

**VILONIA WATERWORKS ASSOCIATION
(A PUBLIC FACILITIES BOARD)**

Financial Statements

Years Ended December 31, 2023 and 2022



ELLIS, TUCKER & ALDRIDGE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VILONIA WATERWORKS ASSOCIATION
(A PUBLIC FACILITIES BOARD)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements and Supplementary Information	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	13
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability	26
Schedule of Contributions to the Arkansas Public Employees Retirement System	27
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 <i>Government Auditing Standards</i>	28



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

www.etacpas.com

D.C. ELLIS, CPA (1926-2004)
R. LARRY TUCKER, CPA
R. ALAN CLINE, CPA

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

CALVIN K. ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA
GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

MEMBERS OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
ARKANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

AMY G. HALL, CPA
HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
NOAH G. MYERS, ACCOUNTANT
AMY N. BECKUS, OFFICE COORDINATOR

INDEPENDENT AUDITOR'S REPORT

Members of the Public Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Vilonia Waterworks Association (a public facilities board) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the public facility board'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 respective financial position of Vilonia Waterworks Association as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Vilonia Waterworks Association 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 opinions.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 4-7 and 26-27 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 August 20, 2024, on our consideration of Vilonia Waterworks Association'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 Vilonia Waterworks Association'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 Vilonia Waterworks Association's internal control over financial reporting and compliance.

Ellis, Tucker & Aldridge, LLP

Cabot, Arkansas
August 20, 2024

VILONIA WATERWORKS ASSOCIATION

19 Industrial Drive/P.O. Box 300

Vilonia, Arkansas 72173

(501) 796-2711

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2023 and 2022

Introduction

As financial management of Vilonia Waterworks Association, a public facilities board (PFB) we offer readers of these financial statements this narrative overview and analysis of the financial activities of the PFB for the fiscal years ended December 31, 2023 and 2022. 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 those using these financial statements to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Operating revenues for 2023 were \$5,807,696, an increase of \$103,651 or 1.82%. Operating revenues for 2022 were \$5,704,045, an increase of \$766,003 or 15.51% more than 2021. Operations resulted in an increase in net position of \$599,970 in 2023 and \$694,010 in 2022. 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 2023, the PFB had a net position of \$15,801,889, an increase of \$3,476,873 compared to the 2022 net position of \$12,325,016. The 2022 net position increased \$787,062 compared to the 2021 net position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PFB's financial statements, which is comprised of the financial statements and the notes to the financial statements. Since the PFB is comprised of a single enterprise fund, no fund level financial statements are shown.

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

The statement of net position presents information on all of the PFB'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 condition of the PFB 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 financial improvement.

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 may be reported in the financial 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 are collected in the following year and accounts payable outstanding at year end are 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 to financial statements 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 condition. In the case of the PFB, assets exceeded liabilities by \$15,801,889 at the close of 2023. This represents an increase of \$3,476,873, or 28.21%, compared to the net position of 2022. Assets exceeded liabilities by \$11,537,954 at the close of 2021. This represents an increase of \$787,062, or 6.82%, compared to the net position of 2021.

A portion of the PFB's net position reflects its investment in land and easements, engineering costs, construction of water storage and the distribution system, work in progress, and office furniture and equipment, less the related outstanding capital debt which provided the funds to acquire those assets. The PFB uses these capital assets to provide services and consequently, these assets are not available to liquidate liabilities or use for other spending.

The net position as of December 31, 2023, 2022 and 2021 is summarized provided below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current Assets	\$ 3,567,925	\$ 3,679,013	\$ 2,988,957
Capital Assets	17,767,729	14,360,053	14,532,060
Other Assets	449,441	446,942	445,400
Deferred Outflows of Resources	498,518	481,126	161,963
Total Assets	<u>\$ 22,283,613</u>	<u>\$ 18,967,134</u>	<u>\$ 18,128,380</u>
Liabilities			
Current Liabilities	\$ 672,370	\$ 639,342	\$ 573,252
Long-Term Debt Outstanding	5,798,839	5,980,049	5,548,689
Deferred Inflows of Resources	10,515	22,727	468,485
Total Liabilities	<u>\$ 6,481,724</u>	<u>\$ 6,642,118</u>	<u>\$ 6,590,426</u>
Net Position			
Invested in Capital Assets-Net of Related Debt	\$ 12,864,277	\$ 9,134,296	\$ 8,985,502
Restricted Net Position	449,441	446,942	445,400
Unrestricted Net Position	<u>2,488,171</u>	<u>2,743,778</u>	<u>2,107,052</u>
Total Net Position	<u>\$ 15,801,889</u>	<u>\$ 12,325,016</u>	<u>\$ 11,537,954</u>

