

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
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**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

This section presents management's analysis of the financial condition and activities of the Milltown Washburn Public Water Authority (the Authority) for the year ended December 31, 2023.

Financial Highlights

Management believes the Authority's financial condition is stable. The Authority is within its debt covenants and financial policies and guidelines set by the Board of Directors. The following are key financial highlights:

- Total assets at year-end were \$5,848,411, which exceeded total liabilities of \$2,934,904, resulting in net position of \$2,913,507.
- Operating revenue amounted to \$1,397,244. This was an increase of \$126,722, or 10.0% from the prior year operating revenue of \$1,270,522.
- Operating expenses amounted to \$1,163,034. This was a decrease of \$63,826, or 5.8% from the prior year operating expenses of \$1,099,208.
- Net operating income was \$234,210 representing a net increase of \$62,896, or 36.7%, from the prior year net operating income of \$171,314.
- Non-operating expense amounted to (\$94,214). This was a decrease of \$13,944 or 12.9% from prior year non-operating expense of (\$108,158).
- Change in net position amounted to \$154,696. This was an increase of \$74,740 from prior year change in net position of \$79,956.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the Authority on an accrual historical cost basis. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net position presents the results of the business activities over the course of the fiscal year, as well as information as to how the net position changes during the year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The statement of cash flow presents changes in cash and cash equivalents, resulting from operational, financing and investing activities. This statement presents cash receipts and cash disbursements information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

Summary of Organization and Business

The Authority provides retail water services to 1,685 customers within Milltown, Washburn, Dayton and the outlying rural areas.

The facilities of the Authority include water system lines and equipment acquired or contracted at a cost of \$8,136,433 of which \$3,508,653 has been depreciated.

The operating and capital expenditures are incurred to repair, replace, or extend existing service facilities to meet customer service requirements, as well as to meet EPA requirements. The operating expenses are funded by customer revenue, and the acquisition and construction of capital assets are funded by USDA Rural Development loans and bank financing.

Financial Condition

The Authority's financial condition is sound. Total unrestricted net position as of December 31, 2023, was \$134,935, restricted net position was \$689,412, and net position invested in capital assets net of related debt was \$2,089,159.

Results of Operations

Operating Revenue compared to Operating Expenses:

Operating revenues for the years ended December 31, 2023 and 2022 were \$1,397,244 and \$1,270,522, respectively. Operating expenses for the years ended December 31, 2023 and 2022 were \$1,163,034 and \$1,099,208, respectively.

Net Operating Income:

Net operating income was \$234,210 and \$171,314 for the years ended December 31, 2023 and 2022, respectively.

Capital Assets and Long-Term Debt

The investment in property and equipment increased by \$172,230 for the year ended December 31, 2023, of which \$33,989 was for a new vehicle and \$78,294 was for new meter installments.

Total debt of \$2,747,696 to net capital assets of \$4,836,855 was 56.8% for the year ended December 31, 2023.

Final Comments

The Authority has maintained its mission of providing affordable, efficient, and reliable water utility services.

Contacting the Fund's Financial Management

This financial report is designed to provide our users, the general public, and granting agencies with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If there are questions about this report or need for additional financial information arises, contact the Milltown Washburn Public Water Authority at, 2911 E, AR-10, Greenwood, AR 72936.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Milltown Washburn Public Water Authority
Greenwood, Arkansas**

Qualified Opinion

We have audited the accompanying financial statements of **Milltown Washburn Public Water Authority** (the Authority) as of and for the years ended **December 31, 2023** and **2022**, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and cash flows of the Authority as of **December 31, 2023** and **2022**, and the changes in the financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

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. 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 the Authority, and to meet our other 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 qualified audit opinion.

Matter Giving Rise to the Qualified Opinion

Management has not adopted Governmental Accounting Standards Board No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the Authority. Accounting principles generally accepted in the United States of America require that assets, liabilities, deferred outflows of resources, and deferred inflows of resources for defined benefit pension plans have an actuarial study to determine the effect on net position. The amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and net position has not been determined.

