

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY
COMPILED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023



OAK GROVE WATER USERS PUBLIC WATER AUTHORITY
DECEMBER 31, 2024 AND 2023

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Oak Grove Water Users Public Water Authority
Van Buren, Arkansas

We have performed the procedures enumerated below on the financial and billing records of Oak Grove Water Users Public Water Authority as of and for the year ended December 31, 2024. Oak Grove Water Users Public Water Authority's management is responsible for the financial and billing records.

Oak Grove Water Users Public Water Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose which is to comply with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water and Sewer Service providers* as prepared by Arkansas Legislative Audit. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and associated findings are as follows:

(1) Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance. We concluded this procedure with no findings.
- B. Confirm with depository institutions the cash on deposit and investments. We concluded this procedure with no findings.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater. The ending balances for all accounts were within these parameters.

(2) Receipts

- A. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater. We concluded this procedure and found the deposits were within the parameters.

- B. Agree ten customer payments on the accounts receivable sub ledger to deposit, billing documents. We concluded this procedure with no findings.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information. We concluded this procedure with no findings.

(3) Accounts Receivable

- A. Agree ten customer billings to the accounts receivable sub ledger. We concluded this procedure with no findings.
- B. Determine that five customer adjustments were properly authorized. We concluded this procedure with no findings.

(4) Disbursements

- A. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater. We concluded this procedure and found the disbursements to be within the parameters.
- B. Analyze all property, plant and equipment disbursements. We concluded this procedure with no findings.
- C. Select all disbursements to employees other than payroll and ten other disbursements and determine if they were adequately documented. We concluded this procedure with no findings.

(5) Property, plant and equipment

- A. Determine that additions and disposals were properly accounted for in the records. We concluded this procedure with no findings.

(6) Long-term debt

- A. Schedule long-term debt and verify changes in all balances for the year. We concluded this procedure with no findings.
- B. Confirm loans, bond, notes and contracts payable with lender/trustee/contractor. We concluded this procedure with no findings.
- C. Determine that the appropriate debt service accounts have been established and maintained. We concluded this procedure with no findings.

(7) General

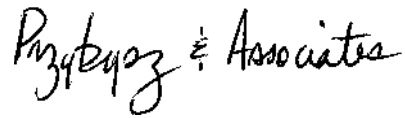
- A. Determine that any items of financial significance were approved and documented in the minutes of the Association's meetings. The minutes were provided to us and were read. We found all financially significant items to be documented.

We were engaged by Oak Grove Water Users Public Water Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial and billing records. Accordingly, we do not express such an opinion or conclusion. Had we performed

additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Oak Grove Water Users Public Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Oak Grove Water Users Public Water Authority and Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 11, 2025



To the Board of Directors
Oak Grove Water Users Public Water Authority
Van Buren, Arkansas

Management is responsible for the accompanying financial statements of the Oak Grove Water Users Public Water Authority, which comprise the statements of financial position as of December 31, 2024 and 2023, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 11, 2025

FINANCIAL STATEMENTS

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,043,027	\$ 929,614
Restricted cash	119,228	96,658
Certificates of deposit	488,981	464,899
Accounts receivable, less allowance for doubtful accounts of \$3,000	16,264	9,161
Prepaid insurance	1,378	1,265
Total Current Assets	1,668,878	1,501,597
Capital Assets. Net	2,565,480	2,630,687
Total Assets	\$ 4,234,358	\$ 4,132,284
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 57,491	\$ 50,042
Payroll taxes payable	1,452	1,543
Sales tax payable	5,534	3,887
Accrued interest	345	-
Customer meter deposits	99,100	96,658
Total Current Liabilities	163,922	152,130
Long-term Debt	145,354	-
Total Liabilities	309,276	152,130
Net Position		
Net investment in capital assets	2,420,126	2,630,687
Restricted	19,849	-
Unrestricted	1,485,107	1,349,467
Total Net Position	3,925,082	3,980,154
Total Liabilities and Net Position	\$ 4,234,358	\$ 4,132,284