A condensed summary of the PFB's changes in net position for the calendar years of 2023, 2022 and 2021 is provided below:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 5,807,696	\$ 5,704,045	\$ 4,938,042
Operating Expenses	5,207,726	5,010,035	4,367,273
Income (Loss) from Operations	<u>\$ 599,970</u>	<u>\$ 694,010</u>	<u>\$ 570,769</u>
Nonoperating Revenues (Expenses)			
Gain on Sale of Fixed Assets	\$ -	\$ 23,984	\$ (2,435)
Interest Income	70,449	19,441	9,876
Contributions in Aid of Construction	2,905,342	151,599	240,644
Interest Expense	(93,328)	(95,048)	(154,931)
Bond Service Fee	(5,560)	(6,924)	(10,130)
Bond Issue Costs	-	-	(106,575)
	<u>\$ 2,876,903</u>	<u>\$ 93,052</u>	<u>\$ (23,551)</u>
Increase (Decrease) in Net Position	\$ 3,476,873	\$ 787,062	\$ 547,218
Net Position, Beginning of Year	<u>12,325,016</u>	<u>11,537,954</u>	<u>10,990,736</u>
Net Position, End of Year	<u>\$ 15,801,889</u>	<u>\$ 12,325,016</u>	<u>\$ 11,537,954</u>

Cash Flows - Net cash provided by operating activities for 2023 and 2022 were \$1,435,317 and \$1,288,439, respectively. Net cash used by capital and related financing activities for 2023 and 2022 were \$1,595,907 and \$724,721, respectively, while net cash provided by investing activities for 2023 and 2022 were \$70,449 and \$19,441, respectively.

Significant Events - Projects completed in 2023 included Saltillo Road Bridge line re-location, water line extensions at Rooster Road, Church Street South, Oak Springs subdivision, Weaver Farm Road, Energy Way, Furleigh, Hill Farm, a tank at Hwy 107 and Schultz Road, and the Mount Vernon pump station . Projects completed in 2022 included water line extension at JB Lane, Fritts Way, Highway 36-Montoto, and Vollie Lane.

Capital Asset and Debt Administration

Capital Assets - The PFB's investment in capital assets was \$17,767,729 as of December 31, 2023. This was an increase of \$3,407,676 compared to 2022. The PFB's investment in capital assets was \$14,360,053 as of December 31, 2022, an decrease of \$172,007 compared to 2021.

Capital Debt - Vilonia Waterworks Association had two outstanding bond issues as of December 31, 2023. One bond series was issued in 2021 in the amount of \$3,350,000 and had outstanding bonds in the amount of \$3,000,000 as of December 31, 2023. Another bond was issued in 2019 in the amount of \$1,700,000 and had an outstanding balance of \$1,282,925 as of December 31, 2023. Other long-term debt consisted of a note payable to U.S.D.A. Rural Development, which had an unpaid balance of \$679,060 as of December 31, 2023.

Requests for Information

This financial report is designed to provide a general overview of Vilonia Waterworks Association's finances for all those with an interest in the PFB's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Vilonia Waterworks Association, 19 Industrial Dr., P.O. Box 300, Vilonia, AR 72173.

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	<u>December 31,</u> 2023	<u>December 31,</u> 2022
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,862,515	\$ 2,955,155
Accounts Receivable, Net	313,698	305,496
Prepaid Expenses	18,546	13,746
Accrued Revenues	373,166	404,616
	<u>\$ 3,567,925</u>	<u>\$ 3,679,013</u>
<u>Capital Assets</u>		
Building	\$ 916,164	\$ 916,164
Office Furniture and Equipment	84,326	83,253
Water Storage and Distribution Facilities	24,568,911	20,556,429
Shop Building and Equipment	551,646	529,743
Transportation Equipment	719,164	638,332
	<u>\$ 26,840,211</u>	<u>\$ 22,723,921</u>
Less: Accumulated Depreciation	(9,291,254)	(8,618,823)
	<u>\$ 17,548,957</u>	<u>\$ 14,105,098</u>
Land	139,892	139,892
Construction in Progress	78,880	115,063
	<u>\$ 17,767,729</u>	<u>\$ 14,360,053</u>
<u>Noncurrent Assets</u>		
Restricted Cash	\$ 449,441	\$ 446,942
<u>Deferred Outflow of Resources</u>		
Bond Reacquisition Costs (Net)	\$ 70,201	\$ 73,832
Deferred Pension Outflows	428,317	407,294
	<u>\$ 498,518</u>	<u>\$ 481,126</u>
 Total Assets & Deferred Outflows of Resources	 <u>\$ 22,283,613</u>	 <u>\$ 18,967,134</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF NET POSITION
December 31, 2023 and 2022

