

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD  
OF FRANKLIN COUNTY, ARKANSAS  
AUDITED FINANCIAL STATEMENTS  
YEARS ENDED JULY 31, 2023 AND 2022**

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Pleasant View Water Public Facilities Board of Franklin County, Arkansas  
Mulberry, Arkansas**

### **Opinion**

We have audited the accompanying financial statements of **Pleasant View Water Public Facilities Board of Franklin County, Arkansas** (the Board) as of and for the years ended **July 31, 2023 and 2022**, and the related notes to the financial statements, which collectively comprise the 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 financial position and cash flows of the Board as of **July 31, 2023 and 2022**, and the changes in the financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board's, 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 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 condition or events, considered in the aggregate, that raise substantial doubt about the Board'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.

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

\*Arkansas Society of Certified Public Accountants

\*Oklahoma Society of Certified Public Accountants

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Matters*****Required Supplementary Information***

Management has omitted the management discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated **March 29, 2024**, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Hubbs & Whitehead CPA". The signature is written in a cursive, flowing style.

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

**March 29, 2024**



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

**To the Board of Directors**

**Pleasant View Water Public Facilities Board of Franklin County, Arkansas  
Mulberry, 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 **Pleasant View Water Public Facilities Board of Franklin County, Arkansas** (the Board) as of and for the year ended **July 31, 2023**, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated **March 29, 2024**.

**Report Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

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\*Arkansas Society of Certified Public Accountants

\*Oklahoma Society of Certified Public Accountants

\*Governmental Audit Quality Center

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board'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*.

**Pleasant View Water Public Facilities Board of Franklin County, Arkansas' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Board'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**

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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Hubbs & Whitehead CPA".

Hubbs & Whitehead, CPAs  
Van Buren, Arkansas

March 29, 2024

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**STATEMENTS OF NET POSITION**  
**JULY 31, 2023 AND 2022**

<b>ASSETS</b>		<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>			
Cash and equivalents	\$	209,286	\$ 142,404
Restricted cash		149,787	144,989
Accounts receivable, net of allowance for doubtful accounts of \$10,800 and \$10,217 respectively		<u>86,610</u>	<u>97,860</u>
Total Current Assets		<u>445,683</u>	<u>385,253</u>
<b>CAPITAL ASSETS</b>			
Land		31,728	31,728
Water system		6,086,292	6,070,633
Office building		134,856	134,856
Office equipment		14,434	13,570
Machinery and equipment		36,076	36,076
Furniture and fixtures		10,103	10,103
Transportation equipment		<u>52,167</u>	<u>52,167</u>
		6,365,656	6,349,133
Less: accumulated depreciation		<u>(2,879,315)</u>	<u>(2,697,181)</u>
Net Capital Assets		<u>3,486,341</u>	<u>3,651,952</u>
Total Assets	\$	<u><u>3,932,024</u></u>	<u><u>\$ 4,037,205</u></u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	11,113	\$ 18,973
Sales tax payable		5,882	6,442
Accrued interest payable		4,613	4,749
Current portion of long-term debt		103,166	112,262
Meter deposits payable		<u>80,774</u>	<u>77,311</u>
Total Current Liabilities		205,548	219,737
<b>LONG-TERM DEBT, net</b>		<u>2,368,198</u>	<u>2,474,098</u>
Total Liabilities		<u>2,573,746</u>	<u>2,693,835</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt		1,014,977	1,065,592
Restricted		149,787	144,989
Unrestricted		<u>193,514</u>	<u>132,789</u>
Total Net Position		<u>1,358,278</u>	<u>1,343,370</u>
Total Liabilities and Net Position	\$	<u><u>3,932,024</u></u>	<u><u>\$ 4,037,205</u></u>

