

**FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2024**



**ELLIS, TUCKER & ALDRIDGE, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS

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**INDEPENDENT AUDITOR’S REPORT**

Members of the Public Water Authority Board  
Furlow Public Water Authority of Lonoke County, Arkansas  
Furlow, Arkansas

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Furlow Public Water Authority of Lonoke County, Arkansas (Furlow PWA), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Furlow PWA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Furlow Public Water Authority of Lonoke County, Arkansas (Furlow PWA), as of and for the year ended December 31, 2024, and the respective changes in financial position and cash flows thereof 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. 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 Furlow Public Water Authority of Lonoke County, Arkansas, 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 these 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 the Furlow Public Water 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Furlow Public Water Authority of Lonoke County, Arkansas' 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 Furlow Public Water Authority of Lonoke County, Arkansas' 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2025, on our consideration of the Furlow Public Water Authority of Lonoke County, Arkansas' 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 the Furlow Public Water Authority of Lonoke County, Arkansas' 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 Furlow Public Water Authority of Lonoke County, Arkansas' internal control over financial reporting and compliance.

*Ellis, Tucker & Bldridge, LLP*

Cabot, Arkansas  
April 3, 2025

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2024

Introduction

As financial management of Furlow Public Water Authority of Lonoke County, Arkansas ("Furlow"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of Furlow, for the fiscal year ended December 31, 2024. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Operating revenues for Furlow were \$710,579 for the year ended December 31, 2024. This was an increase of 5.29% from the prior year. The income from operations produced an increase in net position of \$90,818. The term "net position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. At the close of the fiscal year 2024, Furlow had a net position of \$3,039,216, an increase of 4.02% over the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Furlow Public Water Authority of Lonoke County, Arkansas' financial statements, which is comprised of the financial statements and the notes to the financial statements. Since Furlow is comprised of a single proprietary fund, no fund level financial statements are shown.

Financial Statements - The financial statements are designed to provide readers with a broad overview of Furlow's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of Furlow's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of Furlow is improving or deteriorating. Net position increases when revenues and capital contributions exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial position.

Furlow Public Water Authority  
of Lonoke County, Arkansas  
Management's Discussion and Analysis (Continued)

The statement of revenues, expenses and changes in net position presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash receipts and disbursements in future fiscal periods, for example, accounts receivable outstanding at year end will be collected in the following year and accounts payable outstanding at year end will be paid in the following year.

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

#### Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of Furlow, assets exceeded liabilities by \$3,039,216 at the close of the most recent fiscal year. This represents an increase of \$117,517 or 4.02%, from the previous year, of which an increase of \$90,818 is attributable to operations, while net position increased \$26,699 due to nonoperating revenues and expenses. The unrestricted net position component was \$1,252,831.

A large portion of Furlow's net position reflects its investment in capital assets (e.g., water storage, collection and distribution facilities, etc.) less any related outstanding debt used to acquire those assets. Furlow uses these capital assets to provide services and consequently, these assets are not available to liquidate liabilities or use for other spending.

Furlow Public Water Authority  
of Lonoke County, Arkansas  
Management's Discussion and Analysis (Continued)

A condensed summary of Furlow's net position as of December 31, 2024 and December 31, 2023 is provided below:

	2024	2023
Current and Non-Current Assets	\$ 1,332,848	\$ 1,715,064
Capital Assets	1,786,385	1,278,841
Total Assets	<u>\$ 3,119,233</u>	<u>\$ 2,993,905</u>
Current Liabilities	\$ 80,017	\$ 72,206
Capital Debt Outstanding (Net of Current Portion)	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 80,017</u>	<u>\$ 72,206</u>
Net Position		
Net Investment in Capital Assets	\$ 1,786,385	\$ 1,278,841
Unrestricted	1,252,831	1,237,618
Restricted	<u>0</u>	<u>405,240</u>
Total Net Position	<u>\$ 3,039,216</u>	<u>\$ 2,921,699</u>

A condensed summary of Furlow's changes in net position for the years ended December 31, 2024 and December 31, 2023 is provided below:

	2024	2023
Operating Revenues	\$ 710,579	\$ 674,860
Operating Expenses	<u>619,761</u>	<u>540,530</u>
Income (Loss) from Operations	<u>\$ 90,818</u>	<u>\$ 134,330</u>
Nonoperating Revenues (Expenses)		
Other Income/Expenses	\$ 1,523	\$ 1,949
Interest Income	25,176	15,002
Grant Income	0	429,353
Interest Expense	<u>0</u>	<u>0</u>
Net Nonoperating Revenues (Expenses)	<u>\$ 26,699</u>	<u>\$ 446,304</u>
Increase (Decrease) in Net Position	\$ 117,517	\$ 580,634
Net Position, Beginning of Year	<u>2,921,699</u>	<u>2,341,065</u>
Net Position, End of Year	<u>\$ 3,039,216</u>	<u>\$ 2,921,699</u>

Furlow Public Water Authority  
of Lonoke County, Arkansas  
Management's Discussion and Analysis (Continued)

Cash Flows - Net cash provided by operating activities was \$187,935. Net cash used by capital and related financing activities was (\$591,449). Net cash used by investing activities was (\$297,003).