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 215,504	\$ 200,150
Taxes Payable	17,377	13,685
Accrued Wages	83,784	68,777
Accrued Interest	33,763	31,401
Bonds and Notes Payable Due within One Year	<u>321,942</u>	<u>325,329</u>
	<u>\$ 672,370</u>	<u>\$ 639,342</u>
<u>Long Term Liabilities</u>		
Bonds and Notes Payable	\$ 4,973,655	\$ 5,299,589
Less: Amount Due within One Year	<u>(321,942)</u>	<u>(325,329)</u>
	\$ 4,651,713	\$ 4,974,260
Customer Deposits	0	8,238
Net Pension Obligation	<u>1,147,126</u>	<u>997,551</u>
	<u>\$ 5,798,839</u>	<u>\$ 5,980,049</u>
 Total Liabilities	 <u>\$ 6,471,209</u>	 <u>\$ 6,619,391</u>
<u>Deferred Inflows of Resources</u>		
Deferred Pension Inflows	<u>\$ 10,515</u>	<u>\$ 22,727</u>
<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	\$ 12,864,277	\$ 9,134,296
Restricted	449,441	446,942
Unrestricted	<u>2,488,171</u>	<u>2,743,778</u>
Total Net Position	<u>\$ 15,801,889</u>	<u>\$ 12,325,016</u>
 Total Liabilities, Deferred Inflow of Resources and Net Position	 <u>\$ 22,283,613</u>	 <u>\$ 18,967,134</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues</u>		
Water Sales	\$ 4,811,962	\$ 4,734,938
Water Taps	115,560	92,205
Miscellaneous Revenues	880,174	876,902
	<u>\$ 5,807,696</u>	<u>\$ 5,704,045</u>
<u>Operating Expenses</u>		
Salaries and Wages	\$ 890,921	\$ 875,707
Repairs and Maintenance	330,838	336,817
Tools and Supplies	43,179	40,142
Truck and Backhoe	91,935	94,960
Water Purchased	2,357,675	2,373,035
Utilities	70,081	71,674
Office Supplies and Postage	107,688	94,818
Professional Fees	74,282	39,852
Payroll Taxes	67,077	65,993
Insurance	211,852	205,328
Bad Debt	15,408	24,242
Depreciation	674,744	651,901
Employee Benefit Plan	247,104	117,876
Miscellaneous	24,942	17,690
	<u>\$ 5,207,726</u>	<u>\$ 5,010,035</u>
Operating Income	<u>\$ 599,970</u>	<u>\$ 694,010</u>
<u>Nonoperating Revenues and Expenses</u>		
Interest Income	\$ 70,449	\$ 19,441
Gain (Loss) on Sale of Fixed Assets	0	23,984
Interest Expense	(93,328)	(95,048)
Bond Service Fee	(5,560)	(6,924)
	<u>\$ (28,439)</u>	<u>\$ (58,547)</u>
<u>Income Before Contributions</u>	<u>\$ 571,531</u>	<u>\$ 635,463</u>
Contributions in Aid of Construction	<u>2,905,342</u>	<u>151,599</u>
<u>Increase in Net Position</u>	<u>\$ 3,476,873</u>	<u>\$ 787,062</u>
Net Position, Beginning of Year	<u>12,325,016</u>	<u>11,537,954</u>
<u>Net Position, End of Year</u>	<u>\$ 15,801,889</u>	<u>\$ 12,325,016</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
<u>Cash Flows from Operating Activities</u>		
Cash Received-Water Sales and Fees	\$ 4,819,801	\$ 4,596,827
Other Operating Cash Receipts	995,734	969,107
Payments to Suppliers	(3,373,541)	(3,278,452)
Payments to Employees	(1,006,677)	(999,043)
<u>Net Cash Provided by Operating Activities</u>	\$ 1,435,317	\$ 1,288,439
<u>Cash Flows from Capital and Related Financing Activities</u>		
Expansion of Distribution System and Purchase of Equipment	\$ (1,177,078)	\$ (344,566)
Principal Payments on Bonds and Notes Payable	(325,934)	(324,432)
Contributions in Aid of Construction	0	15,000
Proceeds From the Sale of Fixed Assets	0	25,256
Proceeds from Bond Issue	0	0
Interest and Fees Paid on Debt	(92,895)	(95,979)
<u>Net Cash Used by Capital and Related Financing Activities</u>	\$ (1,595,907)	\$ (724,721)
<u>Cash Flows from Investing Activities</u>		
Interest Income	\$ 70,449	\$ 19,441
<u>Net Cash Provided by Investing Activities</u>	\$ 70,449	\$ 19,441
<u>Net Increase in Cash, Cash Equivalents and Restricted Cash</u>	\$ (90,141)	\$ 583,159
<u>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</u>	3,402,097	2,818,938
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	\$ 3,311,956	\$ 3,402,097
<u>Reconciliation to Statement of Net Position</u>		
Cash - Unrestricted	\$ 2,862,515	\$ 2,955,155
Cash - Restricted	449,441	446,942
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	\$ 3,311,956	\$ 3,402,097

