

**THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Council  
City of Alma  
Alma, Arkansas

**Opinion**

I have audited the accompanying financial statements of the City of Alma, Arkansas Water and Sewer Fund 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Alma, Arkansas Water and Sewer Fund as of December 31, 2023 and 2022, and the changes in its 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Alma, Arkansas and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the City of Alma, Arkansas Water and Sewer Fund and do not purport to, and do not, present fairly the financial position of the City of Alma, Arkansas, as of December 31, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

**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.

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

My 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 my 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, I:

- 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 City of Alma, Arkansas'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 my judgement, there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Alma, Arkansas Water and Sewer Fund's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alma, Arkansas Water and Sewer Fund's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Demmond Bray & Anderson, P.A.*

Fort Smith, Arkansas  
September 4, 2024

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combined Statements of Net Position  
 December 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
<u>Current Assets</u>		
Cash on hand and in bank	\$ 293,920	\$ 345,669
Accounts receivable – customers	364,825	355,130
Due from other funds	3,405	3,095
Inventory	<u>95,428</u>	<u>110,805</u>
Total Current Assets	<u>757,578</u>	<u>814,699</u>
<u>Restricted Assets</u>		
Cash in bank	493,334	443,519
Certificate of deposit	<u>20,925</u>	<u>20,680</u>
Total Restricted Assets	<u>514,259</u>	<u>464,199</u>
<u>Capital Assets</u>		
Land	6,450	6,450
Water system	13,259,220	13,259,220
Sewer system	11,600,100	11,527,677
Line maintenance system	324,345	324,345
Building and improvements	84,885	84,885
Machinery and equipment	<u>1,569,748</u>	<u>1,423,554</u>
	26,844,748	26,626,131
Less: Accumulated depreciation	( 11,070,414)	( 10,549,354)
Net Capital Assets	<u>15,774,334</u>	<u>16,076,777</u>
<u>Capitalized Costs</u>		
Professional fees and interest	343,251	343,251
Less: Accumulated amortization	( 218,228)	( 211,363)
Net Capitalized Costs	<u>125,023</u>	<u>131,888</u>
<u>Other Assets</u>		
Construction in progress – water and sewer system improvements	<u>633,730</u>	<u>500,412</u>
Total Assets	\$ <u>17,804,924</u>	\$ <u>17,987,975</u>

The accompanying Notes to Financial Statements are an integral part of this report

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Combined Statements of Net Position (Continued)  
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Total Assets</u> (Continued from previous page)	\$ 17,804,924	\$ 17,987,975
<u>Deferred Outflows of Resources</u>		
Unamortized bond discounts and refunding loss	<u>118,249</u>	<u>131,674</u>
Total Assets and Deferred Outflows of Resources	\$ <u>17,923,173</u>	\$ <u>18,119,649</u>

The accompanying Notes to Financial Statements are an integral part of this report

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combined Statements of Net Position (Continued)  
 December 31, 2023 and 2022

LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
<u>Current Liabilities</u> (Payable from current assets)		
Accounts payable	\$ 45,836	\$ 31,681
Payroll taxes payable	2,245	2,364
Sales tax payable	9,979	11,373
Compensated absences	<u>19,316</u>	<u>12,174</u>
Total Current Liabilities (Payable from current assets)	<u>77,376</u>	<u>57,592</u>
<u>Current Liabilities</u> (Payable from restricted assets)		
Current maturities of long-term debt	371,591	357,630
Accrued interest payable	21,580	24,055
Customer meter deposits	35,615	34,900
Due to other funds	<u>3,405</u>	<u>3,095</u>
Total Current Liabilities (Payable from restricted assets)	<u>432,191</u>	<u>419,680</u>
<u>Long-term Liabilities</u>		
Bonds and notes payable-principal amount	4,123,017	4,480,647
Less: Current maturities	<u>( 371,591)</u>	<u>( 357,630)</u>
Total Long-term Liabilities	<u>3,751,426</u>	<u>4,123,017</u>
Total Liabilities	<u>4,260,993</u>	<u>4,600,289</u>
<u>Net Position</u>		
Invested in capital assets, net of related debt	12,410,074	12,228,430
Restricted	514,259	464,199
Unrestricted	<u>737,847</u>	<u>826,731</u>
Total Net Position	<u>13,662,180</u>	<u>13,519,360</u>
Total Liabilities and Net Position	\$ <u>17,923,173</u>	\$ <u>18,119,649</u>

The accompanying Notes to Financial Statements are an integral part of this report

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combined Statements of Revenues, Expenses and  
 Changes in Fund Net Position  
 December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues</u>		
Charges for services	\$ <u>2,593,256</u>	\$ <u>2,537,801</u>
 <u>Operating Expenses</u>		
Salaries and wages	589,909	517,882
Payroll taxes	53,640	46,445
Retirement fund	90,629	84,806
Materials	305,168	334,496
Repairs and maintenance	328,735	386,719
Shop expense	56,022	50,943
Health insurance	130,019	120,210
Vehicle and premises insurance	36,298	34,404
Utilities and telephone	254,169	243,400
Professional fees	20,991	13,330
Office expense	3,567	8,358
Fuel	48,738	50,960
Postage	30,585	31,982
Uniforms	9,328	4,918
Dues and permits	28,727	28,041
Advertising	635	2,433
Miscellaneous	4,875	3,667
Depreciation	593,773	575,100
Amortization	<u>6,865</u>	<u>6,865</u>
 Total Operating Expenses	 <u>2,592,673</u>	 <u>2,544,959</u>
 Operating Profit (Loss)	 \$ <u>583</u>	 \$ ( <u>7,158</u> )

