

MOUNT OLIVE WATER ASSOCIATION

AUDITED FINANCIAL STATEMENTS

FEBRUARY 29, 2024

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2023)



MOUNT OLIVE WATER ASSOCIATION

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Independent Auditor's Report

To the Board of Directors
Mount Olive Water Association, Inc.
Elkins, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mount Olive Water Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of February 29, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Mount Olive Water Association, Inc. as of February 29, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Mount Olive Water Association, Inc. 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 audit opinion.

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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mount Olive Water Association, Inc.'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 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 Mount Olive Water Association, Inc.'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 Mount Olive Water Association, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Mount Olive Water Association, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 August 30, 2024, on our consideration of Mount Olive Water Association, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Mount Olive Water Association, Inc.'s 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 Mount Olive Water Association, Inc.'s internal control over financial reporting and compliance.



Przybysz & Associates, CPAs, P.C.
Fayetteville, Arkansas
August 30, 2024

FINANCIAL STATEMENTS

MOUNT OLIVE WATER ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

AS OF	February 29, 2024	February 28, 2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 830,760	\$ 803,328
Restricted cash and cash equivalents	318,671	293,906
Accounts receivable, net	362,489	409,612
Inventory	146,014	130,620
Prepaid expenses	12,520	12,451
Total Current Assets	1,670,454	1,649,917
Noncurrent Assets		
Certificates of deposit	304,094	407,034
Restricted certificates of deposit	460,097	338,315
Property, plant and equipment, net	12,732,377	9,883,766
Total Noncurrent Assets	13,496,568	10,629,115
Total Assets	\$ 15,167,022	\$ 12,279,032
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 289,059	\$ 330,296
Sales tax payable	12,562	11,295
Accrued wages	14,840	10,610
Accrued payroll taxes and benefits	6,266	6,099
Accrued interest	7,111	16,862
Meter deposits payable	283,709	260,394
Current maturity of long-term debt	194,243	179,123
Total Current Liabilities	807,790	814,679
Long-Term Debt	3,288,797	3,476,589
Total Liabilities	4,096,587	4,291,268
Net Assets		
Without donor restrictions	10,997,935	7,915,264
With donor restrictions	72,500	72,500
Total Net Assets	11,070,435	7,987,764
Total Liabilities and Net Assets	\$ 15,167,022	\$ 12,279,032

See accompanying notes to financial statements.

MOUNT OLIVE WATER ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED FEBRUARY 29, 2024, WITH COMPARATIVE TOTALS FOR 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues and Other Support				
Water revenues	\$ 2,016,797	\$ -	\$ 2,016,797	\$ 1,966,020
Late charges	28,900	-	28,900	28,900
Grant proceeds	3,092,255	-	3,092,255	2,432,627
Contributions of nonfinancial assets	-	-	-	946,317
Interest income	35,085	-	35,085	7,373
Gain on sale of equipment	-	-	-	12,000
Other services and income	18,653	-	18,653	10,995
Total Revenues and Other Support	5,191,690	-	5,191,690	5,404,232
Expenses				
Program service	1,838,862	-	1,838,862	1,859,285
Management and general	270,157	-	270,157	238,609
Total Expenses	2,109,019	-	2,109,019	2,097,894
Change In Net Assets	3,082,671	-	3,082,671	3,306,338
Net Assets, Beginning of the Year	7,915,264	72,500	7,987,764	4,681,426
Net Assets, End of the Year	\$ 10,997,935	\$ 72,500	\$ 11,070,435	\$ 7,987,764

See accompanying notes to financial statements.