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Reconciliation of Income (Loss) from Operations to</u> <u>Net Cash Provided (Used) by Operating Activities</u>		
Operating Income	\$ 599,970	\$ 694,010
<u>Adjustments to Reconcile Income (Loss) from Operations</u> <u>to Net Cash Provided (Used) by Operating Activities</u>		
Depreciation	\$ 674,744	\$ 651,901
(Increase) Decrease in:		
Accounts Receivable	(8,202)	(23,832)
Prepaid Expenses	(4,800)	5,430
Accrued Revenues	31,450	(90,037)
Deferred Pension Outflows	(21,023)	(322,794)
Increase (Decrease) in:		
Accounts Payable	15,354	52,788
Taxes Payable	3,692	3,639
Accrued Wages	15,007	5,723
Customer Deposits	(8,238)	0
Net Pension Obligation	149,575	757,369
Deferred Pension Outflows	(12,212)	(445,758)
Total Adjustments	<u>\$ 835,347</u>	<u>\$ 594,429</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 1,435,317</u>	<u>\$ 1,288,439</u>
<u>Non-Cash Capital and Related Financing Activities</u>		
System Improvements Paid for and Contributed by Developers	<u>\$ 2,905,342</u>	<u>\$ 136,599</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note A - Significant Accounting Policies

(1) Financial Reporting Entity

Vilonia Waterworks Association was organized as a nonprofit corporation on May 16, 1974. On June 17, 1991, the nonprofit authorized the transfer of assets and operations to a public facilities board to be established by the City of Vilonia. The City created the Public Facilities Board (PFB) bearing the same name as the predecessor organization with the passage of Ordinance No. 91-6 on July 11, 1991. PFBs are authorized by Arkansas Code Annotated Section 14-137-101 et seq, and have such powers as the exercise of eminent domain and issuance of tax exempt bonds. The Vilonia Waterworks Association is governed by a board of five members. The PFB provides water service to individuals and businesses located in the City of Vilonia, Arkansas and surrounding areas.

(2) Proprietary Fund

The PFB'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 PFB's proprietary fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned, rather than when received, and expenses are recognized when they are incurred, rather than when they are paid. All Government Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, are applied unless these pronouncements conflict with or contradict GASB pronouncements.

(4) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the PFB defines cash as cash on hand and in banks, including time certificates of deposit and restricted cash accounts.

(5) Capital Assets

Property and equipment are capitalized at cost. Depreciation is provided by applying the straight-line method over the estimated useful lives of the assets. Useful lives estimated are: 5 to 10 years for office furniture and equipment, 3 to 10 years for transportation equipment, 15 to 50 years for buildings and related improvements, and 20 to 50 years for water storage, distribution lines, and related items.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note A - Significant Accounting Policies (Continued)

(6) Compensated Absences

Liabilities for compensated balances for sick leave benefit and vacation benefits have been accrued in the period in which they were earned by employees. Regular full-time employees accumulate 10 paid sick days per year with up to 60 days eligible to be carried forward to the following year. Regular full-time employees are eligible for paid vacation accrued at a rate as follows:

One to Five Years	2 weeks
Six to Fifteen Years	3 weeks
Fifteen to Twenty Years	4 weeks
Twenty Years or more	5 weeks

Regular full-time employees may accumulate 10 days of vacation time to be carried over to the next calendar year.

(7) Interest Component of the Cost of Refunding Bonds

When bonds are refunded the difference between the reacquisition cost price and the net carrying amount is recognized as a component of interest using the straight-line method.