The accompanying Notes to Financial Statements are an integral part of this report



THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combined Statements of Revenues, Expenses and  
 Changes in Fund Net Position (Continued)  
 December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Operating Profit (Loss)</u> (Continued from previous page)	\$ 583	\$ ( 7,158)
<u>Nonoperating Revenues (Expenses)</u>		
Interest income	26,864	6,886
Miscellaneous income	2,089	309
Interest expense	( 141,215)	( 153,072)
Paying agent fees	( 4,103)	( 4,129)
Amortization of bond discounts and fees	( 13,425)	( 13,425)
Net Nonoperating Revenues (Expenses)	( 129,790)	( 163,431)
<u>Loss Before Operating Transfers</u>	( 129,207)	( 170,589)
<u>Operating Transfers</u>		
Transfers in	2,793,996	2,750,560
Transfers out	( 2,521,969)	( 2,750,560)
Net Operating Transfers	272,027	-0-
<u>Change in Net Position</u>	142,820	( 170,589)
<u>Beginning Net Position</u>	13,519,360	13,689,949
<u>Ending Net Position</u>	\$ 13,662,180	\$ 13,519,360

The accompanying Notes to Financial Statements are an integral part of this report

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combined Statements of Cash Flows  
 December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	\$ 2,584,276	\$ 2,520,633
Payments to suppliers	( 1,078,831)	( 1,198,543)
Payments to employees	( 582,767)	( 515,752)
Payments for other administrative costs	( 295,279)	( 264,791)
Net Cash Provided by Operating Activities	<u>627,399</u>	<u>541,547</u>
<u>Cash Flows from Non-capital Financing Activities</u>		
Transfer from general fund	272,027	-0-
Additions to certificates of deposit	( 245)	( 44)
Net Cash Provided by (Used by) Non-capital Financing Activities	<u>271,782</u>	<u>( 44)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Purchase of property, plant, and equipment	( 424,645)	( 308,231)
Principal payment of notes and bonds payable	( 357,630)	( 348,668)
Interest paid on notes and bonds payable	( 143,690)	( 155,301)
Agent fees paid on bonds payable	( 4,103)	( 4,129)
Net Cash Used by Capital and Related Financing Activities	<u>( 930,068)</u>	<u>( 816,329)</u>
<u>Cash Flows from Investing Activities</u>		
Interest received	26,864	6,886
Miscellaneous income	<u>2,089</u>	<u>309</u>
Net Cash Provided by Investing Activities	<u>28,953</u>	<u>7,195</u>
Decrease in Cash	( 1,934)	( 267,631)
<u>Cash on Hand and in Bank at Beginning of Year</u>	<u>789,188</u>	<u>1,056,819</u>
<u>Cash on Hand and in Bank at End of Year</u>	\$ <u>787,254</u>	\$ <u>789,188</u>

The accompanying Notes to Financial Statements are an integral part of this report

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combined Statements of Cash Flows (continued)  
 December 31, 2023 and 2022

Reconciliation of Cash to the Statements of Net Position

	<u>2023</u>	<u>2022</u>
Unrestricted cash	\$ 293,920	\$ 345,669
Restricted cash	<u>493,334</u>	<u>443,519</u>
Total Cash on Hand and in Bank	\$ <u>787,254</u>	\$ <u>789,188</u>
 <u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided by Operating Activities</u>		
Operating Profit (loss)	\$ 583	\$ ( 7,158)
 Adjustment to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	600,638	581,965
(Increase) Decrease in accounts receivable	( 9,695)	( 13,773)
(Increase) Decrease in inventory	15,377	( 5,176)
Increase (Decrease) in accounts payable	14,155	( 14,468)
Increase (Decrease) in accrued expense	( 1,517)	1,422
Increase (Decrease) in accrued wages and vacation	7,143	2,130
Increase (Decrease) in customer meter deposits	<u>715</u>	<u>( 3,395)</u>
Total adjustments	<u>626,816</u>	<u>548,705</u>
Net Cash Provided by Operating Activities	\$ <u>627,399</u>	\$ <u>541,547</u>

The accompanying Notes to Financial Statements are an integral part of this report

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Alma provides water and sewer service to the residents and businesses of Alma, Arkansas and surrounding areas. The revenue to finance the system is provided through user charges based on usage and monthly service charges.

CRITERIA USED IN DETERMINING THE SCOPE OF THE REPORTING ENTITY FOR FINANCIAL PURPOSES

The City of Alma, Arkansas Water and Sewer Fund (the Fund) is a component unit of the City of Alma. As such, a presentation of financial position and results of operations in accordance with accounting principles generally accepted in the United States of America for the City of Alma would require inclusion of the Alma Water and Sewer Fund in the financial statements of the City of Alma. The City of Alma exercises oversight responsibility over the City of Alma, Arkansas Water and Sewer Fund. Factors considered in determining this relationship were as follows:

- a. Financial interdependency
- b. Selection of governing authority
- c. Designation of management
- d. Ability to significantly influence operations
- e. Accountability for fiscal matters

These financial statements present only the City of Alma, Arkansas Water and Sewer Fund and are not intended to present fairly the financial position and results of operations of the City of Alma in conformity with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

BASIS OF ACCOUNTING

The City of Alma, Arkansas Water and Sewer Fund has adopted the accrual basis of accounting whereby all assets and all liabilities (whether current or noncurrent) associated with the activities of the Water and Sewer Fund are recorded on its statement of net position.

