



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

**Saline County, Arkansas Waterworks and
Sanitary Sewer Public Facilities Board (Woodland Hills)**

Financial Statements

December 31, 2023 and 2022

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Management's Discussion and Analysis

This section of Saline County, Arkansas Water Works and Sanitary Sewer Public Facilities Board's (Woodland Hills) (PFB), annual financial report presents an analysis of the PFB's financial performance during 2023, 2022 and 2021.

Financial highlights for 2023, 2022 and 2021

- In 2023 the PFB's unrestricted cash decreased by \$60,624 or about 20.4% from \$297,117 to \$236,493.
- In 2022 the PFB's unrestricted cash increased by \$9,892 or about 3.4% from \$287,225 to \$297,117.
- In 2021 the PFB's unrestricted cash decreased by \$79,124 or about 21.6% from \$366,349 to \$287,225.
- In 2023 the PFB's total net position decreased by \$96,162 or 3.2% from \$3,046,682 to \$2,950,520. The decrease was provided by operations.
- In 2022 the PFB's total net position decreased by \$47,670 or 1.5% from \$3,094,352 to \$3,046,682. The decrease was provided by operations.
- In 2021 the PFB's total net position decreased by \$57,917 or 1.8% from \$3,152,269 to \$3,094,352. The decrease was provided by operations.

Overview of the Financial Statements

The annual report consists of the management's discussion and analysis and the basic financial statements. The financial statements include notes, which explain in detail some of the information included in the basic financial statements.

Required Financial Statements

The financial statements of the PFB report information utilizing the full accrual basis of accounting using the economic resources measurement focus. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The balance sheet (accrual basis) includes information about the nature and amounts of investments in resources (assets) and the obligation to the PFB's creditors (liabilities).

The statement of revenues, expenses, and changes in net position (accrual basis) identify the PFB's revenues and expenses for the years ended December 31, 2023 and 2022. The third financial statement is the statement of cash flows (accrual basis). This statement provides information on the PFB's cash receipts, cash payments, and changes in cash resulting from operations, investments, and financing activities. From the statement of cash flows (accrual basis) the reader can obtain information on the source and use of cash. The reader can also use the information as a comparison of 2023 and 2022.

Financial Analysis of the PFB

The balance sheet (accrual basis) and statement of revenues, expenses, and changes in net position (accrual basis) provides an indication of the PFB's financial condition. The PFB's net position reflect the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

Condensed Balance Sheet

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 587,368	\$ 638,807	\$ 611,882
Capital Assets, Net	<u>3,775,221</u>	<u>3,905,633</u>	<u>4,058,569</u>
Total Assets	<u>\$ 4,362,589</u>	<u>\$ 4,544,440</u>	<u>\$ 4,670,451</u>
Current Liabilities	<u>\$ 99,425</u>	<u>\$ 102,585</u>	<u>\$ 110,243</u>
Noncurrent Liabilities			
Customer Meter Deposits	112,270	117,600	112,545
Long Term Debt	<u>1,200,374</u>	<u>1,277,573</u>	<u>1,353,311</u>
Total Noncurrent Liabilities	<u>1,312,644</u>	<u>1,395,173</u>	<u>1,465,856</u>
Total Liabilities	<u>1,412,069</u>	<u>1,497,758</u>	<u>1,576,099</u>
Net Position			
Net Invested in Capital Assets	2,497,648	2,552,322	2,630,953
Restricted	272,311	262,275	255,871
Unrestricted	<u>180,561</u>	<u>232,085</u>	<u>207,528</u>
Total Net Position	<u>2,950,520</u>	<u>3,046,682</u>	<u>3,094,352</u>
Total Liabilities and Net Position	<u>\$ 4,362,589</u>	<u>\$ 4,544,440</u>	<u>\$ 4,670,451</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Operating Revenue			
Water Revenue	\$ 402,718	\$ 393,342	\$ 379,137
Sewer Revenue	449,121	428,865	418,472
Late Fees and Charges	30,728	36,162	31,800
Other Operating Income	<u>13,846</u>	<u>8,976</u>	<u>4,198</u>
Total Operating Revenues	896,413	867,345	833,607
Non-operating Revenue			
Interest Income	<u>5,738</u>	<u>1,744</u>	<u>930</u>
Total Revenue	<u>902,151</u>	<u>869,089</u>	<u>834,537</u>
Expenses			
Operating Expenses			
Water Expenses	473,550	431,274	430,058
Sewer Expenses	474,196	439,245	415,957
Administrative Expenses	<u>24,566</u>	<u>18,804</u>	<u>17,594</u>
Total Operating Expenses	972,312	889,323	863,609
Non-operating Expenses			
Interest Expense	<u>26,001</u>	<u>27,436</u>	<u>28,845</u>
Total Expenses	<u>998,313</u>	<u>916,759</u>	<u>892,454</u>
Change in Net Position	(96,162)	(47,670)	(57,917)
Net Position at Beginning of Year	<u>3,046,682</u>	<u>3,094,352</u>	<u>3,152,269</u>
Net Position at End of Year	<u>\$ 2,950,520</u>	<u>\$ 3,046,682</u>	<u>\$ 3,094,352</u>