MOUNT OLIVE WATER ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED FEBRUARY 29, 2024, WITH COMPARATIVE TOTALS FOR 2023

	Program Services	Management and General	2024 Total	2023 Total
Expenses				
Water purchases	\$ 711,515	\$ -	\$ 711,515	\$ 668,194
Salaries and wages	228,640	133,590	362,230	322,773
Employee benefits	66,562	38,891	105,453	88,077
Retirement	16,936	9,895	26,831	26,156
Payroll taxes	17,140	10,014	27,154	21,669
Contract labor	10,500	-	10,500	-
Operating supplies	102,432	-	102,432	124,435
Repairs and maintenance	112,408	-	112,408	142,398
Utilities	79,645	6,962	86,607	92,622
Telephone	15,459	9,033	24,492	24,150
Transportation	45,387	-	45,387	46,348
Insurance	31,800	3,201	35,001	34,933
Licenses, dues, and subscriptions	5,046	2,875	7,921	14,779
Uniforms	2,706	-	2,706	1,774
Meals	-	6,642	6,642	6,174
Professional services	-	25,116	25,116	54,371
Office expense	20,150	10,171	30,321	26,188
Miscellaneous	-	590	590	462
Depreciation	269,840	8,213	278,053	313,023
Interest and fees	102,696	4,964	107,660	89,368
Total Expenses	\$ 1,838,862	\$ 270,157	\$ 2,109,019	\$ 2,097,894

See accompanying notes to financial statements.

MOUNT OLIVE WATER ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDING	February 29, 2024	February 28, 2023
Cash Flows From Operating Activities		
Change in net assets	\$ 3,082,671	\$ 3,306,338
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	278,053	313,023
Gain on disposition of assets	-	(12,000)
Noncash property, plant and equipment additions	-	(946,317)
(Increase)/decrease in:		
Accounts receivable	47,123	(248,176)
Inventory	(15,394)	42,166
Prepaid expenses	(69)	(1,012)
Increase/(decrease) in:		
Accounts payable	(41,237)	226,459
Sales tax payable	1,267	106
Accrued wages	4,230	1,096
Accrued payroll taxes and benefits	167	(9,250)
Accrued interest	(9,751)	11,591
Meter deposits payable	23,315	6,058
Net Cash Provided By Operating Activities	3,370,375	2,690,082
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(3,126,664)	(4,566,467)
Cash received for sale of asset	-	12,000
Reinvestment of certificate of deposit earnings	(18,842)	(3,322)
Net Cash Used In Investing Activities	(3,145,506)	(4,557,789)
Cash Flows From Financing Activities		
Proceeds received from issuance of debt	-	2,134,000
Principal paid on debt	(172,672)	(139,385)
Net Cash Provided (Used) In Financing Activities	(172,672)	1,994,615
Net Increase In Cash, Cash Equivalents and Restricted Cash	52,197	126,908
Cash, Cash Equivalents and Restricted Cash - beginning of year	1,097,234	970,326
Cash, Cash Equivalents and Restricted Cash - end of year	\$ 1,149,431	\$ 1,097,234
Reconciliation to the Statement of Financial Position		
Cash and cash equivalents	\$ 830,760	\$ 803,328
Restricted cash and cash equivalents	318,671	293,906
Total Cash, Cash Equivalents and Restricted Cash	\$ 1,149,431	\$ 1,097,234
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 116,116	\$ 76,139
Supplemental Schedule of Noncash Investing Activities		
Total property, plant and equipment additions	\$ 3,126,664	\$ 5,512,784
Less: paid directly by State and County	-	(946,317)
Cash paid for property, plant and equipment	\$ 3,126,664	\$ 4,566,467

See accompanying notes to financial statements.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

Nature Of Operations

Mount Olive Water Association (the Association) was created under the provisions of ACT 114, Arkansas Acts of 1957, in order to establish a non-profit rural water distribution association in Washington County, Arkansas. Revenues of the Association consist primarily of water sales and fees for miscellaneous services. The Association also periodically receives grant funding for capital and other projects.

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP) whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

Comparative and Summarized Financial Information

The financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended February 28, 2023, from which the summarized totals were derived. In addition, certain 2023 amounts have been reclassified in order to conform with the 2024 financial statement presentation. Net assets and changes are unchanged due to these reclassifications.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions - these net assets result from contributions or grant awards of cash or other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires either with the passage of time or by action of the Association.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the passage of time has elapsed) are reported as reclassifications between the applicable classes of net assets. The Association has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

1. Summary of Significant Accounting Policies (continued)

Financial Instruments

The Association's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The Association'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 Financial Position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these instruments.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consists of water fees and surcharges billed to residential and commercial/ industrial customers based on consumption. The Association does not charge interest on overdue accounts but does charge a late fee of 10% for late payments. Invoices are sent at the beginning of the month and are due on the 15th. Late notices are sent on all unpaid balances and water service is discontinued if the balance is not paid by the 25th of the subsequent month. The allowance for credit losses is estimated based on professional judgement, historical information, and expectations regarding future losses and was \$29,097 on both February 29, 2024 and February 28, 2023.