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



**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JULY 31, 2023 AND 2022**

	2023	2022
<b>OPERATING REVENUES</b>		
Water sales, net of provision for bad debts	\$ 732,144	\$ 704,308
Tap fees	10,900	12,240
Turn on fees	630	1,190
Other service income	<u>9,789</u>	<u>1,476</u>
 Total Operating Revenues	 <u>753,463</u>	 <u>719,214</u>
 <b>OPERATING EXPENSES</b>		
Bank Charges	20	195
Communications	6,710	5,366
Contract labor	-	8,097
Depreciation	182,134	181,733
Employee benefits	5,850	11,945
Insurance	42,449	36,005
Licenses, dues and subscriptions	7,497	8,148
Miscellaneous	1,504	2,680
Office expense	8,294	5,550
Operating supplies	905	2,051
Payroll tax expense	12,242	11,660
Postage	5,501	3,716
Professional Fees	11,771	13,976
Repairs and maintenance	57,967	39,262
Truck expense	7,669	9,415
Uniforms	1,452	1,500
Utilities	26,769	22,207
Wages	156,223	149,485
Water purchases	<u>156,746</u>	<u>199,784</u>
 Total Operating Expenses	 <u>691,703</u>	 <u>712,775</u>
 <b>OPERATING INCOME</b>	 <u>61,760</u>	 <u>6,439</u>
 <b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income	6,104	352
Interest expense	<u>(52,956)</u>	<u>(58,105)</u>
 Total Non-Operating Revenue (Expenses)	 <u>(46,852)</u>	 <u>(57,753)</u>
 <b>CHANGE IN NET POSITION</b>	 14,908	 (51,314)
 <b>NET POSITION, BEGINNING OF YEAR</b>	 <u>1,343,370</u>	 <u>1,394,684</u>
 <b>NET POSITION, END OF YEAR</b>	 <u><u>\$ 1,358,278</u></u>	 <u><u>\$ 1,343,370</u></u>

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

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 764,713	\$ 717,128
Cash payments to suppliers for goods and services	(340,211)	(349,659)
Cash payments to employees for services	<u>(174,315)</u>	<u>(173,090)</u>
Net Cash Flows From Operating Activities	<u>250,187</u>	<u>194,379</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net activity of restricted accounts	4,798	1,597
Interest income	<u>6,104</u>	<u>352</u>
Net Cash Flows From Investing Activities	<u>10,902</u>	<u>1,949</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(20,964)	(21,338)
Principal paid on long-term debt	(119,344)	(110,499)
Interest paid on long-term debt	<u>(53,899)</u>	<u>(59,045)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(194,207)</u>	<u>(190,882)</u>
<b>CHANGE IN CASH AND EQUIVALENTS</b>	66,882	5,446
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<u>142,404</u>	<u>136,958</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 209,286</u></u>	<u><u>\$ 142,404</u></u>

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

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

	2023	2022
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 61,760	\$ 6,439
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	182,134	181,733
Change in:		
Accounts receivable	11,250	(2,086)
Accounts payable	(7,860)	6,095
Sales tax payable	(560)	488
Meter deposits payable	3,463	1,710
	<u>188,427</u>	<u>187,940</u>
Total Adjustments		
	<u>\$ 250,187</u>	<u>\$ 194,379</u>
Net Cash Flows From Operating Activities		

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

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

**Note 1: Summary of Significant Accounting Policies**

Pleasant View Water Public Facilities Board of Franklin County, Arkansas (the Board), previously known as Pleasant View Water Users Association, Inc. was created December 18, 1997 pursuant to the provisions of Arkansas Code Annotated Section 14-137-1040 et seq. (1987; Suppl. 1995)(the "Act"). The purpose of the Board is to provide water to residential and commercial customers in a rural area north and south of Interstate 40, from Ozark to Mulberry, Arkansas.

***Financial Reporting***

The accounts of the Board are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Board's assets, liabilities, net position, revenues and expenses. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt, restricted for debt service; and unrestricted components.

***Basis of Accounting***

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

***Cash Equivalents***

For purposes of the statements of cash flows, the Board considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Board had cash equivalents of \$76,893 and \$-0- as of July 31, 2023 and 2022, respectively.

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

***Accounts Receivable***

The District establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$10,800 and \$10,217, respectively, as of July 31, 2023 and 2022.

***Income Taxes***

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

***Capital Assets and Depreciation***

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

	<u>Years</u>
Office building	39
Furniture and fixtures	5-7
Machinery and Equipment	5-10
Vehicles	5
Water System	15-40



**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

It is the Board's policy to capitalize all asset purchases greater than or equal to \$500. Expenditures of less than \$500 are expensed at the time of purchase. As of July 31, 2023 and 2022, the Board had fully depreciated assets still in service of approximately \$899,000 and \$830,000, respectively.

***Use of Estimates***

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

***Net Position Classifications***

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

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

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

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

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

***Subsequent Events***

Subsequent events are evaluated through March 29, 2024, the date the financial statements were available to be issued.

***Reclassification***

Certain accounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current period financial statements.