Revenues are recognized when earned and expenses are recognized when incurred. The Fund implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. This pronouncement incorporates the FASB, APB and ARB pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The implementation of this pronouncement had no significant effect on the financial

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

statements. Under GASB 34, the Fund qualifies as a special purpose government engaged only in business type activities. Accordingly, only the financial statements required for enterprise funds are presented.

REGULATORY ENVIRONMENT

The quality of water emitted from the sewer treatment plant is regulated by the Environmental Protection Agency (EPA) and the Arkansas Department of Health (ADH). The quality of water furnished to customers is subject to the requirements of the EPA under the Safe Drinking Water Act and the ADH.

DEPOSITORY ACCOUNTS

The City of Alma, Arkansas Water and Sewer Fund maintains depository accounts with a local bank in excess of FDIC coverage. The amount over FDIC coverage at December 31, 2023 and 2022, were \$379,366 and \$289,730, respectively. Deposits at this bank are fully collateralized with securities the bank has pledged against these excess deposits.

ACCOUNTS RECEIVABLE

Uncollectible accounts receivable are charged directly against income in the year they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

INVENTORY

Inventory is stated at the lower of cost or market value, using the first-in, first-out (FIFO) method.

CAPITAL ASSETS

Additions and major renewals and improvements which have the effect of extending the useful lives of capital assets are carried at cost. Depreciation of capital assets of the Water and Sewer Fund is computed by the straight-line method over the following useful lives:

Capital Assets -	
Water system	10 - 60 years
Sewer system	10 - 50 years
Line maintenance system	10 - 50 years
Building and improvements	10 - 40 years
Machinery and equipment	5 - 7 years
Capitalized costs	50 years

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Additions and deletions to the major groups of capital assets for 2023 and 2022 are as follows:

	<u>Balance</u> <u>12-31-22</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>12-31-23</u>
Land	\$ 6,450	\$	-0-	\$	-0-	\$	6,450
Water system	13,259,220		-0-		-0-		13,259,220
Sewer system	11,527,677		72,423		-0-		11,600,100
Line maintenance system	324,345		-0-		-0-		324,345
Building and improvements	84,885		-0-		-0-		84,885
Machinery and equipment	<u>1,423,554</u>		<u>218,907</u>		<u>72,713</u>		<u>1,569,748</u>
Total	\$ <u>26,626,131</u>	\$	<u>291,330</u>	\$	<u>72,713</u>	\$	<u>26,844,748</u>

	<u>Balance</u> <u>12-31-21</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>12-31-22</u>
Land	\$ 6,450	\$	-0-	\$	-0-	\$	6,450
Water system	13,008,798		250,422		-0-		13,259,220
Sewer system	11,748,139		-0-		220,462		11,527,677
Line maintenance system	324,345		-0-		-0-		324,345
Building and improvements	84,885		-0-		-0-		84,885
Machinery and equipment	<u>1,266,930</u>		<u>161,019</u>		<u>4,395</u>		<u>1,423,554</u>
Total	\$ <u>26,439,547</u>	\$	<u>411,441</u>	\$	<u>224,857</u>	\$	<u>26,626,131</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$593,773 and \$575,100 respectively.

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

DEFERRED OUTFLOWS OF RESOURCES

Bond discount and refunding loss are amortized over the life of the bonds on the straight-line method. Amortization expense for 2023 and 2022 was \$13,425 and \$13,425, respectively.

INCOME TAX

The Fund is a municipally owned system that is exempt from federal and state income tax.

COMPENSATED ABSENCES

The Fund records a liability for vacation pay earned by employees, but not paid to them at the end of the year. The balance of this liability at December 31, 2023 and 2022 was \$19,316 and \$12,174, respectively.

COMBINED CASH FLOWS

For the purpose of the Combined Statements of Cash Flows, the Fund considers cash equivalents to be all highly liquid securities with an original maturity of three months or less.

NONOPERATING REVENUE

Revenue received from sources other than customers of the Water and Sewer Fund are classified as nonoperating and reported under the nonoperating revenues/expenses section of the Combined Statement of Revenues, Expenses and Changes in Fund Net Position.

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 2 - LONG-TERM DEBT

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

	<u>Interest Rate</u>	<u>Balance 2023</u>	<u>Balance 2022</u>
City of Alma, Arkansas 2019 Water and Sewer Refunding Revenue Bonds with principal payment due each October 1 in amounts ranging from \$200,000 to \$330,000. Interest is payable each April 1 and October 1. These bonds mature serially from 2022 through 2032.	2.25% - 3.00%	\$ 2,705,000	\$ 2,965,000
City of Alma, Arkansas Water and Sewer Revenue Bond Series 2018A with principal payments due each June 1 and December 1 in amounts ranging from \$22,718 to \$39,358. Interest is payable each June 1 and December 1. These bonds mature serially through 2033.	3.98%	629,797	683,405
City of Alma, Arkansas Water and Sewer Revenue Bond Series 2018B with principal payments due each June 1 and December 1 in amounts ranging from \$18,209 to \$39,352. Interest is payable each June 1 and December 1. These bonds mature serially through 2036.	4.436%	<u>788,220</u>	<u>832,242</u>
Total		\$ 4,123,017	\$ 4,480,647
Less: Current Maturities		<u>( 371,591)</u>	<u>( 357,630)</u>
		<u>\$ 3,751,426</u>	<u>\$ 4,123,017</u>