A summary of the PFB's capital assets and long term debt balances are below.

Capital Assets

	2023	2022	2021
Land, Lines and Tanks	\$ 5,406,327	\$ 5,406,327	\$ 5,406,327
Buildings and Improvements	125,555	118,055	102,355
Equipment	465,031	454,791	449,174
Vehicles	75,450	58,708	58,708
Furniture and Fixtures	1,823	1,823	1,823
Total Capital Assets	6,074,186	6,039,704	6,018,387
Less: Accumulated Depreciation	2,298,965	2,134,071	1,959,818
Net Capital Assets	<u>\$ 3,775,221</u>	<u>\$ 3,905,633</u>	<u>\$ 4,058,569</u>

Long Term Debt

	2023	2022	2021
Bond Payable			
2012 issue	1,277,573	1,353,311	1,427,616
	<u>\$ 1,277,573</u>	<u>\$ 1,353,311</u>	<u>\$ 1,427,616</u>

In 2012, the PFB began construction of a new sewer treatment plant. The project began operations in August 2013. The final payment amounts to the contractor were resolved in the year 2014. The final cost is \$1,825,232. The Board issued general revenue bonds in 2012 of \$1,895,200 to pay for the project. In late 2020 the Board renegotiated the interest rate on the loan from 2.75% down to 1.92%. This resulted in lowering our monthly payments to \$8,446.67 a month. A monthly savings of \$720.50 from the monthly payment of \$9,167.17.

In 2012, the PFB raised the sewer rate. The rate increase was mandated to be able to obtain the general revenue bonds of 2012 for the new sewer treatment plant. The new sewer rate is a minimum of \$34.92 for up to 2,000 gallons and \$4.57 per 1,000 gallons over the 2,000 gallons minimum. This is to raise funds to pay the annual \$101,360 for the 2012 bond debt service. The sewer rate may be increased or decreased as needed. The water and sewer rates have remained unchanged for 2023 and 2022.

The PFB is working hard to reduce the costs of sewer treatment by reducing the infiltration into the existing sanitary sewer lines. Our Field Employees are working during rainy weather to locate I & I places in our sewer collection system then repairing them. ARWA scheduled and helped us complete a smoke test on 4/11/2022 of the gravity sewer lines. The problems found from the smoke test have been documented and we are doing all we can to fix the problems. The PFB is also decreasing water purchased by repairing leaks in the water system and stressing water conservation by its customers.

The PFB maintained medical insurance for its full-time employees. The PFB pays 70% of the medical premium and all the dental and eye care premiums. Hopefully, the medical insurance will help to keep qualified employees.

The Board is steadfast on any upgrades or repairs needed to the sewer plant or water lines to accommodate any new development must be done by the developer **AT NO COST TO THE EXISTING CUSTOMER BASE.**

When our new sewer plant was finished in 2013 the UV disinfectant system to purify the discharged water was faulty. We had to treat the discharged water with chlorine. The UV manufacturing company went bankrupt and closed. We were left with a UV disinfectant system that had no warranty and could not be repaired.

