



Financial Statements and Supplemental Schedules

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

Financial Statements

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Independent Auditors' Report

The Board of Directors
City Corporation:

Opinion

We have audited the accompanying financial statements of the City of Russellville, Arkansas Water and Sewer System which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the City of Russellville, Arkansas Water and Sewer System, as of June 30, 2024 and 2023, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Russellville, Arkansas Water and Sewer System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described more fully in note 10 to the financial statements, City Corporation applied for and received refundable Employee Retention Credits authorized in Federal legislation for eligible employers. The credits may be subject to audit by the Internal Revenue Service and could result in claims for repayment of the Credits received. Our opinion is 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 accounting principles generally accepted in the United States of America, and 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 financial statements, management is required to evaluate whether there are conditions or events, considering in the aggregate, that raise substantial doubt about City of Russellville, Arkansas Water and Sewer System's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment 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 the City of Russellville, Arkansas Water and Sewer System'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Russellville, Arkansas Water and Sewer System'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Russellville, Arkansas Water and Sewer System's basic financial statements. The supplemental information, included in schedules 1-5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information is the responsibility of management and was derived from and relates 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 State of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

February 7, 2025

Shogster, Rabbin & Bergman, P.A.

RUSSELLVILLE WATER AND SEWER SYSTEM

Statements of Net Position

June 30, 2024 and 2023

	2024	2023
Assets:		
Cash	\$ 23,273,822	22,739,492
Restricted cash	6,448,789	7,922,416
Total cash	29,722,611	30,661,908
Accounts receivable, less allowance for doubtful accounts of \$7,926 (\$7,928 in 2023)	1,918,144	1,354,452
Materials and supplies, at cost	855,736	741,524
Property, plant, and equipment, net	165,147,458	156,408,910
Other assets	190,384	109,437
Deferred outflow of financial resources:		
Deferred bond refunding cost	3,496,869	3,884,503
Total assets	<u>201,331,202</u>	<u>193,160,734</u>
Liabilities:		
Accounts payable	256,094	340,981
Other payables	454,014	435,337
Energy efficiency incentive	408,316	-
Customer deposits	746,660	725,262
Accrued interest	1,027,019	918,568
Insurance proceeds	1,354,665	954,642
Long-term liabilities:		
Due within one year	3,105,000	3,015,000
Due in more than one year	68,955,000	67,360,000
Unamortized premium on bonds	335,580	371,728
Total liabilities	<u>76,642,348</u>	<u>74,121,518</u>
Net position:		
Net investment in capital assets	96,248,746	88,628,118
Restricted for construction and debt service	7,796,109	9,172,586
Unrestricted	<u>20,643,999</u>	<u>21,238,512</u>
Total net position	<u>\$ 124,688,854</u>	<u>119,039,216</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Water sales, net	\$ 7,685,717	7,849,347
Sewer service	8,831,169	8,808,561
Connection fees and other revenue	518,217	521,551
Total operating revenues	<u>17,035,103</u>	<u>17,179,459</u>
Operating expenses:		
Depreciation and amortization	5,855,289	5,507,189
Salaries	3,975,613	3,537,885
Employee benefits	1,129,391	1,058,393
Materials and supplies	399,136	465,040
Maintenance - outside services	969,142	1,114,255
Office supplies and postage	53,291	51,122
Communication services	223,621	202,656
Transportation costs	235,551	231,262
Professional fees	202,309	362,924
Training	33,750	34,690
Computer	198,790	179,307
Lab and treatment	943,585	972,444
Insurance	164,598	138,028
Bad debts	5,052	8,254
Power purchased	1,047,924	909,351
Miscellaneous	416,096	259,717
Total operating expense	<u>15,853,138</u>	<u>15,032,517</u>
Income from operations	<u>1,181,965</u>	<u>2,146,942</u>
Other income:		
Interest income	1,672,741	1,152,233
Employee Retention Credit	-	1,244,501
Arkansas Department of Agriculture Grant	5,000,000	-
Miscellaneous	72,274	120,144
Total other income	<u>6,745,015</u>	<u>2,516,878</u>
Other expenses:		
Interest expense	2,277,342	2,163,790
Total other expenses	<u>2,277,342</u>	<u>2,163,790</u>
Net income	5,649,638	2,500,030
Net position, beginning of year	119,039,216	116,342,309
Contributions in aid of construction	-	196,877
Net position, end of year	<u>\$ 124,688,854</u>	<u>119,039,216</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from customers	\$ 17,305,743	17,462,813
Cash payments to suppliers for goods and services	(7,982,339)	(6,407,648)
Cash payments to employees for services	(3,975,612)	(3,537,760)
Employee Retention Credit	-	1,244,501
Other revenue collected	<u>6,745,015</u>	<u>1,272,377</u>
Net cash provided by operating activities	<u>12,092,807</u>	<u>10,034,283</u>
Cash flows from non-capital financing activities:		
Increase in customer deposits	<u>21,397</u>	<u>5,481</u>
Net cash provided by non-capital financing activities	<u>21,397</u>	<u>5,481</u>
Cash flows from capital and related financing activities:		
Purchase of utility plant	(14,593,838)	(9,088,703)
Bonds issued	4,700,000	-
Bonds repaid and refunded	(2,717,365)	(2,609,856)
Interest paid	(2,205,039)	(2,220,825)
Contribution received	<u>-</u>	<u>1,500</u>
Net cash used by capital and related financing activities	<u>(14,726,242)</u>	<u>(13,917,884)</u>
Cash flows from investing activities:		
Interest received	<u>1,672,741</u>	<u>1,152,233</u>
Net cash provided by investing activities	<u>1,672,741</u>	<u>1,152,233</u>
Decrease in cash	(939,297)	(2,725,887)
Cash on hand and in bank, beginning of year	<u>30,661,908</u>	<u>33,387,795</u>
Cash on hand and in bank, end of year	<u>\$ 29,722,611</u>	<u>30,661,908</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Statements of Cash Flows, Continued

