

BONO WATER AND SEWER DEPARTMENT  
CITY OF BONO, ARKANSAS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2024

MEYER & WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, AR 72396

BONO WATER AND SEWER DEPARTMENT  
CITY OF BONO, ARKANSAS

TABLE OF CONTENTS

Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 6
Financial Statements	
Statement of Net Position	7 – 8
Statement of Revenues, Expenses, and Changes in Net Position	9 – 10
Statement of Cash Flows	11
Notes to Financial Statements	12 – 15
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	16 – 17
Schedule of Findings and Responses	18
Schedule of Prior Year Findings	19
Budgetary Comparison Schedules	20
Schedule of Water and Sewer Rates	21

**MEYER AND WARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1045**  
**WYNNE, ARKANSAS 72396**

**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and City Council  
Bono Water and Sewer Department  
Bono, Arkansas 72416

**Report on the Audit of Financial Statements**

**Qualified Opinion**

We have audited the accompanying financial statements of the business-type activities of the Bono Water and Sewer Department as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Bono Water and Sewer Department's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Bono Water and Sewer Department, as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Qualified 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 Bono Water and Sewer Department, 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. As more fully described in Note E to the financial statements for the year ended December 31, 2024, the Entity has not determined the cost of the defined benefit pension plan in accordance with accounting principles generally accepted in the United States of America, which requires the cost of its defined benefit pension plan to be recognized when the accumulated benefit obligation exceeds the fair value of plan assets. Quantification of the effects of that departure on the financial statements is not practicable.

***Emphasis of Matter***

As discussed in Note A, the financial statements present only the Bono Water and Sewer Department and do not purport to, and do not, present fairly the financial position of the City of Bono, Arkansas as of December 31, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principals generally accepted int the United States of America. Our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bono Water and Sewer Department'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 Bono Water and Sewer Department's ability to continue as a going concern for a reasonable period of time.

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–6 and 20 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 opinions on the financial statements that collectively comprise the Utility's basic financial statements. The accompanying supplementary information on page 21 is presented for the purpose of additional analysis and is not a required part of the 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 in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2025, on our consideration of the Bono Water and Sewer Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bono Water and Sewer Department'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 Bono Water and Sewer Department's internal control over financial reporting and compliance.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

June 3, 2025

## **BONO WATER AND SEWER DEPARTMENT MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024**

Within this section of the Bono Water and Sewer Department's financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the year ended December 31, 2024. The Water and Sewer Department's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Using this annual report**

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information about the Department as a whole and present a longer term view of the Department's finances. The Statement of Cash Flows provides a summary of the changes in cash and cash equivalents for the year ended December 31, 2024. Information is included in the notes to financial statements to disclose accounting policies and additional financial detail amounts shown in the financial statements. A report on internal control is also included.

### **Reporting on Bono Water and Sewer Department as a whole**

Our analysis of the Department as a whole follows in the next section. The Department operates as a business-type activity providing water and sewer services to its customers. Its revenues must be sufficient to cover the cost of operations, payments of indebtedness, and cost of improvements to the system. One of the most important questions asked about the Department's finances is "Is the Department as a whole better off as a result of this period's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Department as a whole, and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current period's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Department's net position and the changes which have occurred in the period. You can think of the Department's net position (the difference between its assets and liabilities) as one way to measure the Department's financial health. Over time, increases or decreases in the net position are one indicator of whether the financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as the conditions of the water and sewer system, to assess the overall health of the Department.