Grants Receivable

Grants receivable consists of grant and contract reimbursements from federal agencies and will be collected within one year. It is management's assertion that these receivables are fully collectible; therefore, no allowance has been provided.

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.

Inventory

Inventory consists of parts and supplies for maintenance of the water system and is valued at the lower of cost using the first-in, first-out method, or net realizable value.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

The Association records purchases of property and equipment at original cost. Expenditures for maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed as incurred. Depreciation is calculated using the straight-line method with estimated useful lives as follows:

Building and improvements	7-40 years
Office furniture and equipment	3-10 years
Transportation equipment	5-7 years
Equipment	3-15 years
Telemetry system	3-7 years
Lines and storage	10-50 years

Depreciation expense for the years ended February 29, 2024 and February 28, 2023, was \$278,053 and \$313,023, respectively.

It is the Association's policy to capitalize all asset purchases that have an estimated useful life greater than three years.

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 Association no longer serves the customer. The Association 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

Employees earn vacation and sick pay in varying amounts based upon length of service with the Association. Vacation must be used by the employees year-end anniversary date or it is lost. Employees can carryforward a maximum of twenty unused sick days from year to year. Upon termination from the Association, employees are paid their accumulated unused sick and vacation. The Association had \$10,202 and \$8,817 accrued for compensated absences at February 29, 2024 and February 28, 2023, respectively.

Revenue Recognition

Program revenue is recognized when services are provided; generally this occurs when water is delivered or the service has been completed. Revenue is measured as the amount of consideration the Association expects to receive in exchange for providing services.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Conditional contributions and grants are those that contain a barrier that must be overcome before the Association is entitled to the assets transferred and a right of return of assets transferred or a right of release of the donor's obligation to transfer assets exists. Conditional contribution and grant revenue is recognized when all barriers have been overcome. All other contributions and grants are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets and services are reflected in the financial statements at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed services are recorded in the financial statements to the extent that (a) those services create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Association does not sell any of its donated nonfinancial assets and only uses the goods and services for its own programs.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated to programs and supporting services. Expenses were allocated using a variety of methods including estimates of time spent and usage.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

1. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Recently Issued Accounting Standards

The following pronouncements became effective during the Association's fiscal year:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326). The standard will replace the current incurred loss model with a current expected credit loss (CECL) model. The CECL model will apply to estimated credit losses on financing receivables, trade receivables resulting from revenue transactions and other financial assets measured at amortized cost. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held be based on historical experience, current conditions and reasonable and supportable forecasts. Organizations are now required to use forward-looking information to for credit loss estimates. In addition, this ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The effective date to implement this standard is periods beginning after December 15, 2022 with early adoption permitted. The Association adopted this ASU and it did not have a significant impact on the financial statements.

2. Federal Income Tax

The Association's activities are generally exempt from federal and state income taxes under Section 501(c)(12) of the Internal Revenue Code and a similar section of Arkansas statutes. Accordingly, no provision or liability for federal or state, current or deferred income taxes has been included in the accompanying financial statements. Management is not aware of any transactions that would impact the Association's tax exempt status.

The Association follows the guidance of the Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the year ended February 29, 2024, management of the Association is not aware of any material uncertain tax positions.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

3. Deposits With Financial Institutions

The Association maintains its operating bank accounts in several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. In addition, some deposits are collateralized by the bank through the pledging of securities. The Association's cash balances may, at times, exceed these insured limits. At February 29, 2024 and February 28, 2023, all of the Association's deposits were insured and/or collateralized. The Association does not believe that there is any significant risk associated with the concentrations of credit nor has the Association experienced any losses in such accounts.