Member of:

*American Institute of Certified Public Accountants
*Governmental Audit Quality Center

*Arkansas Society of Certified Public Accountants

*Oklahoma Society of Certified Public Accountants

Responsibilities of Management 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.

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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Authority'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 the Authority'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 Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Additional Comments Required by Rural Development and the Schedule of Bonds Outstanding 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 Additional Comments required by Rural Development and the Schedule of Bonds Outstanding are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **April 5, 2024**, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other 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 the Authority's internal control over financial reporting and compliance.

Hubbs & Whitehead, CPAs

**Hubbs & Whitehead, CPAs
Van Buren, Arkansas**

April 5, 2024

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Directors
Milltown Washburn Public Water Authority
Greenwood, Arkansas**

We have audited, in accordance with the 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, the financial statements of the business type activities of **Milltown Washburn Public Water Authority** (the Authority), as of and for the year ended **December 31, 2023**, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated **April 5, 2024**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Member of:

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*Governmental Audit Quality Center

*Arkansas Society of Certified Public Accountants

*Oklahoma Society of Certified Public Accountants

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hubbs & Whitehead, CPAs". The script is cursive and fluid.

Hubbs & Whitehead, CPAs
Van Buren, Arkansas

April 5, 2024

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS			
		2023	2022
CURRENT ASSETS			
Cash		\$ 6,638	\$ 5,793
Restricted checking and savings accounts		303,055	465,486
Restricted investment accounts		59,820	35,889
Restricted certificates of deposit		228,231	126,774
Accounts receivable, less allowance for doubtful accounts of \$42,373 and \$36,629, respectively		177,194	145,945
Inventory		<u>59,812</u>	<u>106,713</u>
Total Current Assets		<u>834,750</u>	<u>886,600</u>
NONCURRENT ASSETS			
Capital Assets:			
Land		16,182	16,182
Office furniture and fixtures		24,491	21,430
Transportation equipment		238,892	236,577
Pumps and treatment equipment		820,549	771,127
Building		103,568	103,568
Lines and storage		<u>8,136,433</u>	<u>8,051,446</u>
		9,340,115	9,200,330
Less accumulated depreciation		<u>(4,503,260)</u>	<u>(4,328,669)</u>
Capital assets, net		<u>4,836,855</u>	<u>4,871,661</u>
Other Noncurrent Assets:			
Restricted investments		98,306	98,306
Water rights		75,000	75,000
Easements		<u>3,500</u>	<u>3,500</u>
Total Other Noncurrent Assets		<u>176,806</u>	<u>176,806</u>
Total Noncurrent Assets		<u>5,013,661</u>	<u>5,048,467</u>
Total Assets		<u>\$ 5,848,411</u>	<u>\$ 5,935,067</u>

See Independent Auditor's Report and Notes to the Financial Statements.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET POSITION