(8) Cash and Investments

The PFB is considered an Arkansas governmental entity. Arkansas law requires public funds to be held by financial institutions located in the State of Arkansas and investments to be in obligations of the United States government. Public funds must be insured or secured by pledged collateral.

(9) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System Plan (APERS Plan) and additions to/deductions from APERS Plan's fiduciary net position have been determined on the same basis as they are reported by the APERS Plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(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.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note B - Cash Insured and Collateralized

Cash deposits with any one financial institution not exceeding \$250,000 are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) The PFB's financial institutions have pledged securities as collateral on amounts in excess of the F.D.I.C. limit.

Note C - Restricted Cash

The composition of restricted cash as of December 31, 2023 and 2022 is provided below.

	<u>2023</u>	<u>2022</u>
Meter Deposit Fund	\$ -	\$ 4,396
Debt Service Reserve-Rural Development Loan	74,520	74,520
Bond Fund-2021 Bond	96,337	89,442
Debt Service Reserve Funds-2021 Bonds	103,584	103,584
ANRC Meter Replacement Reserve Fund	175,000	175,000
	<u>\$ 449,441</u>	<u>\$ 446,942</u>

On the fifteenth day of each month, the PFB is required to pay into the bond fund an amount equal to the sum of one-sixth of the next installment of interest on the outstanding bonds plus the trustee's and paying agent's fees plus one-twelfth of the next installment of principal on the outstanding bonds.

The debt service reserve funds above in the total amount of \$103,584 in 2023 and \$103,584 in 2022 are maintained for the payment of principal and interest should the PFB lack adequate funds for these payments. These reserves are to be maintained until all bonds have been retired.

Note D - Accounts Receivable

Accounts receivable consist of unpaid amounts billed to customers for water and related charges. The PFB uses the allowance method to account for bad debts. Management reviews these amounts and increase the allowance as deemed appropriate in the circumstances.

A summary of aged accounts receivable is provided below:

	<u>2023</u>	<u>2022</u>
Due Currently	\$ 250,964	\$ 234,940
Past Due		
30 Days	8,365	9,812
60 Days	909	1,879
Over 90 Days	492,882	482,879
	<u>\$ 753,120</u>	<u>\$ 729,510</u>
Less: Allowance for Doubtful Accounts	<u>(439,422)</u>	<u>(424,014)</u>
	<u>\$ 313,698</u>	<u>\$ 305,496</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note E - Capital Assets

	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
Buildings	\$ 916,164	\$ -	\$ -	\$ 916,164
Office Furniture and Equipment	83,253	1,073	-	84,326
Water Storage and Distribution Shop Building and Equipment	20,556,429	4,012,482	-	24,568,911
Transportation Equipment	529,743	21,903	-	551,646
	638,332	80,832	-	719,164
	\$ 22,723,921	\$ 4,116,290	\$ -	\$ 26,840,211
Less: Accumulated Depreciation	(8,618,823)	(698,893)	26,462	(9,291,254)
	\$ 14,105,098	\$ 3,417,397	\$ 26,462	\$ 17,548,957
Land	139,892	-	-	139,892
Construction in Progress	115,063	-	(36,183)	78,880
	\$ 14,360,053	\$ 3,417,397	\$ (9,721)	\$ 17,767,729

	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Buildings	\$ 916,164	\$ -	\$ -	\$ 916,164
Office Furniture and Equipment	76,674	6,579	-	83,253
Water Storage and Distribution Shop Building and Equipment	20,224,846	331,583	-	20,556,429
Transportation Equipment	527,370	2,373	-	529,743
	629,872	78,767	(70,307)	638,332
	\$ 22,374,926	\$ 419,302	\$ (70,307)	\$ 22,723,921
Less: Accumulated Depreciation	(8,035,958)	(651,901)	69,036	(8,618,823)
	\$ 14,338,968	\$ (232,599)	\$ (1,271)	\$ 14,105,098
Land	139,892	-	-	139,892
Construction in Progress	53,200	61,863	-	115,063
	\$ 14,532,060	\$ (170,736)	\$ (1,271)	\$ 14,360,053

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note F - Long-Term Liabilities