**BONO WATER AND SEWER DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

Financial Highlights:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning Net Position	\$ 1,203,025	\$ 1,186,197	\$ 1,186,130
Restatement of Beginning Net Position		44,024	
Increase (Decrease) in Net Position	<u>25,220</u>	<u>(27,196)</u>	<u>67</u>
Ending Net Position	<u><u>\$ 1,228,245</u></u>	<u><u>\$ 1,203,025</u></u>	<u><u>\$ 1,186,197</u></u>

Assets, liabilities, and net position for years ended December 31, 2024, 2023, and 2022 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 165,502	\$ 134,928	\$ 386,303
Restricted Assets	541,293	499,729	157,919
Capital Assets	<u>682,743</u>	<u>722,211</u>	<u>766,643</u>
Total Assets	<u><u>1,389,538</u></u>	<u><u>1,356,868</u></u>	<u><u>1,310,865</u></u>
Current Liabilities	<u>161,293</u>	<u>153,843</u>	<u>124,668</u>
Total Liabilities	<u><u>161,293</u></u>	<u><u>153,843</u></u>	<u><u>124,668</u></u>
Net Position			
Unrestricted	545,502	480,814	419,554
Net Investment in Capital Assets	<u>682,743</u>	<u>722,211</u>	<u>766,643</u>
Total Net Position	<u><u>1,228,245</u></u>	<u><u>1,203,025</u></u>	<u><u>1,186,197</u></u>
Total Liabilities and Net Position	<u><u>\$ 1,389,538</u></u>	<u><u>\$ 1,356,868</u></u>	<u><u>\$ 1,310,865</u></u>

**BONO WATER AND SEWER DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

The following schedule presents a summary of revenues and expenses for the years ended December 31, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 635,589	\$ 641,267	\$ 625,858
Operating Expenses	<u>638,904</u>	<u>669,374</u>	<u>628,383</u>
Operating Income	(3,315)	(28,107)	(2,525)
Other Income (Expense)	<u>28,535</u>	<u>911</u>	<u>2,592</u>
	<u>\$ 25,220</u>	<u>\$ (27,196)</u>	<u>\$ 67</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2024, the Department had \$682,743 invested in capital assets. This represents a net decrease of \$39,468 which is the result of depreciation expense recognized in the amount of \$77,557 and additions of \$38,089.

**Debt**

As of December 31, 2024, the Department had no outstanding debt.

**ECONOMIC FACTORS, BUDGET AND RATES**

The Department has no plans for any major changes for the upcoming year.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, suppliers, and creditors with a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kassandra Dunivan, Clerk, Bono Water and Sewer Department.

BONO WATER AND SEWER DEPARTMENT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024

**ASSETS**

CURRENT ASSETS

Cash and cash equivalents	\$	76,540
Due from City		20,290
Accounts receivable		<u>68,672</u>
Total Current Assets		<u>165,502</u>

RESTRICTED ASSETS

Cash - Reserve		171,165
Cash - Tower Maintenance		3,753
Cash - Equipment Savings		24,068
Certificates of Deposit - Reserve		176,337
Certificates of Deposit - Customer Deposits		<u>165,970</u>
Total Restricted Assets		<u>541,293</u>

PROPERTY, PLANT and Equipment

Capital Assets		2,488,504
Less: Accumulated Depreciation		<u>(1,805,761)</u>
NET PROPERTY, PLANT and Equipment		<u>682,743</u>

TOTAL ASSETS	\$	<u>1,389,538</u>
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The accompanying notes are an integral part of the financial statements.

BONO WATER AND SEWER DEPARTMENT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024

<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 4,887
Garbage Payable	15,596
Sales Tax Payable	3,542
Customer Deposits	<u>137,268</u>
Total Current Liabilities	<u>161,293</u>
Total Liabilities	<u>161,293</u>
Net Position	
Invested in Capital Assets, Net of related debt	682,743
Restricted	
Unrestricted	<u>545,502</u>
Total Net Position	<u>1,228,245</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,389,538</u>

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

BONO WATER AND SEWER DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
DECEMBER 31, 2024

OPERATING REVENUES	
Water Fees	\$ 312,832
Sewer Fees	240,542
Late Fees	36,574
Miscellaneous	45,641
Total Operating Revenue	<u>635,589</u>
OPERATING EXPENSES:	
Salaries and Wages	206,313
Auto and Truck Expense	7,493
Depreciation	77,557
Employee Benefits	34,661
Insurance Expense	50,738
Laboratory Expense	4,949
License and Fees	19,587
Miscellaneous	15,565
Office Expense	10,243
Payroll Taxes	15,867
Professional Fees	15,579
Repairs and Maintenance	61,669
Training	1,649
Supplies	62,515
Uniform Expense	3,849
Utilities Expense	50,670
Total Operating Expenses	<u>638,904</u>
OPERATING INCOME (LOSS)	<u>\$ (3,315)</u>