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of income from operations to cash provided by operating activities:		
Income from operations	\$ 181,965	2,146,942
Adjustments to reconcile income from operations to cash provided by operating activities:		
Depreciation	5,855,289	5,507,189
Other income	72,274	1,364,645
Arkansas Department of Agriculture Grant	5,000,000	-
Decrease (increase) in accounts receivable	(563,692)	283,354
Increase in materials and supplies	(114,212)	(178,443)
Increase in accounts payable and accrued expenses	342,106	22,188
Insurance proceeds received	400,023	954,642
Increase in other assets	(80,946)	(66,234)
Total adjustments	<u>10,910,842</u>	<u>7,887,341</u>
Net cash provided by operating activities	<u>\$ 11,092,807</u>	<u>10,034,283</u>
Detail of cash on hand and in banks:		
Operating and depreciation funds	\$ 23,273,722	22,739,492
Restricted funds:		
Construction funds	3,172,460	3,716,129
Bond funds	<u>3,276,329</u>	<u>4,206,287</u>
Total restricted funds	<u>6,448,789</u>	<u>7,922,416</u>
Total cash on hand and in banks	<u>\$ 29,722,611</u>	<u>30,661,908</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Notes to Financial Statements

June 30, 2024 and 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Operations

The Russellville Water and Sewer System (the System) is owned by the City of Russellville and is leased to City Corporation, a nonprofit corporation formed for the purpose of operating the System. The term of the lease is for five years with provision for an annual extension of one year. For years beginning in 2012, the Board of Directors of City Corporation and the Russellville City Council have agreed that each body will adopt a resolution agreeing to the annual lease extension and each body did so for the fiscal year beginning July 1, 2024.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(c) Property, Plant, and Equipment

Property, plant, and equipment additions are recorded at cost. Depreciation of the cost of property, plant, and equipment is calculated on a straight-line basis over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred.

(d) Income Taxes

City Corporation, the lessee of the Water and Sewer System, is exempt from income taxes under IRS Code Section 501(c)(4). The annual report filed by City Corporation in the years ended June 30, 2022, 2023 and 2024 is subject to review by the Internal Revenue Service.

(e) Regulatory Environment

Any rate increase must be authorized by the City Corporation Board of Directors and approved by the Russellville City Council. The quality of water furnished to customers is subject to the requirements of the Environmental Protection Agency under the Safe Drinking Water Act, and the Arkansas Department of Health. The quality of water emitted from the pollution control facility is regulated by the Environmental Protection Agency, the Arkansas Department of Environmental Quality and the Arkansas Department of Health.

