u>171,629</u>			<u>171,629</u>
Total Capital Assets	8,118,686	223,280		8,341,966
Less: Accumulated Depreciation	<u>(4,446,648)</u>	<u>(171,664)</u>		<u>(4,618,312)</u>
Capital Assets, Net	<u>\$ 3,672,038</u>	<u>\$ 51,616</u>	<u>\$</u>	<u>\$ 3,723,654</u>

East End Water Improvement District #1  
Notes to the Financial Statements

**Note 5: Long-Term Debt**

Long-term debt consists of the following at December 31:

	Balance 12/31/21	Additions	Reductions	Balance 12/31/22	Current Maturities
Revenue Bonds	\$ 457,248	\$ 2,375,535	\$ 16,049	\$ 2,816,734	\$ 89,617
	<u>\$ 457,248</u>	<u>\$ 2,375,535</u>	<u>\$ 16,049</u>	<u>\$ 2,816,734</u>	<u>\$ 89,617</u>
	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Current Maturities
Revenue Bonds	\$ 442,840	\$ 109,765	\$ 95,357	\$ 457,248	\$ 32,724
	<u>\$ 442,840</u>	<u>\$ 109,765</u>	<u>\$ 95,357</u>	<u>\$ 457,248</u>	<u>\$ 32,724</u>
				<u>2022</u>	<u>2021</u>

Series 2022 bonds, in an amount up to \$500,000, maturing in semi-annual installments in April and October, including interest at 1.75%, through October 15, 2043, secured by property and equipment, and all revenues and income received.

\$ 71,559 \$

Series 2021 bonds, in an amount up to \$2,650,000, maturing in semi-annual installments in April and October, including interest at 1.75%, through April 15, 2043, secured by property and equipment, and all revenues and income received.

2,413,741 109,765

Series 2016 bonds, maturing in annual installments of \$30,306 in December 2017 and \$29,601 thereafter, including interest at 3.9%, through December 1, 2036, secured by property and equipment, and all revenues and income received.

331,434 347,483

2,816,734 457,248

Less: Current Portion

89,617 32,724

Long-Term Debt, Net of Current Portion

\$ 2,727,117 \$ 424,524

The scheduled future maturities of long-term debt and interest are as follows:

	Principal	Interest	Total
2023	\$ 89,617	\$ 55,769	\$ 145,386
2024	151,779	53,537	205,316
2025	154,834	50,483	205,317
2026	157,956	47,361	205,317
2027	146,139	44,203	190,342
2028-2032	739,181	176,201	915,382
2033-2037	790,459	95,333	885,792
2038-2041	586,769	23,221	609,990
Total	<u>\$ 2,816,734</u>	<u>\$ 546,108</u>	<u>\$ 3,362,842</u>

East End Water Improvement District #1  
Notes to the Financial Statements

**Note 5: Long-Term Debt (Cont'd)**

In December 2022, the District was approved for grant funding not to exceed \$500,000 to provide financial assistance to complete all or part of the work for which the Series 2021 and 2022 bonds were obtained.

**Note 6: Construction in Process**

The District has the following projects in process as of December 31, 2022 and 2021:

Well Sites – The District is adding new well sites to the water distribution system. The District has spent \$103,446 on this project. No final cost has been determined for completion of this project.

Water Tower – The District is adding a new water tower to the water distribution system. The District has spent \$1,729,777 on this project.

Water Tower 12" Line – The District is adding a new 12" line to the new water tower to the water distribution system. The District has spent \$456,824 on this project.

Springlake Trails Extension – The District is adding a new line extension for Springlake Trails to the water distribution system. The District has spent \$118,512 on this project with an estimated cost of \$280,000 that will be reimbursed by the developer.

**Note 7: Subsequent Events**

Subsequent events were evaluated through April 27, 2023, which is the date the financial statements were available to be issued.

**Note 8: Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation on the current-year financial statements.

**Note 9: Related Party**

The district paid \$443 to a board member and \$1,415 to the spouse of a member of management for repairs and maintenance for the year ended December 31, 2022.