With new federal chlorine discharge limits, our engineers decided to retro fit the old UV system with a new UV system. In late 2021 a new UV system was installed and in operation. The new UV system was paid for out of reserve funds at a cost of \$157,614. The new UV system is working well. We do not have to use

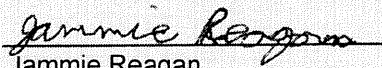
large amounts of chlorine to treat the discharged water. Our system follows the new federal limits on chlorine discharge into streams.

The System serves about 1,018 customers up from about 1,010 in 2022. We now have 3 employees with water operator licenses and 3 with sewer operator licenses. The members of the PFB Board and the staff work hard to maintain a safe dependable water and sewer system for the residents it serves. We strive to set aside reserve funds to cover extraordinary replacement costs, as well as provide funds for expansion of the system as needed.

All required board members have done the board member training as required by Act 605 of the state of Arkansas.

In 2023, the PFB had their 60,000 and 181,000 gallon storage tanks inspected. The 60,000 gallon tank was drained, upgraded with a new pressure vacuum vent on top of the tank and a liquid level gauge was installed. The tank was cleaned, sanitized, filled back up, samples passed from the Arkansas Department of Health and put back in service. The 181,000 gallon tank is in the works of having the same done to it in the year 2024.

The PFB is working with the city of Alexander and our engineering firm to apply for funding to fix the infiltration issues we are having with our wastewater collection system and to upgrade two sewer lift stations that pump water to our sewer treatment plant.


Jammie Reagan

General Manager

Saline County Water & Sewer PFB



Yoakum, Lovell & Co., PLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Saline County, Arkansas Waterworks and
Sanitary Sewer Public Facilities Board
(Woodland Hills)
Alexander, Arkansas

Opinion

We have audited the accompanying financial statements of Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills) as of December 31, 2023 and 2022, and the changes in financial position and cash flows 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills)'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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills)'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 Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills)'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 on pages 1 through 4 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of operating expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in

the United States of America. In our opinion, the schedules of operating expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yoakum, Lovell & Co., P.C.

Certified Public Accountants

Benton, Arkansas
January 30, 2024

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Balance Sheets
December 31, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash	\$ 236,493	\$ 297,117
Accounts Receivable, Net of \$3,000 Allowance for Doubtful Accounts in both 2023 and 2022	63,461	64,920
Prepaid Insurance	12,909	12,180
Total Current Assets	<u>312,863</u>	<u>374,217</u>
Noncurrent Assets		
Restricted Funds		
Fire Hydrant Fund	8,000	8,000
Depreciation Reserve Fund	249,327	240,857
Bond Fund	17,028	15,583
Total Restricted Funds	<u>274,355</u>	<u>264,440</u>
Capital Assets, Net	<u>3,775,221</u>	<u>3,905,633</u>
Other Assets		
Utility Deposits	150	150
Total Other Assets	<u>150</u>	<u>150</u>
Total Noncurrent Assets	<u>4,049,726</u>	<u>4,170,223</u>
Total Assets	<u><u>\$ 4,362,589</u></u>	<u><u>\$ 4,544,440</u></u>
Liabilities and Net Position		
Current Liabilities		
Current Portion of Long Term Debt	\$ 77,199	\$ 75,738
Accounts Payable	14,568	17,474
Accrued Expenses	5,614	7,208
Accrued Interest Expense	2,044	2,165
Total Current Liabilities	<u>99,425</u>	<u>102,585</u>
Noncurrent Liabilities		
Meter Deposits	112,270	117,600
Long Term Debt, Net of Current Portion	1,200,374	1,277,573
Total Noncurrent Liabilities	<u>1,312,644</u>	<u>1,395,173</u>
Total Liabilities	<u>1,412,069</u>	<u>1,497,758</u>
Net Position		
Net Investment in Capital Assets	2,497,648	2,552,322
Restricted	272,311	262,275
Unrestricted	180,561	232,085
Total Net Position	<u>2,950,520</u>	<u>3,046,682</u>
Total Liabilities and Net Position	<u><u>\$ 4,362,589</u></u>	<u><u>\$ 4,544,440</u></u>

The accompanying notes are an integral part of these financial statements.