The note and bond payments are as follows for the years succeeding December 31, 2023:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 371,591	\$ 131,928
2025	386,056	119,364
2026	395,543	108,576
2027	410,220	97,131
2028	414,979	85,365
2029-2033	1,920,947	218,462
2034-2036	223,681	17,684



THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 2 - LONG-TERM DEBT (Continued)

Activity of the long-term notes and bonds payable consists of the following:

	<u>Balance at</u> <u>01/01/2023</u>		<u>Loan</u> <u>Advances</u>		<u>Loan</u> <u>Repayments</u>		<u>Balance at</u> <u>12/31/2023</u>
City of Alma, Arkansas Series 2019 Water and Sewer Refunding Bonds	\$ 2,965,000	\$	-0-	\$	260,000	\$	2,705,000
City of Alma, Arkansas, Water and Sewer Revenue Bond Series 2018A	683,405		-0-		53,608		629,797
City of Alma, Arkansas, Water and Sewer Revenue Bond Series 2018B	<u>832,242</u>		<u>-0-</u>		<u>44,022</u>		<u>788,220</u>
	\$ <u>4,480,647</u>	\$	<u>-0-</u>	\$	<u>357,630</u>	\$	<u>4,123,017</u>

	<u>Balance at</u> <u>01/01/2022</u>		<u>Loan</u> <u>Advances</u>		<u>Loan</u> <u>Repayments</u>		<u>Balance at</u> <u>12/31/2022</u>
City of Alma, Arkansas Series 2019 Water and Sewer Refunding Bonds	\$ 3,220,000	\$	-0-	\$	255,000	\$	2,965,000
City of Alma, Arkansas, Water and Sewer Revenue Bond Series 2018A	734,941		-0-		51,536		683,405
City of Alma, Arkansas, Water and Sewer Revenue Bond Series 2018B	<u>874,374</u>		<u>-0-</u>		<u>42,132</u>		<u>832,242</u>
	\$ <u>4,829,315</u>	\$	<u>-0-</u>	\$	<u>348,668</u>	\$	<u>4,480,647</u>

The above liabilities are not general obligations of the City, but are special obligations that are secured and are payable solely from revenues derived from operation of the City of Alma, Arkansas Water and Sewer Fund.

The Fund was in substantial compliance with all bond covenant requirements for the above bond issues.

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 3 - CAPITALIZED COSTS

The Fund incurred costs in connection with the construction of a new water storage tank, transmission lines and booster pump station. The construction on these projects was completed and the assets were put in use in 1989. Costs were also incurred in 1991, 1992, 1993 and 1997 in connection with the expansion of the water treatment plant, water system improvements and evaluation of future improvements at the sewer plant.

Amounts capitalized at December 31, 2023 and 2022 are as follows:

	<u>1989</u>	<u>1992</u>	<u>1993</u>	<u>1997</u>	<u>Totals</u>
	<u>Improvements</u>	<u>Improvements</u>	<u>Improvements</u>	<u>Improvements</u>	
Capitalized engineering fees	\$ 45,012	\$ 123,661	\$ 54,931	\$ 35,535	\$ 259,139
Capitalized project fees	5,003	-0-	-0-	-0-	5,003
Capitalized interest	<u>79,109</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>79,109</u>
Total	\$ <u>129,124</u>	\$ <u>123,661</u>	\$ <u>54,931</u>	\$ <u>35,535</u>	\$ <u>343,251</u>

NOTE 4 - DUE TO/FROM OTHER FUNDS

As of December 31, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2023</u>	<u>2022</u>
	<u>Due (to) from</u>	<u>Due (to) from</u>
	<u>other funds</u>	<u>other funds</u>
Meter Deposit Fund	\$ (3,405)	\$ (3,095)
Revenue Fund	3,405	3,095

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 5 - RESTRICTION OF NET POSITION

Net position of the Fund are classified in three components. Net position invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase of construction of those assets. Restricted net position are noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the Fund, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings. Unrestricted net position are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

The following details the description and amount of all restrictions on net position by the Water and Sewer Fund at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
a. Restricted for repayment of customer deposits	\$ 39,020	\$ 37,995
b. Restricted for bond repayment	225,772	225,655
c. Restricted for construction/capital improvement	<u>249,467</u>	<u>200,549</u>
Total Restricted Net Position	\$ <u>514,259</u>	\$ <u>464,199</u>

NOTE 6 - DEFINED BENEFIT PLAN

The City of Alma, Arkansas (which includes the Water and Sewer Fund employees) contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The APERS issues a publicly available financial report that includes financial statements and required supplementary information for APERS.

That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, AR 72201 or by calling 1-800-682-7377, or on their website [www.apers.org](http://www.apers.org).

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 6 - DEFINED BENEFIT PLAN (Continued)

APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5.50% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The current employer rate is 15.32% of annual covered payroll. The Fund's contributions to APERS for the years ending December 31, 2023 and 2022 were \$90,629 and \$84,806, respectively, equal to the required contributions for the year.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which became effective with fiscal years beginning after June 15, 2014. The Statement establishes standards for public pension plan obligations for participating employers. Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report in the financial statements a net pension liability, deferred outflows or inflows of resources related to pensions, and pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and the actual investment return. These financial statements do not include the disclosure related to this accounting principal, but would be included in the government wide financial statements and not the individual fund financial statements.