Significant Events - Furlow continues to maintain and upgrade the water distribution system. The Furlow loop project was completed during the year.

Capital Asset and Debt Administration

Capital Assets - Furlow's investment in capital assets amounted to \$1,786,385 net of accumulated depreciation as of December 31, 2024, an increase of \$507,544 compared to the prior year. Capital Assets include the water system, buildings, and office furniture and equipment. Net additions in 2024 were \$591,449. Depreciation expense was \$83,905.

Long-Term Debt - Furlow issued no bonds during 2024 and does not have any long-term debt as of December 31, 2024.

Subsequent Events

No subsequent events occurred that materially affected the financial statements.

Requests for Information

This financial report is designed to provide a general overview of Furlow Public Water Authority of Lonoke County, Arkansas' finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Furlow Manager, C/O Mid-Arkansas Utilities PWA, 26975 AR Hwy 107, Cabot, AR 72023.

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
STATEMENT OF NET POSITION  
December 31, 2024

ASSETS

Current Assets

Cash and Cash Equivalents	\$	761,971	
Certificates of Deposit Maturing After Three Months		503,856	
Total Cash and CD's	\$	1,265,827	
Accounts Receivable - Net		22,974	
Earned and Unbilled Revenues		43,596	
Prepaid Expenses		451	
			\$ 1,332,848

Capital Assets

Water Distribution System	\$	1,937,236	
Storage Tanks		965,596	
Meter Stations and Control Equipment		271,943	
Building		4,650	
Furniture and Fixtures		837	
	\$	3,180,262	
Less: Accumulated Depreciation		(1,582,028)	
	\$	1,598,234	
Land and Easements		12,500	
Water Rights		156,448	
Future Capital Improvement Expenditures		19,203	
			1,786,385
	\$		<u>3,119,233</u>

See Independent Auditor's Report & Notes to Financial Statements

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
STATEMENT OF NET POSITION  
December 31, 2024

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable	\$	61,373	
Prepaid Water Sales		8,327	
Sales Tax Payable		3,349	
Liability for Abandoned Property		1,138	
Customer Meter Deposits		5,830	
			\$ 80,017

Net Position

Net Investment in Capital Assets	\$	1,786,385	
Unrestricted		1,252,831	
			3,039,216
			\$ 3,119,233

See Independent Auditor's Report & Notes to Financial Statements

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
STATEMENT OF REVENUES , EXPENSES  
AND CHANGE IN NET POSITION  
Year Ended December 31, 2024

Operating Revenues

Water Sales	\$	547,506	
Connection Fees and Service Charges		70,635	
Late Payment Charges		16,652	
LWPWA Surcharge		68,428	
Public Water System Fee		<u>7,358</u>	
			\$ 710,579

Operating Expenses

Purchase of Water	\$	160,968	
Billing Services		106,762	
LWPWA Required Payments		81,420	
Maintenance and Repairs		98,048	
Depreciation and Amortization		83,905	
Professional Fees		23,467	
Other Service Charges/Expenses		19,536	
Credit Card Fees		8,544	
Bad Debt Expense		3,600	
Health Department Fees		5,881	
Insurance		8,075	
Office Supplies		2,945	
Utilities		1,081	
Dues and Subscriptions		2,473	
Board Meeting Expense		600	
Communications/Meters		<u>12,456</u>	
			<u>619,761</u>

Income (Loss) from Operations (Forward) \$ 90,818

See Independent Auditor's Report & Notes to Financial Statements

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
STATEMENT OF REVENUES , EXPENSES  
AND CHANGE IN NET POSITION  
Year Ended December 31, 2024

<u>Income (Loss) from Operations (Forwarded)</u>		\$	90,818
<u>Nonoperating Revenues and Expenses</u>			
Other Income/Expenses	\$		1,523
Interest Income			25,176
			26,699
<u>Change in Net Position</u>		\$	117,517
<u>Net Position, Beginning of Year</u>			2,921,699
<u>Net Position, End of Year</u>		\$	3,039,216