Long-term revenue bonds and notes payable collateralized by pledge of water revenue consisted of the following at December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
United States Department of Agriculture, Rural Development 4.25% note payable, due in monthly installments in the amount of \$3,928, including interest. This note matures May 4, 2046.	\$ 679,060	\$ 696,852
Vilonia Waterworks Association Water Revenue Bond, 0% interest, \$1,700,000 bond with a disbursement cut-off date of April 21, 2021. Upon full disbursement, semi-annual installments in the amount of \$87,249 plus a .5% servicing fee will commence. Prior to full disbursement, the servicing fee of .05% on the unpaid principal balance shall be payable semi-annually. This Bond matures April 15, 2031.	1,282,925	1,450,380
Vilonia Waterworks Association Water Revenue Refunding Bonds Series 2021 with principal payments due each August 1st. The bonds bear interest rates of 0.75% to 2.375% annually with interest payable on February 1st and August 1st each year. These bonds mature serially through August 1, 2042.	<u>3,011,670</u>	<u>3,152,357</u>
	\$ 4,973,655	\$ 5,299,589
Less: Amounts Due within One Year	<u>(321,942)</u>	<u>(325,329)</u>
	<u>\$ 4,651,713</u>	<u>\$ 4,974,260</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note F - Long-Term Liabilities (continued)

In refunding the 2003 bonds in 2010 and the 2007 bonds in 2013, the PFB's reacquisition prices exceeded the net carrying values of the refunded debt resulting in deferred outflows of resources on the bonds refunded in the amount of \$184,051 and \$106,512 respectively. In accordance with GASB 65, Items Previously Reported as Assets and Liabilities, the deferred outflows of resources due to losses on bond refundings are amortized over the lives of the 2003 and 2007 bonds and are charged to interest expense. The amounts of these deferred outflows of resources charged to interest expense were \$3,631 and \$3,631 in 2023 and 2022, respectively.

Required future principal payments of the long-term debt and future payments of interest on the long-term debt are provided in the two schedules below:

	Future Principal Payments			Total
	2021 Bonds	USDA RD Note Payable	ANRC Bond	
2024	135,000	18,648	168,294 \$	321,942
2025	145,000	19,457	169,136	333,593
2026	135,000	20,300	169,982	325,282
2027	145,000	21,180	170,833	337,013
2028	155,000	22,097	171,689	348,786
2029-2033	785,000	125,709	432,991	1,343,700
2034-2038	865,000	155,415		1,020,415
2039-2043	635,000	192,140		827,140
2044-2046		104,114		104,114
Plus Premiums	11,670			11,670
	\$ 3,011,670	\$ 679,060	\$ 1,282,925	\$ 4,973,655

	Future Interest Payments			Total
	2021 Bonds	USDA RD Note Payable	ANRC Bond	
2024	60,429	28,488		88,917
2025	59,146	27,679		86,825
2026	57,769	26,836		84,605
2027	55,069	25,956		81,025
2028	52,169	25,039		77,208
2029-2033	216,270	109,970		326,240
2034-2038	134,519	80,265		214,784
2039-2043	37,879	43,540		81,419
2044-2046		5,378		5,378
	\$ 673,250	\$ 373,151		\$ 1,046,401

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note F - Long-Term Liabilities (continued)

Changes in long-term debt for the years ended December 31, 2023 and 2022 were as follows:

	Balance 12/31/22	Increases	Decreases	Balance 12/31/23	Due Within One Year	Due in Excess of One Year
Revenue Bonds	\$ 4,590,380	\$	\$ 307,455	\$ 4,282,925	\$ 303,294	\$ 3,979,631
Notes Payable	696,853	-	17,793	679,060	18,648	660,412
Customer Deposits	8,238	-	8,238	-	-	-
Net Pension Obligation	997,551	149,575	-	1,147,126	-	1,147,126
Bond Premiums	12,356	-	686	11,670	-	11,670
Total Long-Term Liabilities	\$ 6,305,378	\$ 149,575	\$ 334,172	\$ 6,120,781	\$ 321,942	\$ 5,798,839

	Balance 12/31/21	Increases	Decreases	Balance 12/31/22	Due Within One Year	Due in Excess of One Year
Revenue Bonds	\$ 4,897,001	\$	\$ 306,621	\$ 4,590,380	\$ 307,455	\$ 4,282,925
Notes Payable	713,977	-	17,124	696,853	17,874	678,979
Customer Deposits	8,238	-	-	8,238	-	8,238
Net Pension Obligation	240,182	757,369	-	997,551	-	997,551
Bond Premiums	13,043	-	687	12,356	-	12,356
Total Long-Term Liabilities	\$ 5,872,441	\$ 757,369	\$ 324,432	\$ 6,305,378	\$ 325,329	\$ 5,980,049

Note G - Schedule of Rates Charged to Customers

Generally, the minimum monthly water rate inside the City of Vilonia is \$12.50 on the first 1,000 gallons and \$7.65 per 1,000 gallons thereafter. In a select area of the City and outside of the City the minimum rate ranges between \$12.50 and \$56.09 (depending upon the cost of extending the distributions lines to those areas) and \$7.65 per 1,000 gallons thereafter.