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
Operating Revenue				
Water and Sewer Revenue				
Water Revenue	\$ 402,718	47%	\$ 393,342	48%
Sewer Revenue	449,121	53%	428,865	52%
Total Water and Sewer Revenue	<u>851,839</u>	<u>100%</u>	<u>822,207</u>	<u>100%</u>
Service Fees	30,728		36,162	
Other Operating Income	13,846		8,976	
Total Operating Revenue	<u>896,413</u>		<u>867,345</u>	
Operating Expenses				
Water Expenses	473,550		431,274	
Sewer Expenses	474,196		439,245	
Administrative Expenses	24,566		18,804	
Total Operating Expenses	<u>972,312</u>		<u>889,323</u>	
Operating Income (Loss)	<u>(75,899)</u>		<u>(21,978)</u>	
Nonoperating Revenues (Expenses)				
Interest Income	5,738		1,744	
Interest Expense	(26,001)		(27,436)	
Total Nonoperating Revenues (Expenses)	<u>(20,263)</u>		<u>(25,692)</u>	
Change in Net Position	(96,162)		(47,670)	
Net Position at Beginning of Year	<u>3,046,682</u>		<u>3,094,352</u>	
Net Position at End of Year	<u>\$ 2,950,520</u>		<u>\$ 3,046,682</u>	

The accompanying notes are an integral part of these financial statements.

Saline County, Arkansas Wateworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Cash Receipts from Customers	\$ 897,872	\$ 856,950
Cash Payments for Goods and Services	(488,684)	(406,519)
Cash Payments to Employees for Services	(313,963)	(310,926)
Net Cash Provided by Operating Activities	<u>95,225</u>	<u>139,505</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of Capital Assets	(44,482)	(28,267)
Payment on Long Term Debt	(75,738)	(74,305)
Interest Payment on Long Term Debt	(26,122)	(27,555)
Net Cash Used by Capital and Related Financing Activities	<u>(146,342)</u>	<u>(130,127)</u>
Cash Flows from Investing Activities		
Changes in Restricted Funds	(15,245)	(1,230)
Interest Received	5,738	1,744
Net Cash Provided (Used) by Investing Activities	<u>(9,507)</u>	<u>514</u>
Net Increase (Decrease) in Cash	(60,624)	9,892
Cash at Beginning of Year	<u>297,117</u>	<u>287,225</u>
Cash at End of Year	<u><u>\$ 236,493</u></u>	<u><u>\$ 297,117</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (75,899)	\$ (21,978)
Depreciation and Amortization (Noncash Expense)	174,894	174,442
(Increase) Decrease in:		
Accounts Receivable	1,459	(10,395)
Prepaid Insurance	(729)	(542)
Increase (Decrease) in:		
Accounts Payable	(2,906)	(6,094)
Accrued Expenses	(1,594)	4,072
Net Cash Provided by Operating Activities	<u><u>\$ 95,225</u></u>	<u><u>\$ 139,505</u></u>

The accompanying notes are an integral part of these financial statements.

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The financial statements of the Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills) have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant of the Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board's (Woodland Hills) accounting policies are described below:

- a. **Reporting Entity** – On September 14, 1987 Saline County, Arkansas Waterworks and Sanitary Sewer Public Facilities Board (Woodland Hills) (the Board) was formed as a Public Facilities Board pursuant to Arkansas Act 142 of 1975, as amended. Operations began in 1992 with the consolidation of Woodland Hills Water Improvement District #5 and #6, the Garden Estates Water Improvement District #9 and the Alexander Mountain Water Improvement District #10. The primary sources of operating revenues are charges from the sale of water and collection of sewage and related services to its members. The primary operating expenses are the costs of providing services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.
- b. **Basis of Accounting** – The financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues are recognized when they are earned and expenses are recognized when they are incurred.
- c. **Cash** – Cash consists of all cash on hand, deposited in the bank, or deposited in certificates of deposit.
- d. **Cash Deposits** – All cash deposits are insured or collateralized with securities held by the pledging financial institution's investments.
- e. **Capital Assets** – Capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair value at the time of the donation. Depreciation is calculated on the straight line method utilizing a useful life of 40 years for the distribution system and 5-10 years for equipment and improvements.