See accompanying notes to financial statements.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2024	2023
Operating Revenue		
Water revenue	\$ 848,195	\$ 646,875
Operating Expenses		
Water purchased	628,442	381,326
Billings	9,271	5,739
Tap fees	4,675	-
Salaries and wages	25,500	25,500
Payroll taxes	2,049	2,039
Repairs and maintenance	10,850	9,640
Engineering fees	-	390
Legal and accounting	25,794	3,500
Insurance	4,690	4,676
Travel expense	3,834	3,647
Supplies	-	2,367
Utilities	1,136	1,260
Office expense	292	256
Taxes and licenses	750	-
Miscellaneous	2,034	1,954
Depreciation	82,821	82,820
Total Operating Expenses	802,138	525,114
Net Operating Income	46,057	121,761
Nonoperating Revenue (Expense)		
Interest income	24,615	9,041
Loan issuance fees	(123,060)	-
Interest Expense	(2,684)	-
Total Nonoperating Revenue (Expense)	(101,129)	9,041
Change in Net Position	(55,072)	130,802
Net Position at Beginning of Year	3,980,154	3,849,352
Net Position at End of Year	\$ 3,925,082	\$ 3,980,154

See accompanying notes to financial statements.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2024	2023
Cash Flows From Operating Activities		
Cash receipts from customers	\$ 845,181	\$ 646,545
Cash payments to suppliers for goods and services	(674,050)	(440,430)
Cash payments to employees for services	(25,500)	(25,500)
Net Cash Provided By Operating Activities	145,631	180,615
Cash Flows From Capital and Related Financing Activities		
Cash paid for infrastructure improvements	(30,136)	(268,588)
Proceeds from the issuance of debt	22,294	-
Interest paid on long-term debt	(2,339)	-
Net Cash Used In Capital and Related Financing Activities	(10,181)	(268,588)
Cash Flows From Investing Activities		
Net redemption (purchase) of certificates of deposits	-	(257,098)
Reinvestment of earnings on certificates of deposit	(24,082)	(8,571)
Interest income	24,615	9,041
Net Cash Provided (Used) By Investing Activities	533	(256,628)
Increase (Decrease) In Cash, Cash Equivalents, and Restricted Cash	135,983	(344,601)
Cash, Cash Equivalents and Restricted Cash At Beginning of Year	1,026,272	1,370,873
Cash, Cash Equivalents, and Restricted Cash At End of Year	\$ 1,162,255	\$ 1,026,272
Reconciliation to the Statement of Financial Position		
Cash and cash equivalents	\$ 1,043,027	\$ 929,614
Restricted cash	119,228	96,658
Total Cash, Cash Equivalents, and Restricted Cash	\$ 1,162,255	\$ 1,026,272
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities		
Net income from operations	\$ 46,057	\$ 121,761
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	82,821	82,820
(Increase) decrease in:		
Accounts receivable	(7,103)	(3,767)
Prepaid insurance	(113)	(59)
Increase (decrease) in:		
Trade accounts payable	19,971	(24,256)
Payroll taxes payable	(91)	679
Sales tax payable	1,647	382
Customer meter deposits	2,442	3,055
Net Cash Provided By Operating Activities	\$ 145,631	\$ 180,615

See accompanying notes to financial statements.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2024	2023
Supplemental Disclosure of Non-Cash Financing Activities		
Water line improvements incurred during the year	\$ 17,614	\$ 289,276
Less: current year construction payable	(8,166)	(20,688)
Plus: prior year construction payable	20,688	-
Cash paid for water line improvements	\$ 30,136	\$ 268,588
Total long-term debt borrowings	\$ 145,354	\$ -
Less: Loan origination fee	(123,060)	-
Cash received from the issuance of debt	\$ 22,294	\$ -

See accompanying notes to financial statements.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Nature of Operations

The Oak Grove Water Users Public Water Authority (formerly the Oak Grove Water Users Association) (the Authority) was incorporated in 1968 as a non-profit corporation organization in Arkansas to provide water to the residents of the Oak Grove Community.