RUSSELLVILLE WATER AND SEWER SYSTEM

Notes to Financial Statements, Continued

The value of water and sewer extensions constructed by developers and customers for which the Water and Sewer System assumes the ownership of and responsibility for is recorded as a contribution in aid of construction.

(f) Cash

For the purpose of the statements of cash flows, the Water and Sewer System considers cash to be cash on hand and in banks.

(g) Accounts Receivable

Accounts receivable arise from the sale of water, providing waste water services and billing for sanitation services for the City of Russellville. An estimate is made of uncollectible accounts based on age analysis of accounts and results of collection efforts. Accounts deemed as uncollectible after collection efforts and the offset of any customer deposits are charged to the allowance for uncollectible accounts.

(2) PROPERTY, PLANT, AND EQUIPMENT

The components of property, plant, and equipment as of June 30, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Life in Years</u>
Land	\$ 1,368,939	1,368,939	-
Buildings	13,496,175	10,430,456	10-40
Equipment	9,174,821	8,630,457	7-10
Transportation equipment	2,719,846	2,526,459	3-10
Water system	91,686,643	90,579,742	20-50
Sewer system	117,454,293	117,022,303	25-50
Construction work in progress	<u>15,626,887</u>	<u>6,375,410</u>	-
	251,527,634	236,933,766	
Less accumulated depreciation	<u>86,380,146</u>	<u>80,524,856</u>	
	<u>\$ 165,147,458</u>	<u>156,408,910</u>	

RUSSELLVILLE WATER AND SEWER SYSTEM

Notes to Financial Statements, Continued

(3) EMPLOYEE RETIREMENT PLAN

City Corporation has a noncontributory defined contribution employee benefit plan covering substantially all employees. Contributions to the plan are determined solely at the discretion of the Board of Directors of City Corporation. During 2024 and 2023, the Water and Sewer System contributed \$285,394 and \$288,925, respectively, to the plan.

(4) NONCASH TRANSACTIONS

The Water and Sewer System received noncash contributions in the form of completed water and sewer extensions in 2023 in the amount of \$195,378. No such contributions were received in 2024.

(5) OPERATING REVENUES

Details of water sales and sewer service included in operating revenues in the accompanying statements of operations are as follows:

	2024	2023
Water sales:		
Residential	\$ 3,236,098	3,366,454
Commercial	1,104,674	1,121,714
Industrial	1,801,052	1,748,201
Public authorities	394,976	448,786
Municipal / wholesale	1,148,917	1,164,192
	<u>\$ 7,685,717</u>	<u>7,849,347</u>
Sewer service:		
Customer billing	8,831,169	8,800,103
ConAgra contract	-	8,458
	<u>\$ 8,831,169</u>	<u>8,808,561</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Notes to Financial Statements, Continued

(6) CITY OF RUSSELLVILLE, ARKANSAS WATER AND SEWER REVENUE BONDS

Long-term bonds payable collateralized by pledge of water and sewer revenue consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
City of Russellville, Arkansas Water and Sewer Revenue Bonds, Series 2018. The bonds are payable in semi-annual installments including interest from 3% to 4% with the final payment due July 1, 2043.	\$21,420,000	22,100,000
City of Russellville, Arkansas Water and Sewer Revenue Bonds, Series 2020A. The bonds are payable in semi-annual installments including interest from 1.5% to 2% with the final payment due July 1, 2040.	5,425,000	5,690,000
City of Russellville, Arkansas Water and Sewer Revenue Bonds, Series 2020B. The bonds are payable in semi-annual installments including interest from .425% to 2.816% with the final payment due July 1, 2040.	40,515,000	42,585,000
City of Russellville, Arkansas Water and Sewer Bonds, Series 2024. The bonds are paid in semi-annual installments including interest at 6.49 % with the final payment due July 1, 2043.	<u>4,700,000</u>	<u>-</u>
Total bonds payable	72,060,000	70,375,000
Amount due within one year	<u>3,105,000</u>	<u>3,015,000</u>
Amount due in more than one year	<u>\$68,955,000</u>	<u>67,360,000</u>

In connection with the above bond issues, the Water and Sewer System is obligated to make monthly transfers to the trustee of the bond funds. Payments of the semiannual interest payment and the annual principal payments on the issues are made from respective bond funds. The City is also obligated to maintain rates charged for services from the System in order that the net annual revenue (excluding depreciation, interest, and amortization) will always be at least 110% of the maximum annual debt service for all of the outstanding bonds or any other bonds that might be issued.