	2023	2022
CURRENT LIABILITIES		
Accounts payable	\$ 19,088	\$ 17,207
Accrued payroll	-	2,173
Accrued compensated absences	10,898	14,078
Sales taxes payable	6,383	6,025
Meter deposits payable	138,655	136,205
Accrued interest	12,184	12,696
Current maturity of long-term debt	<u>203,137</u>	<u>207,691</u>
 Total Current Liabilities	 390,345	 396,075
 LONG-TERM DEBT	 <u>2,544,559</u>	 <u>2,780,181</u>
 Total Liabilities	 <u>2,934,904</u>	 <u>3,176,256</u>
 NET POSITION		
Invested in capital assets, net of related debt	2,089,159	1,883,789
Restricted	689,412	726,455
Unrestricted	<u>134,936</u>	<u>148,567</u>
 Total Net Position	 <u>2,913,507</u>	 <u>2,758,811</u>
 Total Liabilities and Net Position	 <u><u>\$ 5,848,411</u></u>	 <u><u>\$ 5,935,067</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Metered water sales, net of provision for bad debts	\$ 1,328,240	\$ 1,204,844
Connection charges	6,850	4,300
Storage tank	30,153	29,787
Late charges	17,776	17,219
Water rights	13,225	13,272
Tank rental for antennas	1,000	1,100
	<u>1,397,244</u>	<u>1,270,522</u>
Total Operating Revenue	<u>1,397,244</u>	<u>1,270,522</u>
OPERATING EXPENSES		
Contract labor	2,590	8,415
Depreciation	207,036	205,603
Dues, licences and permits	13,257	18,236
Education	-	438
Employee benefits	114,286	121,763
Insurance	29,555	27,207
Miscellaneous expense	5,788	2,472
Office supplies	6,502	5,283
Operating supplies	94,256	33,121
Payroll taxes	19,914	16,149
Postage	7,725	6,924
Professional fees	8,760	8,615
Repairs and maintenance	8,676	50,654
Salaries	253,217	197,417
Telephone	3,788	3,374
Transportation expense	12,548	13,575
Uniforms	1,801	1,175
Utilities	48,302	47,934
Water purchases	325,033	330,853
	<u>1,163,034</u>	<u>1,099,208</u>
Total Operating Expenses	<u>1,163,034</u>	<u>1,099,208</u>
OPERATING INCOME	<u>234,210</u>	<u>171,314</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
NON-OPERATING REVENUE (EXPENSES)		
Interest income	12,472	4,367
Miscellaneous income	1,425	1,828
Interest expense	<u>(108,111)</u>	<u>(114,353)</u>
Total Non-Operating Revenue (Expenses)	<u>(94,214)</u>	<u>(108,158)</u>
CHANGE IN NET POSITION BEFORE MEMBER CONTRIBUTIONS	139,996	63,156
MEMBER CONTRIBUTIONS	<u>14,700</u>	<u>16,800</u>
CHANGE IN NET POSITION	154,696	79,956
NET POSITION, BEGINNING OF YEAR	<u>2,758,811</u>	<u>2,678,855</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,913,507</u></u>	<u><u>\$ 2,758,811</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 1,365,995	\$ 1,266,753
Cash payments to suppliers for goods and services	(636,630)	(654,886)
Cash payments to employees for services	<u>(273,131)</u>	<u>(213,566)</u>
Net Cash Flows From Operating Activities	<u>456,234</u>	<u>398,301</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net activity of restricted assets	<u>37,043</u>	<u>(64,990)</u>
Net Cash Flows From Investing Activities	<u>37,043</u>	<u>(64,990)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions of capital assets, property, plant and equipment	(172,231)	(38,614)
Principal paid on long-term debt	(240,175)	(198,071)
Interest paid on long-term debt	<u>(108,623)</u>	<u>(115,236)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(521,029)</u>	<u>(351,921)</u>
CASH FLOWS FROM NON-OPERATING AND RELATED ACTIVITIES		
Member investments	14,700	16,800
Interest income	12,472	4,367
Miscellaneous income	<u>1,425</u>	<u>1,828</u>
Net Cash Flows From Non-Operating and Related Activities	<u>28,597</u>	<u>22,995</u>
CHANGE IN CASH	845	4,385
CASH, BEGINNING OF YEAR	<u>5,793</u>	<u>1,408</u>
CASH, END OF YEAR	<u><u>\$ 6,638</u></u>	<u><u>\$ 5,793</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH		
FROM OPERATING ACTIVITIES		
Operating income	\$ 234,210	\$ 171,314
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	207,036	205,603
Change in:		
Accounts receivable	(31,249)	(3,769)
Inventory	46,901	13,520
Accounts payable	1,881	4,170
Accrued payroll	(2,173)	2,173
Accrued compensated absences	(3,180)	2,569
Sales tax payable	358	11
Meter deposits payable	<u>2,450</u>	<u>2,710</u>
 Total Adjustments	 <u>222,024</u>	 <u>226,987</u>
 Net Cash Flows From Operating Activities	 <u><u>\$ 456,234</u></u>	 <u><u>\$ 398,301</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 1: Summary of Significant Accounting Policies

Milltown Washburn Public Water authority of the State of Arkansas (the Authority) was created December 20, 2012 under the Water Authority Act, pursuant to the provisions of Arkansas Code Annotated Section 4-35-210. The purpose of the Authority is to construct, maintain and operate a water system for supplying water to the residents of Milltown, Washburn, Dayton and the outlying rural areas. The Authority is governed by a five member Authority of directors.