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

**Note 2: Deposits and Restricted Cash**

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

Restricted cash and cash equivalents are restricted by the various ordinances of the Board, and laws. Expenditures from these accounts are restricted to bond and debt service payments. At July 31, 2023 and 2022, restricted cash and cash equivalents and restricted certificates of deposit consisted of the following:

<u>Restricted Cash</u>	<u>2023</u>	<u>2022</u>
Bond Fund	\$ 80,737	\$ 75,939
Debt Service Reserve	69,050	69,050
 Total Restricted Cash	 <u>\$ 149,787</u>	 <u>\$ 144,989</u>

**Note 3: Capital Assets**

Capital asset activity for the years ended July 31, 2023 and 2022 are as follows:

	<u>August 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>July 31, 2023</u>
Land	\$ 31,728	\$ -	\$ -	\$ 31,728
Water system	6,070,633	15,659	-	6,086,292
Office building	134,856	-	-	134,856
Office equipment	13,570	864	-	14,434
Machinery and equipment	36,076	-	-	36,076
Furniture and fixtures	10,103	-	-	10,103
Transportation equipment	52,167	-	-	52,167
Total	<u>\$ 6,349,133</u>	<u>\$ 16,523</u>	<u>\$ -</u>	<u>\$ 6,365,656</u>

	<u>August 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>July 31, 2022</u>
Land	\$ 31,728	\$ -	\$ -	\$ 31,728
Water system	6,050,010	20,623	-	6,070,633
Office building	134,856	-	-	134,856
Office equipment	14,434	-	864	13,570
Machinery and equipment	36,076	-	-	36,076
Furniture and fixtures	10,103	-	-	10,103
Transportation equipment	52,167	-	-	52,167
Total	<u>\$ 6,329,374</u>	<u>\$ 20,623</u>	<u>\$ 864</u>	<u>\$ 6,349,133</u>

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

**Note 4: Long-Term Debt**

Long-term debt consists of the following:

	<u>2023</u>	<u>2022</u>
2020 Series Bonds, issued November 12, 2020, in the original amount of \$2,257,000. The bonds yield varying rates of interest ranging from 2.00% to 4.65%. Final maturity of the bonds is July 1, 2039. Security for the bonds is a pledge of real estate and premises, rights and ways and easements, with all buildings, additions and improvements of every nature now located in Franklin County, Arkansas with the tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, now owned by the Board. All water supply and water service contracts and other properties of any nature now owned by the Board and not covered by the properties described above, including, without limitation, all assets, franchises, rights, privileges, licenses and rights of way, and all revenues and income of the Board while any bonds issued are outstanding.	\$ 2,070,000	\$ 2,164,000
2017 Water Revenue Bond - payments will be made monthly in the amount of \$1,651 and include interest of 3.125%. Payments will be made beginning on August 26, 2019 and mature on July 26, 2058. Interest only payments will be made from August 26, 2018 until July 26, 2019. The bond is secured by a pledge of future revenues of the System as well as real estate and other capital holdings.	416,270	426,805
Today's Bank - payments will be made monthly in the amount of \$968 and include interest of 5.00%. Payments will be made beginning on September 25, 2018 and mature on August 25, 2023. The loan is secured by two 2018 Dodge Ram 1500 trucks.	<u>838</u>	<u>12,106</u>
Total long-term debt	2,487,108	2,602,911
Less: current portion of long-term debt	(103,166)	(112,262)
Less: unamortized discount on bonds	<u>(15,744)</u>	<u>(16,551)</u>
Long-term debt, net	<u>\$ 2,368,198</u>	<u>\$ 2,474,098</u>

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

Debt is scheduled to be repaid as follows:

<b>Years ending July 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 103,166	\$ 55,103	\$ 158,269
2025	103,560	53,839	157,399
2026	104,800	52,393	157,193
2027	106,047	50,927	156,974
2028	108,302	49,060	157,362
2029-2033	575,630	210,080	785,710
2034-2038	644,336	140,744	785,080
2039-2043	525,344	58,138	583,482
2044-2048	72,873	28,287	101,160
2049-2053	85,179	15,981	101,160
2054-2057	57,871	2,831	60,701
<b>Total</b>	<b>\$ 2,487,108</b>	<b>\$ 717,383</b>	<b>\$ 3,204,490</b>

Activity of long-term debt consists of the following:

	<b>August 1, 2022</b>	<b>Additions</b>	<b>Reductions</b>	<b>July 31, 2023</b>
2017 Water Revenue Bond	\$ 426,805	\$ -	\$ 10,535	\$ 416,270
Today's Bank trucks loan	12,106	-	11,268	838
Bonds Payable - 2020 Series	2,164,000	-	94,000	2,070,000
<b>Total</b>	<b>\$ 2,602,911</b>	<b>\$ -</b>	<b>\$ 115,803</b>	<b>\$ 2,487,108</b>

  

	<b>August 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>July 31, 2022</b>
2017 Water Revenue Bond	\$ 433,584	\$ -	\$ 6,779	\$ 426,805
Today's Bank trucks loan	22,826	-	10,720	12,106
Bonds Payable - 2020 Series	2,257,000	-	93,000	2,164,000
<b>Total</b>	<b>\$ 2,713,410</b>	<b>\$ -</b>	<b>\$ 110,499</b>	<b>\$ 2,602,911</b>

**Note 5: Bond Issue Discount**

The bond issue discount represents the additional interest (over and above any cash interest) over the term of the bonds. This original issue discount is being amortized using the straight-line method over the life of the bonds. Amortization of the 2020 series bond discount was \$807 for both years ended July 31, 2023 and 2022, respectively, and was charged to interest expense.

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2023 AND 2022**

**Note 6: Concentrations of Risk**

***Revenues and Receivables***

Financial instruments that potentially subject the Board to credit risk consist primarily of accounts receivable. The Board sells water to residential and commercial customers in a rural area north and south of Interstate 40, from Ozark to Mulberry, Arkansas.

***Water Supply System***

The Board purchases its water from the cities of Ozark and Mulberry, Arkansas. If the cost of the water were to increase or the possibility of the Board to have to obtain water from another supplier was to occur, this may have an effect on the Board's ability to continue in its current state.

**Note 7: Risk Management**

The Board is exposed to various levels of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board carries commercial insurance for risk of loss.

There has been no significant reduction in the Board's insurance coverage from the previous year.



**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JULY 31, 2023**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of **Pleasant View Water Public Facilities Board of Franklin County, Arkansas**.
2. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
3. One deficiency disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The condition is reported as a material weakness.
4. The Board is in substantial compliance with all sections of its escrow deposit agreements.
5. All funds deposited are in institutions insured by the Federal Government or collateralized by securities.
6. Additional information necessary for full disclosure is included in the audit report dated **March 29, 2024**, and the audited financial statements of the **Pleasant View Water Public Facilities Board of Franklin County, Arkansas** for the year ended July 31, 2023.

**PLEASANT VIEW WATER PUBLIC FACILITIES BOARD OF FRANKLIN COUNTY, ARKANSAS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JULY 31, 2023**

**FINDINGS - FINANCIAL STATEMENT AUDIT**

**SECTION I – DEFICIENCY – CURRENT YEAR**

2023-001 - Segregation of duties - A well-constructed system of internal controls monitors compliance with policies and procedures established by management in order to achieve five basic objectives with respect to accounting records. Those objectives are:

- 1) Validity
- 2) Accuracy
- 3) Completeness
- 4) Maintenance
- 5) Physical Security

Many control procedures are common to various areas of accounting. Essential to all control procedures is segregation of duties. A good system of internal controls, which adequately segregate duties, prohibits one individual from performing any related, but potentially conflicted duties. For instance, billing of customers, collection of payments from customers, and deposit of collections or approval of bill for payment, signing of checks, and reconciliation of bank account responsibilities should be segregated to different staff members.

The Board's system of internal controls has numerous instances where employees perform potentially conflicting duties resulting in poor segregation of duties. However, it should be noted that due to the limited number of personnel, the Board is unable to establish an ideal system of internal controls with complete segregation of duties.

Management's Response - Management has mitigated this circumstance somewhat by the active involvement of elected officials as a supervisory or review capacity. This supervisory or review capacity of these officials effectively establishes a layer of internal controls to overcome the deficiencies resulting from lack of segregation of duties.

**SECTION II – DEFICIENCY – PRIOR YEAR**

2022-001 – Prior year findings same as current year findings.

**FINDINGS – GOVERNMENT AUDITING STANDARDS**

**SECTION III – INTERNAL CONTROLS**

Same as Section I finding 2023-001

**SECTION IV – COMPLIANCE**

No findings