The 2018 Revenue Bond was issued at a premium which is being amortized over the life of the issue using the interest method. The unamortized amount of the premium was \$335,580 and \$368,917 at June 30, 2024 and 2023, respectively.

The 2020B Refunding Revenue Bond incurred a refunding cost to be amortized over the life of the bond. The unamortized deferred refunding cost was \$3,496,869 and \$3,857,013 at June 30, 2024 and 2023, respectively.

RUSSELLVILLE WATER AND SEWER SYSTEM

Notes to Financial Statements, Continued

A summary of the principal maturities and interest requirements for the five years succeeding June 30, 2024 is shown below:

Year ending June 30	Principal Requirement	Interest Requiremen	Total
2025	\$ 3,105,000	2,072,090	5,177,090
2026	3,245,000	2,005,397	5,250,397
2027	3,320,000	1,933,552	5,253,552
2028	3,400,000	1,858,450	5,258,450
2029	3,470,000	1,776,614	5,246,614

(7) CONCENTRATION OF CREDIT RISK

The Water and Sewer System maintains certain of its cash accounts in financial institutions in which the balances of these accounts exceed the amount insured by the Federal Deposit Insurance Corporation. At June 30, 2024, the financial institutions have pledged securities to provide protection for any amounts not covered by deposit insurance.

(8) WATER SUPPLY AGREEMENT

City Corporation and the Tri County Water Distribution District (the District) entered a water supply agreement in 2007 which provided for the sale of water to the District by City Corporation. This agreement was revised effective January 1, 2021 to provide for changing needs of the District and to establish a revised rate schedule for the water sales. The contract provides for City Corporation to make available up to 3 million gallons of water per day to the District, but also allows for change in the volume. The rate established per thousand gallons is \$1.80 in 2021 with provisions made for annual adjustments. The agreement is for 30 years beginning in 2021. Water sales to the District amounted to \$1,033,456 in 2024 and \$1,072,481 in 2023.

(9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2025, which is the date the financial statements were available to be issued.

RUSSELLVILLE WATER AND SEWER SYSTEM

Notes to Financial Statements, Continued

(10) EMPLOYEE RETENTION CREDIT

City Corporation as lessee and manager of the Russellville Water and Sewer System engaged a consulting firm to prepare amended payroll tax reports for the fourth quarter of 2020 and the first, second and third quarters of 2021 to claim employee retention credits. The employee retention credits were authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act in 2020 and subsequently extended and enhanced by the American Rescue Plan Act (ARPA). City Corporation received credits totaling \$1,525,220 including interest. The consulting firm was paid a contingent fee of \$280,719. The net amount received, \$1,244,501, is included in the accompanying statement of revenues, expenses and changes in net position for the year ended June 30, 2023. The credit received is subject to audit by the Internal Revenue Service and the potential for a claim for a return of the credit exists.

(11) INSURANCE PROCEEDS

In July, 2022, the maintenance/C&D building was severely damaged in a structure fire. After extended negotiations with the insurance carrier, the System has received insurance proceeds totaling \$403,425 and \$1,030,893 in 2024 and 2023, respectively, for damage to the building and its contents. The System has expended \$79,808 in repairs and clean up efforts as of June 30, 2024. The unexpended proceeds of \$1,354,665 will be used in the future replacement of the building and contents.

(12) ARKANSAS DEPARTMENT OF AGRICULTURE FUNDING

The Russellville Water and Sewer System through its manager, City Corporation, applied for funding from the Arkansas Department of Agriculture through the Arkansas Natural Resources Commission to assist with necessary improvements to the waste water treatment plant. The funds were released to the System in the year ended June 30, 2024. The source of the funds made available to the System in the amount of \$5,000,000 was the federal American Rescue Plan.