Financial Reporting

The accounts of the Authority 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 Authority's assets, liabilities, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of activity; or (ii) 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 (iii) 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 Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted for debt service; and unrestricted components.

Basis of Accounting

The Authority's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred. Operating revenues in the enterprise fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Fair Value of Financial Instruments

The Authority's financial instruments include cash, certificates of deposit, accounts receivable, and accounts payable. The Authority's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying Statement of Net Position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Authority had no cash equivalents as of December 31, 2023 and 2022.

Accounts Receivable

The Authority uses the valuation method as required by GAAP to value accounts receivable. The allowance for doubtful accounts represents management's estimate of uncollectible accounts receivable.

Inventories

Inventories consist of miscellaneous parts, accessories, and piping and are stated at the lower of cost or net realizable value using the first-in, first-out method.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of water sales and fees for related services. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing type activities.

Income Taxes

The Authority is a not-for-profit organization that is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code. As a result, no provision for current or deferred income tax liability is recognized in the Authority's books and records. The Authority evaluates and accounts for uncertain tax positions in accordance with Financial Accounting Standards Authority (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes* (formerly FASB Interpretation 48 (FIN 48) Accounting for Uncertainty in Income Taxes. This standard requires certain disclosures about uncertain tax positions. When tax returns are filed, it is probable that most tax positions would be sustained upon examination by taxing authorities. However, it is also possible that some positions use the provisions of ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Interest and penalties, if any, resulting from any uncertain tax positions required to be recorded by the Authority would be presented in other expenses in the statement of revenues, expenses and changes in net position. Management does not believe that it has engaged in any activity that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. The Authority has filed all applicable tax returns. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Authority has no open examinations with either the Internal Revenue Service or state taxing authorities.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Capital Assets and Depreciation

Capital assets of the Authority are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Office furniture and fixtures	7
Transportation equipment	5
Pumps and treatment equipment	50
Building	40
Lines and storage	50

It is the Authority's policy to capitalize all asset purchases greater than or equal to \$500. Expenditures of less than \$500 are expensed at the time of purchase. As of December 31, 2023 and 2022, the Authority had fully depreciated assets still in service of approximately \$921,000 and \$949,000, respectively.

Net Position Classifications

Net position is classified and displayed in the following three components:

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted net position – All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, the Authority's policy is to make payment from unrestricted funds and generally take reimbursement from restricted funds.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Accrued Compensated Absences

Employees of the Authority are entitled to paid vacations and sick days depending on job classification, length of service, and other factors. As of December 31, 2023 and 2022, accrued compensated absences were \$10,898 and \$14,078, respectively.

Subsequent Events

Subsequent events are evaluated through April 5, 2024, the date the financial statements were available to be issued.

Note 2: Deposits and Restricted Cash

The Authority maintains its operating bank accounts in a local financial institution. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. The custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to the Authority. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with Federal depository insurance, bond and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Arkansas. At December 31, 2023, all of the Authority's deposits were insured or collateralized.

Restricted cash and cash equivalents and restricted certificates of deposit are restricted by the various ordinances of the Authority, and laws. Expenditures from these accounts are restricted to improvements and betterments to the utility plant, water system, the trustee's and paying agent's fees, and refunds of customer deposits. At December 31, 2023 and 2022, restricted cash and cash equivalents and restricted certificates of deposit consisted of the following:

	<u>2023</u>	<u>2022</u>
Restricted checking and savings:		
Customer meter deposit	\$ 9,322	\$ 7,503
Depreciation reserve	94,272	209,776
Farmers capital improvement	74,229	59,626
Rural Development	78,931	95,064
Arkansas Natural Resources DL 20-02-WSSW Reserve	2	2
Water Rights	27,693	59,331
Radio Read Meter Replacement	18,606	34,184
Total restricted checking and savings	<u>303,055</u>	<u>465,486</u>
Restricted short term certificates of deposit:		
Meter deposit	128,231	126,774
Depreciation	100,000	-
Total restricted certificates of deposits	<u>228,231</u>	<u>126,774</u>
Restricted investments, reported at fair market:		
2013 Debt Service Reserve	83,946	83,946
2013 Bond Fund	50,596	29,973
2014 Bond Fund	9,224	5,916
2014 Debt Service Reserve	14,360	14,360
Total restricted Investments	<u>158,126</u>	<u>134,195</u>
Total Restricted Cash and Investments	<u>\$ 689,412</u>	<u>\$ 726,455</u>

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 3: Property and Equipment

Property and equipment activity for the years ended December 31, 2023 and 2022 are as follows:

	<u>January 1,</u> <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u> <u>2023</u>
Land	\$ 16,182	\$ -	\$ -	\$ 16,182
Office furniture and fixtures	21,430	3,061	-	24,491
Transportation equipment	236,577	34,760	32,445	238,892
Pumps and treatment equipment	771,127	49,422	-	820,549
Buildings	103,568	-	-	103,568
Lines and storage	8,051,446	84,987	-	8,136,433
Total	<u>\$ 9,200,330</u>	<u>\$ 172,230</u>	<u>\$ 32,445</u>	<u>\$ 9,340,115</u>

	<u>January 1,</u> <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31,</u> <u>2022</u>
Land	\$ 16,182	\$ -	\$ -	\$ 16,182
Office furniture and fixtures	21,430	-	-	21,430
Transportation equipment	216,613	42,269	22,305	236,577
Pumps and treatment equipment	771,127	-	-	771,127
Buildings	103,568	-	-	103,568
Lines and storage	8,012,833	38,612	-	8,051,446
Total	<u>\$ 9,141,753</u>	<u>\$ 80,881</u>	<u>\$ 22,305</u>	<u>\$ 9,200,330</u>

Note 4: Accounts Receivable

The Authority has established a provision for estimated losses on accounts receivable based on prior bad debt experience and a review of existing accounts receivable. Based on these factors, there is a provision of doubtful accounts of \$42,373, and \$36,629 for the years ended December 31, 2023 and 2022, respectively.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 5: Long-Term Debt

Long-term debt consists of the following:

	<u>2023</u>	<u>2022</u>
2014 Series Bonds, issued July 23, 2014, in the original amount of \$370,000. The bonds yield varying rates of interest ranging from 2.40% to 4.30%. Final maturity of the bonds is October 1, 2034. Security for the bonds is a pledge of real estate and premises, rights of ways and easements, with all buildings, additions and improvements of every nature now located thereon or therein situated in Sebastian County, Arkansas, with tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, now owned by the Authority. All water supply and water service contracts and other properties of whatever nature now owned by the Authority and not covered by the properties described above, including, without limitation, all assets, franchises, rights, privileges, licenses and rights of way, and all revenues and income of the Authority while any bonds issued are outstanding.	\$ 230,000	\$ 245,000
Rural Development - issued December 22, 2005, in the original amount of \$475,400. Payments of \$2,107 are made monthly and include interest of 4.25%. The note is secured by property and equipment.	359,267	369,056
Rural Development - issued December 22, 2005, in the original amount of \$150,000. Payments of \$665 are made monthly and include interest of 4.25%. The note is secured by property and equipment.	113,305	116,398
Rural Development - issued December 12, 2008, in the original amount of \$650,000. Payments of \$2,568 are made monthly and include interest of 3.625%. The note is secured by property and equipment.	505,709	517,952
Rural Development - issued October 1, 2009, in the original amount of \$798,000. Monthly payments of \$3,073 are scheduled to begin October 1, 2010 with interest of 3.375%. The note is secured by property and equipment.	633,448	648,666
Ally Bank - issued in April 2022, payments are made monthly in the amount of \$690 and includes interest of 5.39%. The note is secured by a vehicle owned by the Authority and is scheduled to mature in May 2028.	-	38,822
Farmers Bank - original note in the amount of \$270,375, payments are made monthly in the amount of \$1,330 and includes interest of 4.25%. The note is not secured by any previous instrument and is scheduled to mature June 10, 2046.	230,967	236,978