Maintenance and repairs are charged to expense as incurred. The cost of additions, renewals and betterments are capitalized.
- f. **Capitalized Interest** – Interest costs are capitalized when incurred by the board on debt where proceeds were used to finance the construction of assets.
- g. **Capital Contributions** – Capital contributions consist of the cost of property donated by developers, customers, or government entities from meter connections and line extensions required for new housing additions. After being connected to the Board's distribution system, ownership and control of this property transfers to the board.
- h. **Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies (Cont'd)

- i. **Net Position** – The Board must report its net position as either restricted, unrestricted or net invested in capital assets. These components of net assets are defined below:

Net Invested in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, net of any funds that have been restricted for the payment of those borrowings, any funds set aside for the purchase of capital assets, or any unamortized assets originating from the issuance of debt.

Restricted – This component of net position consists of constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the remaining balance in net position that does not meet the definition of restricted or net invested in capital assets.

- j. **Income Taxes** - The Board is exempt from income taxes as a public water authority. Therefore, no income tax provisions have been made.
- k. **Right-of-Way** – The Board acquired a one-time right-of-way from Missouri Pacific Railroad Company for \$6,800 to construct, maintain, and operate an underground pipeline on approximately two miles of the company's property. The terms granted usage for thirty years and is being amortized on the straight-line method for this period.

Note 2: Restricted Funds

These funds consist of cash and money market balances or certificates of deposit. The following is a summary of the restricted funds:

	<u>2023</u>	<u>2022</u>
Fire Hydrant Fund	\$ 8,000	\$ 8,000
Depreciation Reserve Fund	249,327	240,857
Bond Fund	<u>17,028</u>	<u>15,583</u>
Total Restricted Funds	<u>\$ 274,355</u>	<u>\$ 264,440</u>

Restricted funds are amounts set aside to meet certain requirements. These requirements are as follows:

Fire Hydrant Fund - The Board received an \$8,000 donation in 2006 from the Woodland Hills Volunteer Fire Department to be used for the purchase and installation of eight water hydrants. As of December 31, 2023 and 2022, none of those funds have been used.

Depreciation Reserve Fund – Under the terms of the Series 2012 bond obligation, the Board is required to set aside amounts for the purpose of paying the cost of upgrades of the system and also for the replacement of deteriorated or damaged equipment or facilities and shall not be used for any other purpose without the written consent of the commission.

Bond Fund – These funds are restricted for the payment of the principal and interest of the 2012 bonds. The Board is required on the first business day of each month to pay an amount equal to one sixth of the next semi-annual into this fund.

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Notes to the Financial Statements

Note 3: Capital Assets

The following is a schedule of capital assets:

	<u>12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/23</u>
Land, Lines and Tanks	\$ 5,406,327	\$	\$	\$ 5,406,327
Buildings and Improvements	118,055	7,500		125,555
Equipment	454,791	10,240		465,031
Vehicles	58,708	26,742	(10,000)	75,450
Furniture and Fixtures	1,823			1,823
Total Capital Assets	6,039,704	44,482	(10,000)	6,074,186
Less: Accumulated Depreciation	(2,134,071)	(174,894)	10,000	(2,298,965)
Net Capital Assets	<u>\$ 3,905,633</u>	<u>\$ (130,412)</u>	<u>\$</u>	<u>\$ 3,775,221</u>

	<u>12/31/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/22</u>
Land, Lines and Tanks	\$ 5,406,327	\$	\$	\$ 5,406,327
Buildings and Improvements	102,355	15,700		118,055
Equipment	449,174	5,617		454,791
Vehicles	58,708			58,708
Furniture and Fixtures	1,823			1,823
Total Capital Assets	6,018,387	21,317		6,039,704
Less: Accumulated Depreciation	(1,959,818)	(174,253)		(2,134,071)
Net Capital Assets	<u>\$ 4,058,569</u>	<u>\$ (152,936)</u>	<u>\$</u>	<u>\$ 3,905,633</u>

Note 4: Long Term Debt

During the year ending December 31, 2020, Arkansas Natural Resources Commission reduced the interest rate of the 2012 bond issue from 2.75% to 1.92% and reduced the semi-annual payment from \$55,003 to \$50,680. During the year ending December 31, 2017, Arkansas Natural Resources Commission reduced the interest rate of the 2012 bond issue from 4% to 2.75% and reduced the maturity date from June 1, 2042 to June 1, 2038.