The monthly rates charged to customers receiving sewage disposal range from \$37 to \$65 depending upon the area served.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note H - Water Source and Water Purchase Contracts

(1) Community Water System - The PFB has a water purchase contract with Community Water System which is located at Greers Ferry, Arkansas on Greers Ferry Lake.

(2) Lonoke/White Public Water Authority - Vilonia Waterworks Association is a member of this PWA which owns water intake, treatment, and storage facilities located in the Cove Creek area of Greers Ferry Lake. The 2011 contract requires minimum daily purchases of 1,000,000 gallons at a rate of \$1.25 per 1,000 gallons. In addition to the purchase of water the members of the PWA are required to pay monthly participation fees of \$5 per contracted meter. Water purchases from the PWA were \$474,850 and \$557,090 for 2023 and 2022. Member participation fees were \$600,540 for 2023 and 2022.

(3) Mid-Arkansas Utilities Public Water Authority - The water purchase agreement with this PWA terminates in January of 2030. The required minimum daily purchase of water is 20,000 gallons.

Note I - Insurance Coverage

The PFB has workers compensation coverage and vehicle and equipment liability and property damage coverage through the respective programs sponsored by Arkansas Municipal League. For 2023 vehicles and equipment valued at \$719,164 were covered, and for 2022 vehicles and equipment valued at \$638,332 were covered. Buildings, contents, water tanks and related structures are insured by Employers Mutual Casualty Company. The limit of the coverage is \$11,061,943.

Note J - Retirement Plan - APERS

The Public Facility Board contributes to the Arkansas Public Employees Retirement System (APERS Plan), which is a cost-sharing multi-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this system. The Plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 and 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the director of the Department of Finance and Administration.

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note J - Retirement Plan - APERS (continued)

(1) Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3 year average compensation times the member's years of service.

The percentage used to determine benefits is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service
- at any age with 28 years of actual service
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005)
- at age 55 with 35 years of credited service for elected or safety officials

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

(2) Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5.25% of their salary. Employers are required to contribute at a rate established by the Board of trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). The employer contribution rates applicable were 15.32% (July 1, 2021 to June 30, 2022), 15.32% (July 1, 2022 to June 30, 2023), and 15.32% (July 1, 2023 to December 31, 2023).

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note J - Retirement Plan - APERS (continued)

The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report which is accessible online at <http://www.apers.org/annualreports>.

(3) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pension

At December 31, 2023 and 2022, the PFB reported a liability of \$1,147,126 and \$997,551, respectively, for its proportionate share of the net pension liability.

The collective net pension liability was measured as of June 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. As of June 30, 2023 and 2022 the PFB's proportions was .039% and .037%, respectively.

For the years ended June 30, 2023 and 2022, the PFB recognized pension expense of \$247,104 and \$117,876, respectively. At June 30, 2023 and 2022, the PFB's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Difference between expected and actual experience	\$ 64,573	\$ 23,945	-	\$ (12,044)
Net difference between projected and actual investment earnings on pension plan investments	142,776	210,435	-	-
Changes of assumptions	53,929	-	-	-
Changes in proportion and difference between employer contributions and share of contributions	95,372	98,530	(10,515)	(10,683)
Contributions subsequent to the measurement date	71,667	74,384	-	-
	<u>\$ 428,317</u>	<u>\$ 407,294</u>	<u>(10,515)</u>	<u>\$ (22,727)</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note J - Retirement Plan - APERS (continued)

Amounts of \$71,667 and \$74,384 reported as deferred outflows of resources related to pensions resulting from the PFB's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending December 31, 2023 and December 31, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>12/31</u>	<u>Amount</u>
2024	\$ 83,116
2025	41,558
2026	235,494
2027	(13,853)
2028	-
Thereafter	-
	<u>\$ 346,315</u>

(4) Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level of Percent Payroll, Closed

Actuarial Assumptions

Investment Rate of Return: 7.00%

Salary Increases: 3.25% to 9.85% including inflation

Inflation Rate: 3.25% wage inflation, 2.50% price inflation

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017.