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

2013 Series Bonds, issued April 30, 2013, in the original amount of \$1,995,000. The bonds yield varying rates of interest ranging from 0.8% to 4.125%. Final maturity of the bonds is October 1, 2041. Security for the bonds is a pledge of real estate and premises, rights of ways and easements, with all buildings, additions and improvements of every nature now located thereon or therein situated in Sebastian County, Arkansas, with tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, now owned by the Authority. All water supply and water service contracts and other properties of whatever nature now owned by the Authority and not covered by the properties described above, including, without limitation, all assets, franchises, rights, privileges, licenses and rights of way, and all revenues and income of the Authority while any bonds issued are outstanding.

	<u>675,000</u>	<u>815,000</u>
Total	2,747,696	2,987,872
Less: current portion of long-term debt	<u>203,137</u>	<u>207,691</u>
Total long-term debt	<u>\$ 2,544,559</u>	<u>\$ 2,780,181</u>

Debt is scheduled to be repaid as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 203,137	\$ 101,415	\$ 304,552
2025	214,998	94,989	309,987
2026	166,932	87,622	254,554
2027	103,942	81,805	185,747
2028	96,030	78,022	174,052
2029-2033	539,451	330,549	870,000
2034-2038	490,389	225,633	716,022
2039-2043	505,328	127,970	633,298
2044-2048	401,203	36,683	437,886
2049	26,286	360	26,646
Total	<u>\$ 2,747,696</u>	<u>\$ 1,165,048</u>	<u>\$ 3,912,744</u>

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Activity of long-term debt consists of the following:

	January 1, 2023	Debt Additions	Debt Retirements	December 31, 2023
Ally Bank	\$ 38,822	\$ -	\$ 38,822	\$ -
Rural Development	1,652,072	-	40,343	1,611,729
2013 Series bonds	815,000	-	140,000	675,000
2014 Series bonds	245,000	-	15,000	230,000
Farmers Bank loan	236,978	-	6,011	230,967
Total	<u>\$ 2,987,872</u>	<u>\$ -</u>	<u>\$ 240,176</u>	<u>\$ 2,747,696</u>

	January 1, 2022	Debt Additions	Debt Retirements	December 31, 2022
Arkansas Natural Resources Comm.	\$ -	\$ 42,268	\$ 3,446	\$ 38,822
Rural Development	1,690,939	-	38,869	1,652,072
2013 Series bonds	950,000	-	135,000	815,000
2014 Series bonds	260,000	-	15,000	245,000
Farmers Bank loan	242,736	-	5,756	236,978
Total	<u>\$ 3,143,675</u>	<u>\$ 42,268</u>	<u>\$ 198,071</u>	<u>\$ 2,987,872</u>

Interest paid on long-term debt for the years ended December 31, 2023 and 2022 totaled \$108,623 and \$115,236, respectively.

Note 6: Concentrations of Risk

Revenues and Receivables

Financial instruments that potentially subject the Authority to credit risk consist primarily of accounts receivable.

Water Supply System

The Authority purchases its water from the City of Booneville and the James Fork Regional Water District. If the cost of water were to increase or the possibility of the Authority to have to obtain water from other suppliers were to occur, it may have an effect on the Authority's ability to continue in its current state.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 7: Debt Service Reserves

The Trust Indenture of the 2013 and 2014 Series Bonds contain a provision (the Rate Covenant) which requires the Authority to maintain their water rates at an amount sufficient to (1) pay all operation, repair and maintenance expenses, (2) make all required deposits to the Debt Service Reserve Fund, and (3) leave a balance equal to 100% of the debt service requirements for that fiscal year of all outstanding Bonds and Parity obligations, and (4) service all second lien debt. For the year ended December 2023, the Authority had satisfied all the covenants of the 2013 and 2014 Series Bond Trust Indentures.