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RUSSELLVILLE WATER AND SEWER SYSTEM

Combining Statement of Net Position

June 30, 2024

	Water	Sewer	Combined
Assets:			
Cash	\$ 23,273,722	100	23,273,822
Restricted cash	6,448,789	-	6,448,789
Total cash	29,722,511	100	29,722,611
Accounts receivable	1,518,551	399,593	1,918,144
Materials and supplies	718,335	137,401	855,736
Property, plant and equipment	116,977,589	134,550,014	251,527,603
Accumulated depreciation	(46,093,412)	(40,286,733)	(86,380,145)
Net property, plant and equipment	70,884,177	94,263,281	165,147,458
Deferred outflows of financial resources:			
Deferred bond refunding cost	3,496,869	-	3,496,869
Other assets	121,546	68,838	190,384
Total assets	106,461,989	94,869,213	201,331,202
Liabilities:			
Accounts payable	252,876	3,218	256,094
Other payables	272,840	181,174	454,014
Energy efficiency incentive	408,316	-	408,316
Customer deposits	746,660	-	746,660
Accrued interest	1,027,019	-	1,027,019
Insurance proceeds	1,354,665	-	1,354,665
Long-term liabilities:			
Due within one year	3,105,000	-	3,105,000
Due in more than one year	68,955,000	-	68,955,000
Unamortized premium on bonds	335,580	-	335,580
Total liabilities	76,457,956	184,392	76,642,348
Net assets:			
Net invested in capital assets	1,985,466	94,263,280	96,248,746
Restricted for construction and debt service	7,796,109	-	7,796,109
Unrestricted	20,222,458	421,541	20,643,999
Total net position	\$ 30,004,033	94,684,821	124,688,854

RUSSELLVILLE WATER AND SEWER SYSTEM

Combining Statement of Net Position

June 30, 2023

	Water	Sewer	Combined
Assets:			
Cash	\$ 22,739,392	100	22,739,492
Restricted cash	7,378,747	543,669	7,922,416
Total cash	30,118,139	543,769	30,661,908
Accounts receivable	984,842	369,610	1,354,452
Materials and supplies	637,352	104,172	741,524
Property, plant and equipment	106,205,815	130,727,951	236,933,766
Accumulated depreciation	(43,228,499)	(37,296,357)	(80,524,856)
Net property, plant and equipment	62,977,316	93,431,594	156,408,910
Deferred outflows of financial resources:			
Deferred bond refunding cost	3,884,503	-	3,884,503
Other assets	51,226	58,211	109,437
Total assets	98,653,378	94,507,356	193,160,734
Liabilities:			
Accounts payable	340,981	-	340,981
Other payables	267,609	167,728	435,337
Customer deposits	725,262	-	725,262
Accrued interest	918,568	-	918,568
Insurance proceeds	954,642	-	954,642
Long-term liabilities:			
Due within one year	3,015,000	-	3,015,000
Due in more than one year	67,360,000	-	67,360,000
Unamortized premium on bonds	371,728	-	371,728
Total liabilities	73,953,790	167,728	74,121,518
Net assets:			
Net invested in capital assets	(4,803,476)	93,431,594	88,628,118
Restricted for construction and debt service	9,172,586	-	9,172,586
Unrestricted	20,330,478	908,034	21,238,512
Total net position	\$ 24,699,588	94,339,628	119,039,216

RUSSELLVILLE WATER AND SEWER SYSTEM

Combining Statement of Revenues and Expenses

Year ended June 30, 2024

	Water	Sewer	Combined
Operating revenues:			
Water sales	\$ 7,685,717	-	7,685,717
Sewer service	-	8,831,169	8,831,169
Connection fees and other revenue	500,905	17,312	518,217
Total operating revenues	<u>8,186,622</u>	<u>8,848,481</u>	<u>17,035,103</u>
Operating expenses:			
Depreciation and amortization	2,864,913	2,990,376	5,855,289
Salaries	2,006,895	1,968,718	3,975,613
Employee benefits	560,474	568,917	1,129,391
Materials and supplies	242,625	156,511	399,136
Maintenance - outside services	636,058	333,084	969,142
Office supplies and postage	25,482	27,809	53,291
Communication services	110,152	113,469	223,621
Transportation costs	105,728	129,823	235,551
Professional fees	55,961	146,348	202,309
Training	16,957	16,793	33,750
Computer	104,520	94,270	198,790
Lab and treatment	495,275	448,310	943,585
Insurance	82,299	82,299	164,598
Bad debts	5,052	-	5,052
Power purchased	509,300	538,624	1,047,924
Miscellaneous	256,793	159,303	416,096
Total operating expenses	<u>8,078,484</u>	<u>7,774,654</u>	<u>15,853,138</u>
Income from operations	<u>108,138</u>	<u>1,073,827</u>	<u>1,181,965</u>
Non-operating revenue:			
Interest income	837,642	835,099	1,672,741
Arkansas Department of Agriculture Grant	5,000,000	-	5,000,000
Other	72,274	-	72,274
Total non-operating revenue	<u>5,909,916</u>	<u>835,099</u>	<u>6,745,015</u>
Non-operating expenses:			
Interest expense	<u>1,153,422</u>	<u>1,123,920</u>	<u>2,277,342</u>
Total non-operating expense	<u>1,153,422</u>	<u>1,123,920</u>	<u>2,277,342</u>
Net income	<u>\$ 4,864,632</u>	<u>785,006</u>	<u>5,649,638</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Combining Statement of Revenues and Expenses