NOTE 7 - EXTINGUISHMENT OF DEBT

On October 22, 2019, the Fund issued refunding and improvement revenue bonds in the amount of \$3,420,000. The proceeds of these bonds were used to refund the 2014 bond issue. The details of the 2019 series bond are disclosed in Note 2.

The difference between the carrying amount of the 2014 bonds and the reacquisition price of these bonds resulted in an economic loss in the amount of \$123,223. This loss has been capitalized and is being amortized over the life of the 2019 bond issue.

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Notes to Financial Statements  
December 31, 2023 and 2022

NOTE 8 - AGREEMENT WITH REDHILL WATER USERS ASSOCIATION

On December 1, 1999, the Fund entered into an agreement with the Redhill Water Users Association (the Association) whereby the Fund would service and maintain the Association's water system. The Fund is to be compensated a flat fee per meter on the Association's system. In addition, the Fund is to be reimbursed the cost of any maintenance performed for the Association. For the years ended December 31, 2023 and 2022, the Fund received income of \$15,240 and \$24,986, respectively, from Redhill under this agreement. This amount is included in Operating Revenues under "Charges for Services".

NOTE 9 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2023, the Fund has no commitments for contracts for construction projects.

In July 2022, the Fund was named in a lawsuit seeking compensatory and punitive damages in relation to the operations of the sanitary sewer system. The Fund intends to vigorously defend the suit and contends the suit is without merit. At this time, a probability of the ultimate disposition of this matter cannot be determined.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events were evaluated through September 4, 2024 - the date the financial statements were available for issuance.

SUPPLEMENTAL INFORMATION

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Combining Statement of Net Position  
December 31, 2023

	Revenue Fund	Administrative Operations And Maintenance Fund	Water Operations And Maintenance Fund	Sewer Operations And Maintenance Fund	Line Operations And Maintenance Fund	Meter Deposit Fund	2018 Water And Sewer Revenue Bonds	2019 Water And Sewer Refunding Bonds	Total December 31, 2023
<b>ASSETS</b>									
<u>Current Assets</u>									
Cash on hand and in bank	\$74,620.86	\$50,023.66	\$0.00	\$169,275.09	\$0.00	\$0.00	\$0.00	\$0.00	\$293,919.61
Accounts receivable - customers	364,824.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	364,824.75
Due from other funds	3,405.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,405.46
Inventory	0.00	0.00	18,701.21	3,606.72	73,120.56	0.00	0.00	0.00	95,428.49
Total Current Assets	442,851.07	50,023.66	18,701.21	172,881.81	73,120.56	0.00	0.00	0.00	757,578.31
<u>Restricted Assets</u>									
Cash in bank	51,139.08	0.00	0.00	0.00	0.00	18,095.48	324,077.89	100,022.04	493,334.49
Certificates of deposit	0.00	0.00	0.00	0.00	0.00	20,924.98	0.00	0.00	20,924.98
Total Restricted Assets	51,139.08	0.00	0.00	0.00	0.00	39,020.46	324,077.89	100,022.04	514,259.47
<u>Capital Assets</u>									
Land	0.00	0.00	0.00	0.00	6,450.00	0.00	0.00	0.00	6,450.00
Water system	0.00	0.00	13,259,219.51	0.00	0.00	0.00	0.00	0.00	13,259,219.51
Sewer system	0.00	0.00	0.00	11,600,100.03	0.00	0.00	0.00	0.00	11,600,100.03
Line maintenance	0.00	0.00	0.00	0.00	324,345.12	0.00	0.00	0.00	324,345.12
Building and improvements	0.00	73,685.37	0.00	0.00	11,200.00	0.00	0.00	0.00	84,885.37
Machinery and equipment	0.00	124,764.60	396,803.31	512,523.08	535,657.31	0.00	0.00	0.00	1,569,748.30
Less: Accumulated Depreciation	0.00	198,449.97	13,656,022.82	12,112,623.11	877,652.43	0.00	0.00	0.00	26,844,748.33
	0.00	(145,269.94)	(5,606,252.16)	(4,857,650.26)	(461,241.66)	0.00	0.00	0.00	(11,070,414.02)
Net Capital Assets	0.00	53,180.03	8,049,770.66	7,254,972.85	416,410.77	0.00	0.00	0.00	15,774,334.31
<u>Capitalized Costs</u>									
Professional fees	0.00	0.00	257,379.26	85,871.53	0.00	0.00	0.00	0.00	343,250.79
Less: Accumulated amortization	0.00	0.00	(169,979.70)	(48,248.13)	0.00	0.00	0.00	0.00	(218,227.83)
Net Capitalized Costs	0.00	0.00	87,399.56	37,623.40	0.00	0.00	0.00	0.00	125,022.96
<u>Other Assets</u>									
Construction in progress	0.00	0.00	633,730.32	0.00	0.00	0.00	0.00	0.00	633,730.32
Total Other Assets	0.00	0.00	633,730.32	0.00	0.00	0.00	0.00	0.00	633,730.32
Total Assets	493,990.15	103,203.69	8,789,601.75	7,465,478.06	489,531.33	39,020.46	324,077.89	100,022.04	17,804,925.37
<u>Deferred Outflows of Resources</u>									
Unamortized bond discounts and refunding loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	118,248.75	118,248.75
Total Assets and Deferred Outflows of Resources	\$493,990.15	\$103,203.69	\$8,789,601.75	\$7,465,478.06	\$489,531.33	\$39,020.46	\$324,077.89	\$218,270.79	\$17,923,174.12

The accompanying Notes to Financial Statements are an integral part of this report.