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note J - Retirement Plan - APERS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the APERS Plan's target asset allocation as of June 30, 2023 are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.19%
International equity	15%	6.77%
Real assets	8%	4.08%
Absolute return	0%	0.26%
Domestic fixed	40%	1.79%
Total	<u>100%</u>	

The target allocation for the June 30, 2022 measurement date was as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.22%
International equity	24%	6.69%
Real assets	16%	4.81%
Absolute return	5%	3.05%
Domestic fixed	18%	0.57%
Total	<u>100%</u>	

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note J - Retirement Plan - APERS (continued)

(5) Discount Rate

The discount rate used to measure the total pension liability at June 30, 2023 and 2022, was 7.00% and 7.15%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine pension liability.

(6) Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the PFB's net pension liability as of June 30, 2023 measurement date, calculated using the discount rate of 7.00%, as well as what the PFB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Lower 6.00%	Current Rate 7.00%	1% Higher 8.00%
Net pension liability	\$ 1,823,930	\$ 1,147,126	\$ 585,034

Note K - Concentrations of Risk

While the operations of the PFB are always subject to the availability of a quality source of water, adequate water storage, and disruption of supply lines, as well as the risk of public safety in the event of contamination of the water, management does not consider these, or any other risks, to be significant concentrations of risks at this time.

Note L - Schedule of Water Customers

The PFB had and average of 9,287 and 9,213 residential customers in the years 2023 and 2022, respectively.

Note M - Date of Management's Review

Subsequent events have been evaluated through August 20, 2024, which is the date the financial statements were available to be issued.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
APERS Fiscal Years Ended June 30, 2023 through 2017

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
Proportion of the Net Pension Liability	<u>.0394%</u>	<u>.0370%</u>	<u>.0321%</u>	<u>.0319%</u>	<u>.0307%</u>	<u>.0336%</u>	<u>0.0315%</u>
Proportionate Share of the Net Pension Liability	<u>1,147,126</u>	<u>997,551</u>	<u>240,182</u>	<u>914,079</u>	<u>741,662</u>	<u>741,329</u>	<u>814,546</u>
Covered-Employee Payroll	<u>882,483</u>	<u>740,842</u>	<u>636,498</u>	<u>640,895</u>	<u>664,296</u>	<u>616,416</u>	<u>586,234</u>
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	<u>129.99%</u>	<u>134.65%</u>	<u>37.73%</u>	<u>142.63%</u>	<u>111.65%</u>	<u>120.30%</u>	<u>138.95%</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>77.94%</u>	<u>78.31%</u>	<u>93.57%</u>	<u>75.35%</u>	<u>78.55%</u>	<u>79.59%</u>	<u>75.65%</u>

This schedule represents Vilonia Waterworks Association's proportionate share of the Arkansas Public Employee Retirement Plan System. Ten years of data will be presented in future years as the data becomes available.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF CONTRIBUTIONS TO ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM
APERS Fiscal Years Ended June 30, 2023 through 2017

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually Required Contributions	\$ 133,661	\$ 129,059	\$ 115,187	\$ 113,732	\$ 118,522	\$ 101,123	\$ 80,326
Contractually Required Contribution	<u>(133,661)</u>	<u>(129,059)</u>	<u>(115,187)</u>	<u>(113,732)</u>	<u>(118,522)</u>	<u>(101,123)</u>	<u>(80,326)</u>
Contribution Deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	<u>\$ 882,483</u>	<u>\$ 740,842</u>	<u>\$ 636,498</u>	<u>\$ 640,895</u>	<u>\$ 664,296</u>	<u>\$ 616,416</u>	<u>\$ 586,234</u>
Contributions as a Percentage of Covered Employee Payroll	<u>15.15%</u>	<u>17.42%</u>	<u>18.10%</u>	<u>17.75%</u>	<u>17.84%</u>	<u>16.40%</u>	<u>13.70%</u>

This schedule represents Vilonia Waterworks Association's historical contributions and covered payroll to the Arkansas Public Employee Retirement Plan System. In the future ten years of data will be presented as the data becomes available.



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

www.etacpas.com

D.C. ELLIS, CPA (1926-2004)
R. LARRY TUCKER, CPA
R. ALAN CLINE, CPA

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

CALVIN K. ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA
GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

MEMBERS OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
ARKANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

AMY G. HALL, CPA
HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
NOAH G. MYERS, ACCOUNTANT
AMY N. BECKUS, OFFICE COORDINATOR

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 Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

We have audited, 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, the financial statements of Vilonia Waterworks Association, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Vilonia Waterworks Associations' basic financial statements and have issued our report thereon dated August 20, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vilonia Waterworks Association's financial statements are free of 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
August 20, 2024