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

BONO WATER AND SEWER DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
DECEMBER 31, 2024

NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>28,535</u>
Nonoperating revenues (expenses)	<u>28,535</u>
INCREASE (DECREASE) IN NET POSITION	25,220
Beginning Net Position	<u>1,203,025</u>
Net Position at end of year	<u><u>\$ 1,228,245</u></u>

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

BONO WATER AND SEWER DEPARTMENT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows From Operating Activities:	
Receipts from customers	\$ 642,933
Payments to suppliers	(319,468)
Payments to employees	(240,974)
Net cash provided by operating activities	<u>82,491</u>
Cash Flows from Non-Capital Financing Activities	
Transfers (to) from City of Bono	(20,290)
Transfers (to) from Restricted Accounts	(24,389)
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>(44,679)</u>
Cash flows from capital and related financing activities	
Purchase of property and equipment	(38,089)
Net cash provided (used) by capital and related activities	<u>(38,089)</u>
Cash flows from investing activities	
Interest income	28,535
Net cash provided (used) by investing activities	<u>28,535</u>
Increase (decrease) in cash and cash equivalents	28,258
Cash and cash equivalents, beginning of year	247,268
Cash and cash equivalents, end of year	<u>\$ 275,526</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 6,335
Depreciation	77,557
(Increase) Decrease in:	
Accounts receivable	799
Increase (Decrease) in :	
Customer Deposits	6,545
Accounts Payable	905
Net cash provided by operating activities	<u>\$ 92,141</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet	
Cash	\$ 76,540
Restricted Cash	198,986
Cash and Cash Equivalents	<u>\$ 275,526</u>

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

BONO WATER AND SEWER DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Financial Reporting – Bono Water and Sewer Department is a component unit of the City of Bono, Arkansas. The accompanying financial statements present only the Bono Water and Sewer Department and do not include all funds, account groups, and programs controlled by the City of Bono. Other activities, funds, and account groups and programs are included in a government wide audit performed by the Arkansas Division of Legislative Audit. The Water and Sewer Department consists of an enterprise fund with the purpose of providing water and sewer services to the general public within the city and the rural residents of the surrounding area.

Basis of accounting – The Bono Water and Sewer Department uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

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

Cash and Cash Equivalents – The Bono Water and Sewer Department considers all cash, savings accounts, and certificate of deposits purchased to be cash equivalents

Accounts Receivable – Accounts receivable arise from sales of water and sewer services to local customers. Accounts receivable are collateralized by customer deposits. Accounts receivable are presented net of an allowance for doubtful accounts as of December 31, 2024, of \$9,650. The allowance is based on age analysis of accounts and results of collection efforts. Accounts deemed uncollectible after collection efforts and the offset of any customer deposits are charged to the allowance for uncollectible accounts.

Property and Equipment – Property and Equipment are stated at cost. Expenditures for major renewals and betterments are capitalized, while minor repairs, replacements, and maintenance which does not improve or extend the life of such assets are charged to operations as incurred. Depreciation is provided by the straight-line method over the estimated lives of the assets, which range from 5 - 7 years for office furniture and equipment, to 40 years for the water and sewer system.

Risk Management - The Bono Water and Sewer Department minimizes risk of loss through purchase of commercial insurance coverage.

Operating Revenues and Expenses – Operating Revenues and Expenses consists of those revenues that result from ongoing operations and are primarily charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary services. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Department's policy to apply those expenses to restricted net assets to the extent such as are available and then to unrestricted net assets.