Long term debt consisted of the following:

	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/23</u>	<u>Current Maturities</u>
Bond Payable 2012 Issue	\$ 1,353,311	\$	\$ 75,738	\$ 1,277,573	\$ 77,199

	<u>Balance 12/31/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/22</u>	<u>Current Maturities</u>
Bond Payable 2012 Issue	\$ 1,427,616	\$	\$ 74,305	\$ 1,353,311	\$ 75,738

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Notes to the Financial Statements

Note 4: Long Term Debt (Cont'd)

	<u>2023</u>	<u>2022</u>
Bonds payable 2012 issue, issued to the Arkansas Natural Resources Commission; maturing semi-annually on the first day of June and December at 1.92% interest rate secured by capital assets and all revenue and income of the Board. Monthly payments of \$9,167 are paid into a bond fund for the semi-annual principal and interest payments. The bonds mature June 1, 2038.	\$ 1,277,573	\$ 1,353,311
Total Long Term Debt	1,277,573	1,353,311
Less: Current Portion	<u>(77,199)</u>	<u>(75,738)</u>
Long Term Debt Net of Current Maturities	<u>\$ 1,200,374</u>	<u>\$ 1,277,573</u>

The following is a schedule of the future maturities of long term debt and interest as of December 31, 2023:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 77,199	\$ 24,161	\$ 101,360
2025	78,688	22,672	101,360
2026	80,207	21,153	101,360
2027	81,754	19,606	101,360
2028	83,332	18,028	101,360
2029-2033	441,401	65,399	506,800
2034-2038	<u>434,992</u>	<u>21,145</u>	<u>456,137</u>
	<u>\$ 1,277,573</u>	<u>\$ 192,164</u>	<u>\$ 1,469,737</u>

Note 5: Subsequent Events

Management has evaluated subsequent events through January 30, 2024, the date which the financial statements were available to be issued.

Note 6: Recent Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB 87 – Leases. This guidance requires an entity to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as expenses when paid. The GASB also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, and timing of the leases. The Board has implemented GASB 87 for the year ended December 31, 2023. There were no material leases for the Board, therefore, there was no effect on the net position in connection with the implementation of this standard.

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)
Schedule of Operating Expenses
For the Year Ended December 31, 2023

	Water	Sewer	Administrative	Total
Wholesale Water	\$ 126,368		\$	\$ 126,368
Lines	50,180	54,070		104,250
Sludge Removal		26,100		26,100
Utilities and Chemicals	15,237	28,661	6,837	50,735
Salaries	137,908	155,514		293,422
Payroll Taxes	9,654	10,887		20,541
Employee Benefits	15,680	17,683		33,363
Engineering	2,326	2,623		4,949
Telephone	5,401	6,091		11,492
Depreciation	57,264	116,738	892	174,894
Outside Services	124	140		264
Insurance	11,793	13,299		25,092
Billing and Postage	4,554	5,136		9,690
Professional Fees			11,405	11,405
Vehicle	9,772	11,020		20,792
Miscellaneous	27,289	26,234	5,432	58,955
Total Operating Expenses	\$ 473,550	\$ 474,196	\$ 24,566	\$ 972,312

Saline County, Arkansas Waterworks and Sanitary
Sewer Public Facilities Board (Woodland Hills)

Schedule of Operating Expenses

For the Year Ended December 31, 2022

	Water	Sewer	Administrative	Total
	\$	\$	\$	\$
Wholesale Water	116,033			116,033
Lines	33,124	44,577		77,701
Sludge Removal		22,475		22,475
Utilities and Chemicals	14,951	28,582	1,891	45,424
Salaries	138,362	149,892		288,254
Payroll Taxes	10,883	11,789		22,672
Employee Benefits	17,310	18,752		36,062
Engineering	614	666		1,280
Telephone	4,071	4,410		8,481
Depreciation	57,330	116,358	565	174,253
Amortization Right-of-Way	189			189
Outside Services	2,184	2,366		4,550
Insurance	12,152	13,164		25,316
Billing and Postage	3,632	3,935		7,567
Professional Fees			11,155	11,155
Vehicle	10,579	11,461		22,040
Miscellaneous	9,860	10,818	5,193	25,871
Total Operating Expenses	\$ 431,274	\$ 439,245	\$ 18,804	\$ 889,323