4. Restricted Accounts

Restricted cash and cash equivalents and certificates of deposit are restricted for paying the principal and interest on the loans, a short-lived asset reserve, a construction project account, and the refunds of customer deposits. At February 29, 2024 and February 28, 2023, restricted cash and cash equivalents consisted of the following:

As of	February 29, 2024	February 28, 2023
Customer meter deposit fund	\$ 184,884	\$ 160,180
Pettigrew project funds	72,500	72,500
USDA Rural Development loan #12 debt service reserve	61,288	61,226
Total	\$ 318,672	\$ 293,906

At February 29, 2024 and February 28, 2023, restricted certificates of deposit consisted of the following:

As of	February 29, 2024	February 28, 2023
Customer meter deposits	\$ 97,855	\$ 99,244
Short-lived asset reserve	196,938	84,402
USDA Rural Development loan #5 debt service reserve	34,307	34,011
USDA Rural Development loan #7 debt service reserve	45,641	44,071
USDA Rural Development loan #9 debt service reserve	56,885	56,388
USDA Rural Development loan #11 debt service reserve	14,212	14,088
USDA Rural Development loan #13 debt service reserve	12,012	5,148
USDA Rural Development loan #15 debt service reserve	2,247	963
Total	\$ 460,097	\$ 338,315

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

5. Accounts Receivable

Accounts receivable is broken out as follows:

As of	February 29, 2024	February 28, 2023
Trade accounts receivable	\$ 205,032	\$ 188,438
Grants receivable	186,554	250,271
Total	391,586	438,709
Less: allowance for credit losses	(29,097)	(29,097)
Accounts Receivable, net	\$ 362,489	\$ 409,612

Activity in the allowance for credit losses was as follows:

Year Ended	February 29, 2024	February 28, 2023
Beginning balance	\$ 29,097	\$ 13,612
Additional Allowance	-	15,485
Write-offs	(6,314)	-
Recoveries	6,314	-
Ending Balance	\$ 29,097	\$ 29,097

6. Property and Equipment

Activity of property and equipment consists of the following:

As Of	March 1, 2023	Additions/ Transfers	Retirements/ Transfers	February 29, 2024
Land	\$ 50,898	\$ -	\$ -	\$ 50,898
Building and improvements	259,266	-	-	259,266
Office furniture and equipment	17,684	-	-	17,684
Transportation equipment	201,399	34,318	-	235,717
Equipment	954,263	-	-	954,263
Telemetry system	57,724	-	-	57,724
Lines and storage	10,934,310	13,220	-	10,947,530
Construction in progress	5,511,729	3,079,126	-	8,590,855
Total	17,987,273	3,126,664	-	21,113,937
Less: Accumulated depreciation	8,103,507	278,053	-	8,381,560
Property, Plant and Equipment, net	\$ 9,883,766	\$ 2,848,611	\$ -	\$ 12,732,377

Construction in progress of \$8,381,560 and \$5,511,729 at February 29, 2024 and February 28, 2023, relates to plans for expansion of service to the Pettigrew/Boston area (see Note 8).

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

6. Property and Equipment (continued)

As Of	March 1, 2022	Additions/ Transfers	Retirements/ Transfers	February 28, 2023
Land	\$ 50,898	\$ -	\$ -	\$ 50,898
Office building	259,266	-	-	259,266
Office furniture and equipment	17,684	-	-	17,684
Transportation equipment	192,999	40,400	32,000	201,399
Equipment	954,263	-	-	954,263
Telemetry system	57,724	-	-	57,724
Lines and storage	10,917,064	17,246	-	10,934,310
Construction in progress	56,591	5,463,194	8,056	5,511,729
Total	12,506,489	5,520,840	40,056	17,987,273
Less: Accumulated depreciation	7,822,484	313,023	32,000	8,103,507
Property, Plant and Equipment, net	\$ 4,684,005	\$ 5,207,817	\$ 8,056	\$ 9,883,766

7. Long-Term Debt

Long-term debt of the Association consists of:

As of	February 29, 2024	February 28, 2023
\$575,700 USDA Rural Development mortgage loan #5 dated November 28, 1989 - Payments are made monthly in the amount of \$2,827 including interest at 5%. The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2029.	\$ 156,319	\$ 181,740
\$706,000 USDA Rural Development mortgage loan #7 dated November 24, 1992 - Payments are made monthly in the amount of \$3,439 including interest at 5%. The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2032.	278,257	304,893
\$956,900 USDA Rural Development mortgage loan #9 dated December 9, 1998 - Payments are made monthly in the amount of \$4,546 including interest at 4.75%. The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2038.	538,668	566,911
\$224,000 USDA Rural Development mortgage loan #11 dated December 9, 1998 - Payments are made monthly in the amount of \$1,100 including interest at 5%. The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2038.	128,340	134,945

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

7. Long-Term Debt (continued)

As of	February 29, 2024	February 28, 2023
\$767,000 USDA Rural Development mortgage loan #12 dated October 7, 2009 - Payments are made monthly in the amount of \$5,077 including interest at 4.25%. The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2028.	207,245	257,890
\$1,742,000 USDA Rural Development mortgage loan #13 dated June 7, 2022 - Monthly payments commence thirteen months from date of closing in the amount of \$4,930 including interest at 1.5% The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2062.	1,720,001	1,742,000
\$392,000 USDA Rural Development mortgage loan #15 dated June 7, 2022 - Monthly payments commence thirteen months from date of closing in the amount of \$1,063 including interest at 1.25% The loan is secured by the waterlines, tanks and related equipment and all other real and personal property of the Association and matures in 2062.	386,766	392,000
\$200,000 Arkansas Natural Resources Commission (ANRC) mortgage loan dated December 1, 1990 - Annual payments are made in the amount of \$11,656 including interest at 5%. The loan is secured by the waterlines, tanks and related equipment and matures in 2030.	67,444	75,333
Total	3,483,040	3,655,712
Less current maturities	194,243	179,123
Long-Term Debt	\$ 3,288,797	\$ 3,476,589

Debt is scheduled to mature as follows:

February 28,	Principal	Interest	Total
2025	\$ 194,243	\$ 93,197	\$ 287,440
2026	202,158	85,282	287,440
2027	210,435	77,005	287,440
2028	199,544	68,449	267,993
2029	165,168	61,347	226,515
Thereafter	2,511,492	609,172	3,120,664
Total	\$ 3,483,040	\$ 994,452	\$ 4,477,492

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

7. Long-Term Debt (continued)

Activity of the long-term debt consists of the following:

As Of	March 1, 2023	Additions	Payments	February 29, 2024
USDA Rural Development	\$ 3,580,379	\$ -	\$ 164,783	\$ 3,415,596
ANRC	75,333	-	7,889	67,444
Total	\$ 3,655,712	\$ -	\$ 172,672	\$ 3,483,040

As Of	March 1, 2022	Additions	Payments	February 28, 2023
USDA Rural Development	\$ 1,578,251	\$ 2,134,000	\$ 131,872	\$ 3,580,379
ANRC	82,846	-	7,513	75,333
Total	\$ 1,661,097	\$ 2,134,000	\$ 139,385	\$ 3,655,712

The loan ordinances require the Association to maintain various restricted cash and investment accounts to meet debt reserve and other general requirements. The Association was in compliance with all such restrictions for the years ended February 29, 2024 and February 28, 2023.

8. Net Assets With Donor Restrictions / Grant Proceeds / Contributions of Nonfinancial Assets

On August 5, 2022, construction began for the expansion of service to the Pettigrew/Boston area. The project is estimated to cost approximately \$11.7 million and will be funded primarily with grants totaling approximately \$8.4 million and loans totaling \$2.1 million. The Association received grant funds totaling \$3,092,255 and \$2,432,627 for the project during the years ended February 29, 2024 and February 28, 2023, respectively. The Authority received loans totaling \$2,134,000 during the year ended February 28, 2023. In addition, during the year ended February 28, 2023, the State and County paid a total of \$946,317 directly for the project. At February 29, 2024 and February 28, 2023, the Association had unspent grant proceeds for the project totaling \$72,500, which is reflected as net assets with donor restrictions. The project is estimated to be complete in 2025.