On March 26, 2024, the members adopted a resolution to convert to a water authority under the provisions of Arkansas Codes Annotated §4-35-201 *et seq.*, §4-28-225, and the Arkansas Natural Resources Commission Rules Governing Water Authorities, Title 17. The Oak Grove Water users Association subsequently transferred all of its assets and liabilities, both tangible and intangible, to the Oak Grove Water Users Public Water Authority.

The Authority's 2023 financial statements have been re-stated to conform with the current year presentation.

1. Summary of Significant Accounting Policies

Basis of Presentation

The Authority's financial statements are prepared in conformity with principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The Authority accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Authority. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Income Taxes

The Authority is exempt from income taxes as a governmental agency.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents including restricted cash.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consists of water sale billed to customers based on consumption. The Authority does not charge interest on past due accounts but does charge a late fee for late payments. Accounts receivable are recorded net of estimated uncollectible amounts. Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$3,000 at December 31, 2024 and 2023.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

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 and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The estimated useful lives of the assets are as follows:

Office equipment	5 - 8 years
Water system	10 - 70 years

It is the Authority's policy to capitalize asset purchases equal to or more than \$500. Expenditures of less than \$500 are expensed at the time of purchase.

Customer Meter Deposits

Customers are required to make a meter deposit before being connected to the water system. These deposits are refundable to customers when the Authority no longer services the customer. The Authority uses the customer deposits to pay the customers' final bill and refunds directly to the customer the balance remaining, if any, of the deposit.

Compensated Absences

It is the Authority's policy not to permit employee's to accumulate earned but unused vacation and sick pay benefits. Accordingly no liability is reported for unpaid accumulated sick leave or vacation time.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

1. Summary of Significant Accounting Policies (continued)

Net Position

Net position of the Authority are classified in three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), 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 net position that does not meet the definition of "restricted" or "net investment in capital assets".

The Authority does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. Authority personnel decide which resources (source of funds) to use at the time expenditures are incurred. For financial statement classification of net position amounts, restricted resources are considered spent before unrestricted.

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority consist of water sales and treatment. Operating expenses include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 those estimates.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

2. Deposits in Financial Institutions

The Authority does not have a formal deposit and investment policy, but does follow state laws and bond ordinance resolutions.

State statutes generally require that municipal funds be deposited in federally insured banks located in the state of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in direct obligations of the United States of America, the principal and interest of which are fully guaranteed by the United States government.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a Authority's deposits may not be recovered. The bank balances and carrying amount of the Authority's deposits held were as follows:

Description	At December 31, 2024		At December 31, 2023	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Collateralized - held by pledging bank or pledging bank's trust department in the Authority's name	912,255	912,255	776,829	776,272
Total	\$ 1,162,255	\$ 1,162,255	\$ 1,026,829	\$ 1,026,272

Cash as reported in the following Statement of Net Position captions:

As Of December 31,	2024	2023
Cash and cash equivalents	\$ 1,043,027	\$ 929,614
Restricted checking accounts	119,228	96,658
Total	\$ 1,162,255	\$ 1,026,272

Investments

The Authority's investments consist of the following:

As Of December 31,	2024	2023	Maturity	Interest Rate 2024 / 2023
Certificates of deposit	\$ 488,981	\$ 464,899	< 1 year	4.74% / 5.25%
Total	\$ 488,981	\$ 464,899		

Interest Rate Risk

Interest rate risk is the risk the changes in interest of debt investments will adversely affect the fair value of an investment. The Authority's investments are not subject to interest rate risk as the investments are short-term in nature.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

2. Deposits in Financial Institutions (continued)

Investments (continued)

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. All of the Authority's certificates of deposit are covered by FDIC limits and/or pledged securities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments held by the Authority or by an agent of the Authority are in the Authority's name.

Fair Value Measurement

The Authority's investments are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categories are as follows:

Level 1 - Quoted prices for identical investments in active markets.

Level 2 - Quoted prices for identical investments in markets that are not active.