Sales Tax – The Bono Water and Sewer Department collects sales taxes on water sold, and remits taxes collected monthly to the State of Arkansas Department of Finance and Administration. Water fees are presented in the accompanying financial statements net of sales taxes.

BONO WATER AND SEWER DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2024

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONT'D)**

Compensated absences – No accrual has been made for compensated absences because the amounts would not be material.

Net Position – Net Position is categorized as investments in capital assets (net of related debt), restricted for debt services (pursuant to debt agreements), or unrestricted.

Advertising – Advertising costs are charged to expenses when incurred.

Credit Risk – Financial instruments which subject the Department to concentration of credit risk consist principally of temporary cash investments. The Department places its temporary cash investments with financial institutions, and its policy is to limit the amount of credit risk exposure. The Department’s policy is to limit such investments to amounts covered by FDIC coverage and securities pledged to collateralize deposits. The credit risk from accounts receivable is limited due to the large number of customers and security deposits held as collateral.

**NOTE B – DEPOSITS WITH FINANCIAL INSTITUTIONS**

The Water and Sewer Department’s policy is for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Water and Sewer Department’s deposits are categorized to give an indication of the level of risk assumed by the Water and Sewer Department. The categories are described as follows:

Category 1- Insured or collateralized by the Water and Sewer Department or by its agent in the Water and Sewer Department’s name.

Category 2- Collateralized with securities held by the pledging financial institution’s trust department or by its agent in the Water and Sewer Department’s name.

Category 3- Uncollateralized.

At December 31, 2024, cash deposits categorized by level of risks are as follows:

Carrying Amount	Category		
	1	2	3
\$ 617,297	\$ 250,000	\$ 367,297	
Petty Cash 536			
\$ 617,833			

**BONO WATER AND SEWER DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE C – PROPERTY AND EQUIPMENT**

A summary of property, plant and equipment for the Water and Sewer Department is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance
<b>Assets not subject to depreciation:</b>				
Land - Water	\$ 24,360			\$ 24,360
Land - Sewer	6,750			6,750
CIP		27,545		27,545
<b>Assets subject to depreciation</b>				
Buildings - Water	54,771			54,771
Water System	1,213,796	5,537		1,219,333
Vehicles - Water	76,185			76,185
Office Equipment - Water	31,967			31,967
Tools and Equipment	67,737			67,737
Buildings - Sewer	10,333			10,333
Sewer System	962,967	5,007		967,974
Office Equipment - Sewer	1,549			1,549
Total Depreciable Assets	<u>2,419,305</u>	<u>10,544</u>	<u>-</u>	<u>2,429,849</u>
<b>Total Assets</b>	<b>2,443,665</b>	<b>38,089</b>		<b>2,488,504</b>
Less Accumulated Depreciation	(1,728,204)	(77,557)		(1,805,761)
<b>Net Property and Equipment</b>	<u><u>\$ 715,461</u></u>	<u><u>\$ (39,468)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 682,743</u></u>

**NOTE D – RESTRICTED ACCOUNTS**

The Customer Meter Deposit CDs are reserved for customer meter deposits. The cash balance should equal or exceed the Customer Meter Deposit liability. At December 31, 2024, the Customer Meter Deposit cash exceeded the liability balance by \$ 28,702.

BONO WATER AND SEWER DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024

**NOTE E – RETIREMENT PLANS**

Arkansas Public Employees Retirement System  
Plan Description

The Department contributes to the Arkansas Public Employees Retirement System (APERS) a cost sharing multiple-employer defined benefit plan that covers certain employees. APERS, administered by a Board of Trustees, 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 only be amended by the Arkansas General Assembly. 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, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State Law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for municipalities is 15.32% of covered salaries. The Department's contribution to APERS for the year ended December 31, 2024, were \$34,661 equal to the required contributions.

Net Pension Liability

The Department's proportionate share of the collective net pension liability at December 31, 2024 is unable to be determined due to combined city and water retirement reporting.

**NOTE F – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 3, 2025; the date this report was available to be issued. No items were noted which would require disclosure.