See Independent Auditor's Report & Notes to Financial Statements

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2024

<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 716,993
Payments to Suppliers	<u>(529,058)</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 187,935</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Income	\$ 25,176
Increase in Certificates of Deposit, Not Cash Equivalents	<u>(322,179)</u>
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>\$ (297,003)</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>	
Grant Proceeds	\$ 0
Acquisition of Capital Assets	<u>(591,449)</u>
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>\$ (591,449)</u>
<u>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</u>	<u>\$ (700,517)</u>
<u>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</u>	<u>1,462,488</u>
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	<u>\$ 761,971</u>
 <u>Reconciliation to Statement of Net Position</u>	
Cash and Cash Equivalents	<u>\$ 761,971</u>
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	<u>\$ 761,971</u>

See Independent Auditor's Report & Notes to Financial Statements

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2024

Reconciliation of Income (Loss) from Operations  
to Net Cash Provided (Used) by Operating Activities

<u>Income (Loss) from Operations</u>	\$ <u>90,818</u>
 <u>Adjustments to Reconcile Income (Loss) from Operations</u> <u>to Net Cash Provided (Used) by Operating Activities</u>	
Depreciation and Amortization	\$ 83,905
Other Income/Expense	1,523
(Increase) Decrease in:	
Accounts Receivable-Net	1,092
Revenues Earned and Unbilled	2,240
Prepaid Expenses	545
Increase (Decrease) in:	
Accounts Payable	6,253
Prepaid Water Sales	1,559
Total Adjustments	\$ <u>97,117</u>
 <u>Net Cash Provided (Used) by Operating Activities</u>	 \$ <u><u>187,935</u></u>

See Independent Auditor's Report & Notes to Financial Statements

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

Note A - Significant Accounting Policies

(1) Financial Reporting Entity

On August 8, 2011, the Arkansas Natural Resources Commission declared Furlow Public Water Authority of Lonoke County, Arkansas to be a body politic and corporate and a political subdivision of the State of Arkansas. The Board of Directors of Furlow Water Users Association, Inc. authorized the transfer of the assets and liabilities of Furlow Water Users Association, Inc. to Furlow Public Water Authority of Lonoke County, Arkansas. This caused Furlow Water Users Association, Inc. to cease to exist. Furlow Public Water Authority is a governmental unit separate from the general government of Lonoke County, Arkansas. Furlow Public Water Authority was formed to own and operate water distribution facilities in Lonoke County and to obtain financing for capital improvements at tax exempt rates.

(2) Proprietary Fund

Furlow's operations are accounted for as a proprietary fund. Proprietary funds are used to account for operations that are (a) 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 and services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(3) Basis of Accounting

The Board's proprietary fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, rather than when they are received, and expenses are recognized when they are incurred, rather than when they are paid.

(4) Accounts Receivable - Net

Accounts Receivable - Net is stated at customer unpaid balances, less an allowance for doubtful accounts. Unpaid balances the day prior to the billing for December water usage are considered to be doubtful as water service has been cut-off at that point. Management has chosen not to write-off any individual balances in anticipation of future collections should a customer request service in the future.

(5) Earned and Unbilled Revenues

Revenue from water delivered to customers but not billed as of year end is recorded on the financial statements as earned and unbilled revenues.

(6) Customer Deposits

Prior to 2020, new customers were required to pay a deposit which was held until their account was closed. This policy was changed in January 2020, requiring new customers to pay a nonrefundable initial fee of \$100. Existing deposits were applied to customers' accounts to offset billings.

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

Note A - Significant Accounting Policies (Continued)

(7) Capital Assets

All properties and equipment expenditures are recorded at cost and capitalized. Depreciation is provided by applying the straight-line method over the estimated useful lives of the assets. The original water system and major expansions are depreciated over 25 years. Storage tanks are depreciated over 40 years. Estimated useful lives for depreciating buildings and equipment are 20 and 10 years, respectively. Repairs and maintenance, which do not improve or extend the lives of the related assets, are expensed when incurred.

(8) Cash, Cash Equivalents and Restricted Cash

For purposes of presentation in the statement of cash flows, Furlow considers restricted and unrestricted demand deposit accounts, certificates of deposit with an original maturity of three months or less when purchased and money market accounts to be included in total cash, cash equivalents, restricted cash and restricted cash equivalents.

(9) Deposits with Financial Institutions and Investments

Cash deposits and investments of Furlow Public Water Authority are restricted by Arkansas law to investments in obligations of the United States government and deposits with financial institutions located within the State of Arkansas. Investments are restricted by trust indenture to government securities, money market funds comprised exclusively of government securities, or certificates of deposit issued by banks that are members of the Federal Deposit Insurance Corporation (FDIC). To the extent the certificates of deposit are not insured by the FDIC, they must be secured by a pledge of government securities.