9. Concentrations of Credit

Financial instruments that potentially subject the Association to credit risk consist primarily of accounts receivable. The Association sells only to businesses and individuals within the same geographic region. In addition, federal assistance for the expansion project (see Note 8) provided 60% and 45% of the Authority's total revenues and support during the years ended February 29, 2024 and February 28, 2023, respectively.

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

10. Commitments

The Department has a contract to purchase all of its water from the Madison County Water Facilities Board (MCWFB) and the City of Fayetteville, Arkansas. The term of the contract with MCWFB is for forty years beginning January 1992, with a minimum purchase of 6,083,000 gallons of water per month at a fee of \$11,558 per month. This amount can change at the seller's discretion and the contract can be renewed or extended as agreed upon between the seller and purchaser. The contract with the City of Fayetteville, Arkansas is for a term of twenty years beginning January 1996, with a minimum purchase of 2,700,000 gallons of water per month at the City of Fayetteville's wholesale water rate. The Association paid MCWFB \$494,653 and \$471,757 for water purchases during the years ended February 29, 2024 and February 28, 2023, respectively. The Association paid the City of Fayetteville \$216,862 and \$196,437 for water purchases during the years ended February 29, 2024 and February 28, 2023, respectively.

11. Employee Benefits

The Association provides an Employee Retirement Plan covering substantially all employees. Under the Plan, the Association contributes 8% of the employees regular wages. Employee vesting is as follows, 0% the first two years of employment and 20% each year thereafter with full vesting after seven years. Employees may voluntarily contribute to the Plan as a salary deferral with 100% vesting of their contribution. Retirement expense for the Association was \$26,831 and \$26,156 for the years ended February 29, 2024 and February 28, 2023, respectively.

The Association provides group health insurance for all employees. The Association's cost is 70% of the total premium for the first five years of employment and 90% of the total premium after five years of employment. Health insurance expense for the Association was \$105,453 and \$88,077 for the years ended February 29, 2024 and February 28, 2023, respectively.

12. Liquidity and Availability of Financial Assets

The Association manages liquidity and reserves by operating within a prudent range of financial responsibility, maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The following reflects the Association's financial assets, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

As of	February 29, 2024	February 28, 2023
Cash and cash equivalents	\$ 830,760	\$ 803,328
Certificates of deposit	304,094	407,034
Restricted cash and cash equivalents	318,671	293,906
Restricted certificates of deposit	460,097	338,315
Accounts receivable	362,489	409,612
Total financial assets available	2,276,111	2,252,195

MOUNT OLIVE WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2024 AND FEBRUARY 28, 2023

12. Liquidity and Availability of Financial Assets

As of	February 29, 2024	February 28, 2023
Total financial assets available	2,276,111	2,252,195
Contractual or donor imposed restrictions:		
Debt service reserves	(226,592)	(215,895)
Meter deposits	(282,739)	(259,424)
System repairs and maintenance	(196,938)	(84,402)
Pettigrew/Boston expansion project	(72,500)	(72,500)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,497,342	\$ 1,619,974

13. Subsequent Events

The Association has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended February 29, 2024 through August 30, 2024, the date the financial statements were available to be issued. Other than the information mentioned in Note 7 relating to the construction in progress for the Pettigrew expansion project, there were no other subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

MOUNT OLIVE WATER ASSOCIATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED FEBRUARY 29, 2024

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Federal Expenditures
U.S. Department of Agriculture		
Water and Waste Disposal Systems For Rural Communities Grants	10.760	\$ 3,092,255
Total U.S. Department of Agriculture		3,092,255
Total Federal Assistance		\$ 3,092,255

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mount Olive Water Association, Inc. under programs of the federal government for the year ended February 29, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mount Olive Water Association, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of the Association.

Note B - Summary of Significant Accounting Policies

This schedule of expenditures of federal awards includes the federal program activity of Mount Olive Water Association, Inc. and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Mount Olive Water Association, Inc. does not charge indirect cost rates and charges 100% of their costs directly.