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
 Combining Statement of Net Position (continued)  
 December 31, 2023

	Revenue Fund	Administrative Operations And Maintenance Fund	Water Operations And Maintenance Fund	Sewer Operations And Maintenance Fund	Line Operations And Maintenance Fund	Meter Deposit Fund	2018 Water And Sewer Revenue Bonds	2019 Water And Sewer Refunding Bonds	Total December 31, 2023
<u>LIABILITIES AND NET POSITION</u>									
<u>Current Liabilities (Payable from current assets)</u>									
Accounts payable	\$0.00	\$2,065.63	\$28,910.88	\$9,438.69	\$5,421.01	\$0.00	\$0.00	\$0.00	45,836.21
Payroll taxes payable	0.00	2,244.46	0.00	0.00	0.00	0.00	0.00	0.00	2,244.46
Sales tax payable	9,979.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,979.00
Accrued compensation	0.00	19,316.13	0.00	0.00	0.00	0.00	0.00	0.00	19,316.13
Total Current Liabilities (Payable from current assets)	9,979.00	23,626.22	28,910.88	9,438.69	5,421.01	0.00	0.00	0.00	77,375.80
<u>Current Liabilities (Payable from restricted assets)</u>									
Current maturities of long-term debt	0.00	0.00	0.00	0.00	0.00	0.00	101,591.00	270,000.00	371,591.00
Accrued interest payable	0.00	0.00	0.00	0.00	0.00	0.00	4,934.08	16,645.52	21,579.60
Customer meter deposits	0.00	0.00	0.00	0.00	0.00	35,615.00	0.00	0.00	35,615.00
Due to other funds	0.00	0.00	0.00	0.00	0.00	3,405.46	0.00	0.00	3,405.46
Total Current Liabilities (Payable from restricted assets)	0.00	0.00	0.00	0.00	0.00	39,020.46	106,525.08	286,645.52	432,191.06
<u>Long-term Liabilities</u>									
Bonds and notes payable	0.00	0.00	0.00	0.00	0.00	0.00	1,418,017.36	2,705,000.00	4,123,017.36
Less: Current maturities	0.00	0.00	0.00	0.00	0.00	0.00	(101,591.00)	(270,000.00)	(371,591.00)
Net Long-term Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	1,316,426.36	2,435,000.00	3,751,426.36
Total Liabilities	9,979.00	23,626.22	28,910.88	9,438.69	5,421.01	39,020.46	1,422,951.44	2,721,645.52	4,260,993.22
<u>Net Position</u>									
Invested in capital assets net of related debt	0.00	53,180.03	8,770,900.54	7,292,596.25	416,410.77	0.00	(1,418,017.36)	(2,705,000.00)	12,410,070.23
Restricted	51,139.08	0.00	0.00	0.00	0.00	39,020.46	324,077.89	100,022.04	514,259.47
Unrestricted	432,872.07	26,397.44	(10,209.67)	163,443.12	67,699.55	(39,020.46)	(4,934.08)	101,603.23	737,851.20
Total Net Position	484,011.15	79,577.47	8,760,690.87	7,456,039.37	484,110.32	0.00	(1,098,873.55)	(2,503,374.73)	13,662,180.90
Total Liabilities and Net Position	\$493,990.15	\$103,203.69	\$8,789,601.75	\$7,465,478.06	\$489,531.33	\$39,020.46	\$324,077.89	\$218,270.79	\$17,923,174.12

The accompanying Notes to Financial Statements are an integral part of this report.



THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Combining Statement of Revenues, Expenses,  
And Changes in Fund Net Position  
For The Year Ended December 31, 2023