(10) Use of Estimates

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

(11) Net Position

The Net Investment in Capital Asset component of Net Position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for their acquisition. Unspent debt proceeds are excluded. The Restricted component of Net Position consists of Restricted Assets reduced by liabilities related to those assets. The Unrestricted component of Net Position is the amount of the assets and liabilities that are not included in the determination of Net Investment in Capital Assets or the Restricted component of Net Position.

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

Note B - Cash, Certificates of Deposit, and Restricted Funds

The following bank accounts are identified as to their location and intended use:

	<u>Cash</u>	<u>Certificates of Deposit</u>
First Arkansas Bank & Trust Operations and Maintenance	\$ 652,458	
Bank of England Capital Improvements	100,557	
Certificates of Deposits with Original Maturities of More than Three Months First State Bank Matures 3/13/25 @ 4.27%		503,857

First Arkansas Bank & Trust balances exceeding FDIC limits were covered by pledged Arkansas municipal bonds of \$646,540 market value at December 31, 2024.

First State Bank balances exceeding FDIC limits were covered by pledged Arkansas municipal bonds of \$264,360 market value at December 31, 2024.

Note C - Accounts Receivable, Net

The total accounts receivable have been reduced by \$70,108, which is management's estimate of the potential doubtful accounts.

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

Note D - Capital Assets

Capital assets are summarized as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Capital Assets (Depreciable):				
Water Distribution System	\$ 1,294,976	\$ 642,260	\$ 0	\$ 1,937,236
Storage Tanks	965,596			965,596
Meter Station, Equipment	271,943			271,943
Building	4,650			4,650
Furniture and Fixtures	<u>837</u>			<u>837</u>
	\$ 2,538,002	\$ 642,260	\$ 0	\$ 3,180,262
Less Accumulated Depreciation	<u>1,498,123</u>	<u>83,905</u>		<u>1,582,028</u>
	\$ 1,039,879	\$ 558,355	\$ 0	\$ 1,598,234
Capital Assets (Non-Depreciable):				
Land and Easements	12,500			12,500
Water Rights	156,448			156,448
Future Improvements	19,203			19,203
Construction in Progress	<u>50,811</u>		<u>50,811</u>	<u>0</u>
Total Capital Assets	<u>\$ 1,278,841</u>	<u>\$ 558,355</u>	<u>\$ 50,811</u>	<u>\$ 1,786,385</u>

Note E - Bonds Payable

There was no debt activity during the year or debt outstanding at year end.

Note F - Water Source Contract

Furlow purchases a portion of its water from Jacksonville Water Works. These purchases are not under contract. Additionally, Furlow began purchasing water in 2014 under a forty year contract with Lonoke White Public Water Authority, of which it is a member. The minimum monthly purchase amounts to \$4,182. See also Note H below.

FURLOW PUBLIC WATER AUTHORITY  
OF LONOKE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2024

Note G - Budgetary Comparison Schedule

Budgetary comparison information has not been presented as there is no legal requirement to adopt a budget and one has not been adopted.

Note H - LWPWA Required Payments

As a member of Lonoke White Public Water Authority, in addition to a contracted minimum water purchase, members have also contracted to pay a monthly fee for each water meter in the member's system. These payments are shown on the financial statement as LWPWA Required Payments. This contract is effective for 40 years from the date of the initial delivery of water. Furlow Public Water Authority has added a surcharge to customer bills to recoup this cost.

Note I - Fiduciary Activity

Furlow Public Water Authority began providing a billing service for Furlow Wastwater PFB in 2020. Furlow Public Water Authority is not charging a fee for this service. Fees collected in 2024, including installation charges, amounted to \$48,548. Payments remitted were \$46,690. The balance due to Furlow Wastewater at December 31, 2024 was \$2,395. This is included in accounts payable in the statement of financial position.

Note J - Date of Management's Review

Subsequent events have been evaluated through April 3, 2025 which is the date the financial statements were available to be issued.

Note K - Subsequent Event

No subsequent events were noted that materially affected the financial statements.



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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

Members of the Public Water Authority Board  
Furlow Public Water Authority of Lonoke County, Arkansas  
Furlow, 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 Furlow Public Water Authority of Lonoke County, Arkansas, which comprise the statement of net position as of December 31, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated April 3, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Furlow Public Water Authority of Lonoke County, Arkansas' 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 Furlow Public Water Authority of Lonoke County, Arkansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Furlow Public Water Authority of Lonoke County, Arkansas' 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.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Furlow Public Water Authority of Lonoke County, Arkansas' 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 on 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.

*Ellis, Tucker & Aldridge, LLP*

Cabot, Arkansas  
April 3, 2024