MEYER & WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, ARKANSAS 72396

**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 Mayor and City Council  
Bono Water and Sewer Department  
Bono, Arkansas 72416

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Bono Water and Sewer Department as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Bono Water and Sewer Department's basic financial statements and have issued our report thereon dated June 3, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bono Water and Sewer Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bono Water and Sewer Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bono Water and Sewer Department'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 Department'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies (24-01).

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bono Water and Sewer Department'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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

## **Bono Water and Sewer Department's Response to Findings**

Bono Municipal Water and Sewer Department's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Bono Water and Sewer Department's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

June 3, 2025

**BONO WATER AND SEWER DEPARTMENT  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2024**

# 24-01 Segregation of Duties

**CONDITION:** The Bono Water and Sewer Department does not have enough employees for the appropriate segregation of duties necessary for effective internal controls.

**CRITERIA:** Segregation of duties provides for independent review and approval of all transactions at various stages of the financial reporting process. Adequate segregation of duties is an essential part of an effective internal control structure.

**EFFECT:** Inadequate segregation of duties reduces the Department's internal control over financial reporting, processing of transactions, and safeguarding of assets.

**RECOMMENDATION:** The Department's management should review all transactions, accounting records, and reconciliations in order to compensate for the limited number of employees. Such a review should be performed at least monthly and documented.

**RESPONSE:** Additional employees for the purpose of improving internal controls would not be cost beneficial. Currently, all employees are supervised by management, and financial records and reports are reviewed monthly by the Council.

**BONO WATER AND SEWER DEPARTMENT  
SCHEDULE OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2024**

Prior year finding #23-01 – Lack of Segregation of Duties

This finding has been repeated as finding #24-01.

**BONO WATER AND SEWER DEPARTMENT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

OPERATING REVENUES	Actual	Budget	Variance
Water Fees	\$ 312,832	\$ 350,000	\$ (37,168)
Sewer Fees	240,542	250,000	(9,458)
Late Fees	36,574	-	36,574
Miscellaneous	45,641	299,400	(253,759)
Total Operating Revenue	<u>635,589</u>	<u>899,400</u>	<u>(263,811)</u>
OPERATING EXPENSES:			
Salaries and Wages	206,313	200,000	(6,313)
Auto and Truck Expense	7,493	10,000	2,507
Depreciation	77,557		(77,557)
Employee Benefits	34,661	38,000	3,339
Insurance Expense	50,738	60,000	9,262
Laboratory Expense	4,949	6,500	1,551
License and Fees	19,587	26,000	6,413
Miscellaneous	15,565	4,000	(11,565)
Office Expense	10,243	49,000	38,757
Payroll Taxes	15,867	20,000	4,133
Professional Fees	15,579	21,000	5,421
Refuse Expense		179,000	179,000
Repairs and Maintenance	61,669	15,000	(46,669)
Sales Tax Expense		39,000	39,000
Supplies	62,515	125,000	62,485
Training	1,649	2,000	351
Uniform Expense	3,849	4,200	351
Utilities Expense	50,670	44,000	(6,670)
Total Operating Expenses	<u>638,904</u>	<u>842,700</u>	<u>203,796</u>
OPERATING INCOME (LOSS)	<u>(3,315)</u>	<u>56,700</u>	<u>(60,015)</u>
NONOPERATING REVENUES (EXPENSES)			
Transfers In/(Out) - City General Fund	-	(66,000)	66,000
Interest income	28,535	2,450	26,085
Nonoperating revenues (expenses)	<u>28,535</u>	<u>(63,550)</u>	<u>92,085</u>
INCREASE (DECREASE) IN NET POSITION	<u>25,220</u>	<u>(6,850)</u>	<u>32,070</u>

**BONO WATER AND SEWER DEPARTMENT  
SCHEDULE OF WATER AND SEWER RATES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<u>Customer Service</u>	<u>Water</u>	<u>Sewer</u>
First 1,000 gallons	\$ 10.25	\$ 8.00
Per 1,000 gallons	3.50	3.50