	Revenue Fund	Administrative Operations And Maintenance Fund	Water Operations And Maintenance Fund	Sewer Operations And Maintenance Fund	Line Operations And Maintenance Fund	Meter Deposit Fund	2018 Water and Sewer Revenue Bonds	2014 Water And Sewer Refunding Bonds	Total December 31, 2023
<b>Operating Revenues</b>									
Charges for services	\$2,593,255.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,593,255.77
<b>Operating Expenses</b>									
Salaries and wages	0.00	215,446.84	138,949.91	81,211.86	154,299.90	0.00	0.00	0.00	589,908.51
Payroll taxes	0.00	19,696.10	11,739.39	7,061.81	15,142.72	0.00	0.00	0.00	53,640.02
Retirement fund	0.00	36,483.40	20,434.23	11,826.83	21,884.65	0.00	0.00	0.00	90,629.11
Materials	0.00	0.00	245,741.61	3,911.01	55,515.81	0.00	0.00	0.00	305,168.43
Repairs and maintenance	0.00	56,337.60	138,476.40	78,834.84	55,086.52	0.00	0.00	0.00	328,735.36
Shop expense	0.00	5,854.87	18,009.92	23,840.18	8,317.24	0.00	0.00	0.00	56,022.21
Health insurance	0.00	40,281.86	38,108.70	19,125.36	32,502.64	0.00	0.00	0.00	130,018.56
Vehicle and premises insurance	0.00	1,425.86	23,690.66	7,152.97	4,028.82	0.00	0.00	0.00	36,298.31
Utilities and telephone	0.00	11,564.71	162,880.37	67,966.31	11,758.04	0.00	0.00	0.00	254,169.43
Professional fees	0.00	8,639.08	4,117.40	4,117.40	4,117.39	0.00	0.00	0.00	20,991.27
Office expense	0.00	2,474.17	707.83	10.69	374.54	0.00	0.00	0.00	3,567.23
Fuel	0.00	7,536.16	6,273.94	8,201.79	26,726.32	0.00	0.00	0.00	48,738.21
Postage	0.00	30,568.46	16.09	0.00	0.00	0.00	0.00	0.00	30,584.55
Uniforms	0.00	59.40	2,249.87	1,365.02	5,653.59	0.00	0.00	0.00	9,327.88
Dues and permits	0.00	6,481.75	14,489.95	6,838.00	917.54	0.00	0.00	0.00	28,727.24
Advertising	0.00	445.56	0.00	0.00	189.30	0.00	0.00	0.00	634.86
Miscellaneous	3,338.25	0.00	0.00	0.00	1,537.21	0.00	0.00	0.00	4,875.46
Depreciation	0.00	10,025.84	291,593.11	251,153.24	41,000.71	0.00	0.00	0.00	593,772.90
Amortization	0.00	0.00	5,147.60	1,717.43	0.00	0.00	0.00	0.00	6,865.03
<b>Total Operating Expenses</b>	3,338.25	453,321.66	1,122,626.98	574,334.74	439,052.94	0.00	0.00	0.00	2,582,674.57
<b>Operating Income (Loss)</b>	2,589,917.52	(453,321.66)	(1,122,626.98)	(574,334.74)	(439,052.94)	0.00	0.00	0.00	581.20
<b>Nonoperating Revenues (Expenses)</b>									
Interest income	4,287.08	2,246.20	0.00	4,533.10	0.00	1,605.16	6,816.76	7,376.41	26,864.71
Miscellaneous income	2,090.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,090.19
Gain (Loss) on sale of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest expense	0.00	0.00	0.00	0.00	0.00	0.00	(62,766.32)	(78,448.40)	(141,214.72)
Paying agent fees	0.00	0.00	0.00	0.00	0.00	0.00	(1,713.79)	(2,389.50)	(4,103.29)
Amortization of bond discounts and fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(13,424.82)	(13,424.82)
<b>Total Nonoperating Revenues (Expenses)</b>	6,377.27	2,246.20	0.00	4,533.10	0.00	1,605.16	(57,663.35)	(66,886.31)	(129,787.93)
<b>Income (Loss) Before Operating Transfers</b>	2,596,294.79	(451,075.46)	(1,122,626.98)	(569,801.64)	(439,052.94)	1,605.16	(57,663.35)	(66,886.31)	(129,206.73)
<b>Operating Transfers</b>									
Transfers in	0.00	360,288.42	952,346.82	451,323.75	535,856.62	0.00	150,542.58	343,637.55	2,793,995.74
Transfers Out	(2,520,363.41)	0.00	0.00	0.00	0.00	(1,605.16)	0.00	0.00	(2,521,968.57)
<b>Net Operating Transfers</b>	(2,520,363.41)	360,288.42	952,346.82	451,323.75	535,856.62	(1,605.16)	150,542.58	343,637.55	272,027.17
<b>Increase (Decrease) in Net Position</b>	75,931.38	(90,787.04)	(170,280.16)	(118,477.89)	96,803.68	(0.00)	92,879.23	256,751.24	142,820.44
<b>Beginning Net Position</b>	408,079.77	170,364.51	8,930,971.03	7,574,517.20	387,306.64	0.00	(1,191,752.78)	(2,760,125.97)	13,519,360.40
<b>Ending Net Position</b>	\$484,011.15	\$79,577.47	\$8,760,690.87	\$7,456,039.31	\$484,110.32	(\$0.00)	(\$1,098,873.55)	(\$2,503,374.73)	\$13,662,180.84

The accompanying Notes to Financial Statements are an integral part of this report.

THE CITY OF ALMA, ARKANSAS  
WATER AND SEWER FUND  
Combining Statement of Cash Flows  
For The Year Ended December 31, 2023