Note D - Federal Awards Passed Through to Subrecipients

No federal financial assistance has been provided to a subrecipient.

See independent auditor's report.

ADDITIONAL REQUIRED REPORTS



**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
Mount Olive Water Association, Inc.'s
Elkins, AR

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 Mount Olive Water Association (a nonprofit organization), which comprise the statement of financial position as of February 29, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mount Olive Water Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mount Olive Water Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mount Olive Water Association, Inc.'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 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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Olive Water Association, Inc.'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*.

Mount Olive Water Association's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Mount Olive Water Association, Inc.'s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Mount Olive Water Association, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

This 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 on the effectiveness of Mount Olive Water Association's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Mount Olive Water Association, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Przybysz & Associates, CPAs, P.C.
Fayetteville, Arkansas
August 30, 2024



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Mount Olive Water Association, Inc.
Elkins, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mount Olive Water Association, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mount Olive Water Association, Inc.'s federal programs for the year ended February 29, 2024. Mount Olive Water Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mount Olive Water Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 29, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mount Olive Water Association, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Mount Olive Water Association, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mount Olive Water Association, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mount Olive Water Association, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mount Olive Water Association, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Mount Olive Water Association, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mount Olive Water Association, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mount Olive Water Association, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Przybysz & Associates, CPAs, P.C.
Fayetteville, Arkansas
August 30, 2024

MOUNT OLIVE WATER ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 29, 2024

Section I - Summary of Auditor's Results

Financial Statements

Types of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?

yes no

Identification of major programs:

CFDA Number

10.760

Name of Federal Program or Cluster

Water and Waste Disposal Systems
for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?

yes no

MOUNT OLIVE WATER ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 29, 2024

Section II - Financial Statement Findings

Findings - Financial Statement Audit - Current Year

Material Weakness

2024-001 Reconciliation of Assets, Liabilities, and Equity

Condition:

Statement of Financial Position accounts not including cash accounts were not being reconciled at the end of the year.

Criteria:

Each asset, liability, and equity account should be reconciled at the end of the year to prevent, detect, and correct material misstatements in the financial statements. GAAP (generally accepted accounting principles) requires these accounts to be presented in the financial statements free from material misstatements whether due to error or fraud.

Cause:

Accounts receivable, inventory, prepaid Insurance, fixed assets, accounts payable, payroll liabilities, accrued interest, meter deposit liability, long term debt, and net assets were not reconciled at year end.

Effect:

The result of failing to reconcile accounts mentioned above is the potential for material misstatements to enter into the financial statements. One account alone could produce a material misstatement, but having more than one escalates the potential to a material weakness in internal control over financial reporting.

Recommendation:

We recommend that once all information has been received at the end of the year, that each account in the statement of financial position be reconciled to GAAP standards. This will involve detailed review of the general ledger for these accounts to ensure that entries throughout the year were entered accurately and classified properly. Reconciliation of these accounts are as important as bank reconciliations to the overall presentation of the financial statements.

Responsible Official's Comments and Plan of Action:

The Board will monitor the systems of internal controls relating to the preparation of the GAAP based financial statements and footnote disclosures.

MOUNT OLIVE WATER ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED FEBRUARY 29, 2024

Section II - Financial Statement Findings (continued)

Findings - Financial Statement Audit - Prior Year

Material Weakness

2023-001 Reconciliation of Assets, Liabilities, and Equity

Condition:

Statement of Financial Position accounts not including cash accounts were not being reconciled at the end of the year.

Recommendation:

We recommend that once all information has been received at the end of the year, that each account in the statement of financial position be reconciled to GAAP standards. This will involve detailed review of the general ledger for these accounts to ensure that entries throughout the year were entered accurately and classified properly. Reconciliation of these accounts are as important as bank reconciliations to the overall presentation of the financial statements.

Current Status:

See 2024-001

Section III - Federal Award Findings and Questioned Costs

Material Weaknesses/Significant Deficiencies - Current Year

None

Material Weaknesses/Significant Deficiencies - Prior Year

N/A