Year ended June 30, 2023

	Water	Sewer	Conagra	Combined
Operating revenues:				
Water sales	\$ 7,849,347	-	-	7,849,347
Sewer service	-	8,800,103	8,458	8,808,561
Connection fees and other revenue	505,036	16,515	-	521,551
Total operating revenues	<u>8,354,383</u>	<u>8,816,618</u>	<u>8,458</u>	<u>17,179,459</u>
Operating expenses:				
Depreciation and amortization	2,843,992	2,663,197	-	5,507,189
Salaries	1,815,630	1,714,931	7,324	3,537,885
Employee benefits	527,623	529,636	1,134	1,058,393
Materials and supplies	282,238	182,802	-	465,040
Maintenance - outside services	847,825	266,430	-	1,114,255
Office supplies and postage	25,056	26,066	-	51,122
Communication services	99,391	103,265	-	202,656
Transportation costs	107,663	123,599	-	231,262
Professional fees	189,967	172,957	-	362,924
Training	18,296	16,394	-	34,690
Computer	90,942	88,365	-	179,307
Lab and treatment	493,067	479,377	-	972,444
Insurance	76,303	61,725	-	138,028
Bad debts	8,254	-	-	8,254
Power purchased	433,094	476,257	-	909,351
Miscellaneous	118,996	140,721	-	259,717
Total operating expenses	<u>7,978,337</u>	<u>7,045,722</u>	<u>8,458</u>	<u>15,032,517</u>
Income from operations	<u>376,046</u>	<u>1,770,896</u>	<u>-</u>	<u>2,146,942</u>
Non-operating revenue:				
Interest income	574,669	577,564	-	1,152,233
Employee Retention Credit	1,244,501	-	-	1,244,501
Other	120,144	-	-	120,144
Total non-operating revenue	<u>1,939,314</u>	<u>577,564</u>	<u>-</u>	<u>2,516,878</u>
Non-operating expenses:				
Interest expense	1,081,895	1,081,895	-	2,163,790
Total non-operating expense	<u>1,081,895</u>	<u>1,081,895</u>	<u>-</u>	<u>2,163,790</u>
Net income	<u>\$ 1,233,465</u>	<u>1,266,565</u>	<u>-</u>	<u>2,500,030</u>

RUSSELLVILLE WATER AND SEWER SYSTEM

Required Disclosures for Water and Sewer Bonds

Water use (in thousands of gallons):

Year Ended June 30	Average Daily Use	Maximum Daily Use	Annual Water Use
2020	6,946	9,978	2,517,361
2021	7,201	9,759	2,603,066
2022	7,510	11,233	2,703,529
2023	7,640	11,560	2,759,645
2024	6,124	8,672	2,301,641

Average water users by category:

Year	Residential	Commercial	Industrial	Wholesale	Public	Municipal	Total
2020	10,618	1,564	43	1	49	2	12,277
2021	10,714	1,562	43	1	50	2	12,371
2022	10,781	1,567	43	1	49	2	12,443
2023	10,798	1,584	44	1	49	2	12,478
2024	10,594	1,714	77	6	183	38	12,612

Average sewer users by category:

Year	Residential	Commercial	Industrial	Wholesale	Public	Municipal	Total
2020	9,692	1,300	37		43		11,072
2021	9,786	1,298	37		44		11,165
2022	9,849	1,302	37		43		11,231
2023	9,876	1,318	38		43		11,275
2024	9,837	1,414	59	1	136	23	11,470

The five largest users of the System for fiscal 2024 were:

1. Tri-County Water Distribution District
2. ConAgra Foods
3. Entergy Operations
4. London Water Company
5. Tyson Foods