Level 3 - Unobservable inputs

The following table represents the Authority's investments that are measured at fair value on a recurring basis at December 31, 2024:

	Level 1		Level 2		Level 3		Total
Certificates of deposit	\$	488,981	\$	-	\$	-	488,981
Total	\$	488,981	\$	-	\$	-	488,981

3. Restricted Cash

Funds are restricted for the following purposes:

Meter Deposit Fund - Refundable customer deposits

Depreciation Fund - for repairs, maintenance, betterments and improvements of the Association

Restricted balances are broken out as follows:

As Of December 31,	2024		2023	
Meter deposit fund	\$	99,101	\$	96,658
Depreciation fund		20,108		-
Total	\$	119,209	\$	96,658

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

4. Capital Assets

Activity of capital assets consists of the following:

As Of	January 1, 2024	Additions & Contributions	Retirements / Transfers	December 31, 2024
Land	\$ 151,577	\$ -	\$ -	\$ 151,577
Office equipment	1,941	-	-	1,941
Water system	3,772,420	-	-	3,772,420
Construction in process	308,101	17,614	-	325,715
Total Capital Assets	4,234,039	17,614	-	4,251,653
Less: Accumulated depreciation	(1,603,352)	(82,821)		(1,686,173)
Capital Assets, Net	\$ 4,234,039	\$ (65,207)	\$ -	\$ 2,565,480

As Of	January 1, 2023	Additions & Contributions	Retirements / Transfers	December 31, 2023
Land	\$ 95,470	\$ 56,107	\$ -	\$ 151,577
Office equipment	1,941	-	-	1,941
Water system	3,772,420	-	-	3,772,420
Construction in process	74,932	233,169	-	308,101
Total Capital Assets	3,944,763	289,276	-	4,234,039
Less: Accumulated depreciation	(1,520,532)	(82,820)	-	(1,603,352)
Capital Assets, Net	\$ 2,424,231	\$ 206,456	\$ -	\$ 2,630,687

Construction in progress totaling \$325,715 and \$308,101 at December 31, 2024 and 2023, respectively, is for a .5MG Elevated Tank and pump Station. The Authority secured bond proceeds totaling \$4.2 million to fund project construction (see Note 5).

5. Long-Term Debt

On July 9, 2024, the Authority issued Water Revenue Bonds, Series 2024 in the amount of \$4,225,060. Proceeds from the bonds are to be used for the costs of planning, designing, acquiring, equipping, and constructing extensions, betterments, and improvements to better the Authority's water system, including, but not limited to, construction of a pump station, water storage tank, and related improvements. The Authority will make monthly payments of interest only, at 2.85%, until December 1, 2026 when monthly payments of principal and interest of \$17,473 commence. The Authority has drawn \$22,294 for project costs and incurred a \$123,060 loan origination fee for total borrowing of \$145,354 as of December 31, 2024. The bonds mature in 2056 and are secured by revenues of the Authority.

OAK GROVE WATER USERS PUBLIC WATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

5. Long-Term Debt (continued)

Principal is scheduled to mature on existing borrowings as follows:

December 31,	Principal	Interest	Total
2025	\$ -	\$ 4,143	\$ 4,143
2026	17,127	4,143	21,270
2027	128,227	1,289	129,516
Total	\$ 145,354	\$ 9,575	\$ 154,929

The provisions for loan default include: outstanding principal and interest become immediately due and payable; appointing a receiver to administer the Authority on behalf of the issuer until all defaults have been cured; or any other remedy permitted by law.

6. Rate Covenant

The Bond Resolution of the 2024 Series Bonds contains 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 into the Depreciation Fund, and (3) leave a balance equal to the debt service requirements for the year of all outstanding obligations, as well as maintain specific restricted cash accounts and to meet various other general requirements. The Authority was in compliance with the rate covenant at September 30, 2024. The Authority has not established the required cash accounts, but has enough cash on hand to cover the reserve requirements.

7. Concentrations of Credit Risks

Financial instruments that potentially subject the Authority to credit risk consist primarily of accounts receivable. The Authority sells only to its members in and around Van Buren, Arkansas.

8. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance and a surety bond for these risks of loss.

There has been no significant reduction in the Authority's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Authority's coverage in any of the prior three fiscal years.

9. Subsequent Events

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2024 through February 11, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.