The Authority is required to have certain reserves set aside for its loans outstanding in accordance with compliance established by Rural Development. The Authority has four loans outstanding with Rural Development as of December 31, 2023. Reserve requirements specify a set amount to be transferred to a debt service reserve account monthly from the original date of the loan for 10 years until the specified reserve is met. The Authority met the 10-year deposit requirement for all Rural Development loans in 2019. Therefore, as of December 31, 2023, the Authority has satisfied all of the covenants for Rural Development loans outstanding.

Note 8: Pension Plan

In 2005, The Authority's Directors approved the Authority's participation in the Arkansas Public Employees Retirement System (APERS). APERS is a cost sharing, multiple employer, defined benefit pension plan established by authority of the Arkansas General Assembly with the passage of Act 177 of 1957 to provide retirement benefits for eligible employees and elected officials of the state and local governmental entities in Arkansas. The laws governing operations of APERS are set forth in Arkansas Code of 1987 Annotated and 1993 Cumulative Supplement, Title 24, Chapters 3 and 4, with related laws in Chapter 2. APERS utilizes a five-year vesting schedule for all employees. As of December 31, 2023 and 2022, annual net pension contributions amounted to \$48,436 and \$44,870, respectively. Management has not adopted Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The APERS actuarial firm released an estimated pension liability as of June 30, 2022 of \$287,031.

Note 9: Noncash Capital and Related Financing Activities

The Authority had no noncash capital and related financing activities during the year ended December 31, 2023.

The Authority had additions of property and equipment during the year ended December 31, 2022 as follows:

Capital asset additions	\$ 80,881
Amount financed	<u>(42,268)</u>
Cash paid	<u>\$ 38,613</u>

SUPPLEMENTARY INFORMATION

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
ADDITIONAL COMMENTS REQUIRED BY RURAL DEVELOPMENT
YEAR ENDED DECEMBER 31, 2023**

WATER RATE SCHEDULE

Milltown-Washburn Customers

0 - 1,000 gallons used	\$ 30.00
1,001 and above	\$8.00 per 1,000

BOARD OF DIRECTORS

<u>NAME</u>	<u>TITLE</u>
Howard Coleman	Chairman
Jackie Davis	Secretary/Treasurer
Cody Jones	Board Member
Chris Floyd	Board Member
Randy Mizell	Board Member

ACCOUNTING RECORDS AND CONTROL OVER PHYSICAL ASSETS

The Authority's accounting records are in agreement with these financial statements.
The Authority's control over physical assets is adequate.

MATERIAL OR UNUSUAL ADJUSTMENTS

The accounting records of the Authority incurred no unusual adjustments. Material adjustments, however not unusual in nature, included adjusting for accounts receivable, long-term debt, depreciation and interest expense.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
SCHEDULE OF BONDS OUTSTANDING
DECEMBER 31, 2023**

Year	2013 Series Principal	2014 Series Principal	2013 Series Interest Rate	2014 Series Interest Rate	2013 Series Interest October 1,	2014 Series Interest October 1,	Total
2024	140,000	15,000	2.875%	3.600%	23,375	9,260	187,635
2025	145,000	20,000	3.250%	3.600%	19,350	8,720	193,070
2026	95,000	20,000	3.250%	3.600%	14,638	8,000	137,638
2027	30,000	20,000	3.250%	3.600%	11,550	7,280	68,830
2028	20,000	20,000	3.250%	4.200%	10,575	6,560	57,135
2029	20,000	20,000	4.000%	4.200%	9,925	5,720	55,645
2030	25,000	20,000	4.000%	4.200%	9,125	4,880	59,005
2031	25,000	20,000	4.000%	4.200%	8,125	4,040	57,165
2032	25,000	25,000	4.000%	4.200%	7,125	3,200	60,325
2033	20,000	25,000	4.000%	4.300%	6,125	2,150	53,275
2034	15,000	25,000	4.000%	4.300%	5,325	1,075	46,400
2035	15,000	-	4.000%	0.000%	4,725	-	19,725
2036	15,000	-	4.125%	0.000%	4,125	-	19,125
2037	20,000	-	4.125%	0.000%	3,506	-	23,506
2038	20,000	-	4.125%	0.000%	2,681	-	22,681
2039	20,000	-	4.125%	0.000%	1,856	-	21,856
2040	5,000	-	4.125%	0.000%	1,031	-	6,031
2041	20,000	-	4.125%	0.000%	825	-	20,825
	<u>\$ 675,000</u>	<u>\$ 230,000</u>			<u>\$ 143,987</u>	<u>\$ 60,885</u>	<u>\$ 1,109,872</u>

See Independent Auditor's Report.

MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	Budget	Actual	Variance
Metered water sales, net of provision for bad debts	\$ 1,187,120	\$ 1,328,240	\$ 141,120
Connection charges	6,000	6,850	850
Storage tank	30,000	30,153	153
Late charges	18,000	17,776	(224)
Water rights	13,000	13,225	225
Tank rental for antennas	-	1,000	1,000
Total Operating Revenues	1,254,120	1,397,244	143,124
OPERATING EXPENSES			
Contract labor	-	2,590	(2,590)
Depreciation	-	207,036	(207,036)
Dues, licences and permits	10,500	13,257	(2,757)
Education	1,200	-	1,200
Employee benefits	87,000	114,286	(27,286)
Insurance	30,000	29,555	445
Miscellaneous expense	1,500	5,788	(4,288)
Office supplies	7,000	6,502	498
Operating supplies	28,000	94,256	(66,256)
Payroll taxes	19,000	19,914	(914)
Postage	7,500	7,725	(225)
Professional fees	5,000	8,760	(3,760)
Repairs and maintenance	33,000	8,676	24,324
Salaries	246,500	253,217	(6,717)
Telephone	5,500	3,788	1,712
Transportation expense	14,000	12,548	1,452
Uniforms	2,000	1,801	199
Utilities	49,000	48,302	698
Water purchases	284,000	325,033	(41,033)
Total Operating Expenses	830,700	1,163,034	(332,334)
OPERATING INCOME (LOSS)	423,420	234,210	(189,210)
NON-OPERATING REVENUE (EXPENSES)			
Interest income	1,000	12,472	11,472
Miscellaneous income	4,000	1,425	(2,575)
Interest expense	-	(108,111)	(108,111)
Member contributions	-	14,700	14,700
Total Non-Operating Revenues (Expenses)	5,000	(79,514)	(84,514)
CHANGE IN NET POSITION	\$ 428,420	\$ 154,696	\$ (273,724)

See Independent Auditor's Report and Note to the Budgetary Comparison Schedule.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023**

Note 1: Budget

The budget for the Authority is prepared on the cash basis of accounting. The original budget is approved by the Authority's Board of Directors.

The Authority's approved budget does not include a provision for deferred compensation contributions, depreciation expense, or interest expense.

Accounts in the actual column have been grouped to show comparability with the budget line items. Depreciation, contract labor, and interest expense have been included in the actual column.

The Authority presents a balanced budget which includes balance sheet items that were not included in the budgetary comparison schedule for comparability with the income statement.

Budgeted interest income has been moved below operating expense to non-operating revenue.

**MILLTOWN WASHBURN PUBLIC WATER AUTHORITY
SUMMARY OF AUDITOR'S RESULTS
YEAR ENDED DECEMBER 31, 2023**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of **Milltown Washburn Public Water Authority**.
2. Our audit was conducted 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
3. No material weaknesses or significant deficiencies were required to be reported in accordance with *Government Auditing Standards*
4. No instances of noncompliance were material to the financial statements of **Milltown Washburn Public Water Authority** were required to be reported in accordance with *Government Auditing Standards*.
5. The Authority is in compliance with all sections of its Bond Escrow Deposit Agreement.
6. The Authority's deposits in financial institutions were all either insured or collateralized as of **December 31, 2023**.
7. Additional information necessary for full disclosure is included in the audit report dated **April 5, 2024** and the audited financial statements of the **Milltown Washburn Public Water Authority** for the year ended **December 31, 2023**.