	Administrative Operations And Maintenance Fund	Water Operations And Maintenance Fund	Sewer Operations And Maintenance Fund	Line Operations And Maintenance Fund	Meter Deposit Fund	2018 Water And Sewer Revenue Bonds	2019 Water And Sewer Refunding Bonds	Total December 31 2023
<b>Cash Flows From Operating Activities</b>								
Receipts from customers	\$2,583,560.60	\$0.00	\$0.00	\$0.00	\$715.00	\$0.00	\$0.00	\$2,584,275.60
Payments to suppliers	(5,042.59)	(123,859.99)	(584,211.50)	(195,566.32)	(170,461.18)	0.00	0.00	(1,078,831.24)
Payments to employees	0.00	(208,304.30)	(138,949.91)	(81,211.86)	(154,299.90)	0.00	0.00	(582,765.97)
Payments for other administration costs	0.00	(105,100.44)	(74,399.72)	(42,131.40)	(73,647.40)	0.00	0.00	(295,278.96)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>2,578,518.01</b>	<b>(437,264.73)</b>	<b>(797,561.13)</b>	<b>(318,909.58)</b>	<b>1,025.34</b>	<b>0.00</b>	<b>0.00</b>	<b>627,399.43</b>
<b>Cash Flows From Non-capital Financing Activities</b>								
Changes to certificates of deposit	0.00	0.00	0.00	0.00	(245.21)	0.00	0.00	(245.21)
Transfers In/(Out)	(2,520,363.41)	360,288.42	952,346.82	451,323.75	535,856.62	(1,605.16)	343,637.55	272,027.17
<b>Net Cash Provided by (Used In) Non-capital Financing Activities</b>	<b>(2,520,363.41)</b>	<b>360,288.42</b>	<b>952,346.82</b>	<b>451,323.75</b>	<b>(1,850.37)</b>	<b>150,542.58</b>	<b>343,637.55</b>	<b>271,781.96</b>
<b>Cash Flows From Capital and Related Financing Activities</b>								
Purchase of property, plant and equipment	0.00	0.00	(154,785.69)	(132,414.17)	(137,448.14)	0.00	0.00	(424,648.00)
Principal payment of notes and bonds payable	0.00	0.00	0.00	0.00	0.00	(97,629.68)	(260,000.00)	(357,629.68)
Interest paid on notes and bonds payable	0.00	0.00	0.00	0.00	0.00	(63,102.20)	(80,587.52)	(143,689.72)
Agent fees paid on bonds payable	0.00	0.00	0.00	0.00	0.00	(1,713.79)	(2,389.50)	(4,103.29)
<b>Net Cash Flows Provided by (Used In) Capital and Related Financing Activities</b>	<b>0.00</b>	<b>0.00</b>	<b>(154,785.69)</b>	<b>(132,414.17)</b>	<b>(137,448.14)</b>	<b>(162,445.67)</b>	<b>(342,977.02)</b>	<b>(930,070.69)</b>
<b>Cash Flows From Investing Activities</b>								
Interest received	4,287.08	2,246.20	0.00	4,533.10	0.00	1,605.16	6,816.76	26,864.71
Miscellaneous income	2,090.19	0.00	0.00	0.00	0.00	0.00	0.00	2,090.19
<b>Net Cash Flows Provided By Investing Activities</b>	<b>6,377.27</b>	<b>2,246.20</b>	<b>0.00</b>	<b>4,533.10</b>	<b>0.00</b>	<b>1,605.16</b>	<b>6,816.76</b>	<b>28,954.90</b>
<b>Net Increase (Decrease) in Cash</b>	<b>64,531.87</b>	<b>(74,730.11)</b>	<b>(0.00)</b>	<b>4,533.10</b>	<b>0.00</b>	<b>(5,086.33)</b>	<b>8,036.94</b>	<b>(1,934.40)</b>
Cash and cash equivalents at beginning of year	61,228.07	124,753.77	0.00	164,741.99	0.00	17,315.35	329,164.22	789,188.50
<b>Cash and cash equivalents at end of year</b>	<b>\$125,759.94</b>	<b>\$50,023.66</b>	<b>(\$0.00)</b>	<b>\$169,275.09</b>	<b>\$0.00</b>	<b>\$18,095.48</b>	<b>\$324,077.89</b>	<b>\$787,254.10</b>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>								
Operating Income (Loss)	\$2,569,917.52	(\$453,321.66)	(\$1,122,626.98)	(\$574,334.74)	(\$439,052.94)	\$0.00	\$0.00	\$581.20
Adjustments to reconcile operating income to cash provided by operating activities								
Depreciation and amortization	0.00	10,025.84	296,740.71	252,870.67	41,000.71	0.00	0.00	600,637.93
(Increase) in accounts receivable	(9,695.17)	0.00	0.00	0.00	0.00	0.00	0.00	(9,695.17)
Decrease (increase) in inventory	0.00	0.00	16,404.62	(1,253.40)	224.90	0.00	0.00	15,376.12
Decrease in due from other funds	(310.34)	0.00	0.00	0.00	0.00	0.00	0.00	(310.34)
Increase (Decrease) in accounts payable	0.00	(992.10)	11,920.52	3,807.89	(581.15)	0.00	0.00	14,155.16
(Decrease) in accrued expenses	(1,394.00)	(119.35)	0.00	0.00	0.00	0.00	0.00	(1,513.35)
Increase in due to other funds	0.00	0.00	0.00	0.00	310.34	0.00	0.00	310.34
Increase in accrued wages and vacation	0.00	7,142.54	0.00	0.00	0.00	0.00	0.00	7,142.54
Increase in customer meter deposits	0.00	0.00	0.00	0.00	715.00	0.00	0.00	715.00
<b>Total Adjustments</b>	<b>(11,399.51)</b>	<b>16,056.93</b>	<b>325,065.85</b>	<b>255,425.16</b>	<b>40,644.46</b>	<b>1,025.34</b>	<b>0.00</b>	<b>626,818.23</b>
<b>Net Cash Provided By (Used By) Operating Activities</b>	<b>\$2,578,518.01</b>	<b>(\$437,264.73)</b>	<b>(\$797,561.13)</b>	<b>(\$318,909.58)</b>	<b>\$1,025.34</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$627,399.43</b>

The accompanying Notes to Financial Statements are an integral part of this report.