

GURDON MUNICIPAL WATER AND SEWER WORKS



GURDON, ARKANSAS

MAY 31, 2023

GURDON MUNICIPAL WATER AND SEWER WORKS
GURDON, ARKANSAS

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the City Council and Management of
Gurdon Municipal Water and Sewer Works
Gurdon, Arkansas

We have performed the procedures enumerated below on the accounting records of Gurdon Municipal Water and Sewer Works as of and for the year ended May 31, 2023. Gurdon Municipal Water and Sewer Works' management is responsible for the accounting records.

Gurdon Municipal Water and Sewer Works has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Cash and Investments

- a. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- b. Confirm with depository institutions the cash on deposit and investments.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of the procedures.

2. Receipts

- a. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- b. Agree ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- c. For one deposit, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

4. Disbursements

- a. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- b. Analyze all property, plant and equipment disbursements.
- c. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

- a. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater.)

We found no exceptions as a result of the procedure.

6. Long-Term Debt

- a. Schedule long-term debt and verify changes in all balances for the year.
- b. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

7. General

- a. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the procedure.

We were engaged by Gurdon Municipal Water and Sewer Works to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of Gurdon Municipal Water and Sewer Works. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Gurdon Municipal Water and Sewer Works and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Gurdon Municipal Water and Sewer Works and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

February 11, 2025

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Gurdon Municipal Water and Sewer Works
Gurdon, Arkansas

Management is responsible for the accompanying financial statements of Gurdon Municipal Water and Sewer Works, which comprise the statements of net position as of May 31, 2023 and 2022, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and related notes to the financial statements as listed in the table contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Budgetary Schedule of Comparison on Page 20 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on the information.

The May 31, 2022 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated August 30, 2024. We have not performed any auditing procedures since that date.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
February 11, 2025

GURDON MUNICIPAL WATER AND SEWER WORKS
STATEMENTS OF NET POSITION
MAY 31, 2023 AND 2022

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ASSETS

	2023 <u>Compiled</u>	2022 <u>Audited</u>
CURRENT ASSETS:		
Cash on Hand	\$ 900	\$ 900
Cash in Bank	179,472	191,040
Certificates of Deposit	358,109	355,145
Accounts Receivable	62,676	62,096
Inventory of Materials and Supplies	68,663	68,663
Prepaid Expenses	6,891	6,691
Accrued Interest Receivable	1,791	76
TOTAL CURRENT ASSETS	<u>678,502</u>	<u>684,611</u>
 TOTAL RESTRICTED ASSETS (Schedule II)	 <u>164,121</u>	 <u>161,937</u>
 PLANT AND EQUIPMENT:		
Land	23,615	23,615
Water Plant, Extensions, and Improvements	1,647,269	1,647,269
Sewer Plant, Extensions, and Improvements	2,839,032	2,839,032
Rural Plant, Extensions, and Improvements	2,233,344	2,233,344
Vehicles and Equipment	784,854	784,854
	<u>7,528,114</u>	<u>7,528,114</u>
Less: Accumulated Depreciation	<u>(5,622,269)</u>	<u>(5,438,343)</u>
TOTAL PLANT AND EQUIPMENT	<u>1,905,845</u>	<u>2,089,771</u>
 TOTAL ASSETS	 <u><u>\$ 2,748,468</u></u>	 <u><u>\$ 2,936,319</u></u>

The accompanying notes are an integral part of these Financial Statements.

GURDON MUNICIPAL WATER AND SEWER WORKS
STATEMENTS OF NET POSITION
MAY 31, 2023 AND 2022

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LIABILITIES AND NET POSITION

	<u>2023</u> <u>Compiled</u>	<u>2022</u> <u>Audited</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 23,064	\$ 19,079
Accrued Salaries	681	4,872
Accrued Taxes Payable	10,108	10,224
Notes Payable - Current Maturity	16,799	16,369
TOTAL CURRENT LIABILITIES	<u>50,652</u>	<u>50,544</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accrued Interest Payable	1,302	1,441
Customers' Meter Deposits	109,910	107,910
Rural Development Bonds Payable - Current Maturity	28,675	27,184
TOTAL LIABILITIES PAYABLE FROM RESTRICTED FUNDS	<u>139,887</u>	<u>136,535</u>
LONG-TERM DEBT:		
Rural Development Bond Payable (1992)	64,762	71,282
Rural Development Bond Payable (1997)	380,726	404,830
First State Bank Notes Payable	35,057	51,833
TOTAL LONG-TERM DEBT	<u>480,545</u>	<u>527,945</u>
TOTAL LIABILITIES	<u>671,084</u>	<u>715,024</u>
NET POSITION:		
Invested Capital Assets, Net of Related Debt	7,002,095	6,956,616
Restricted	52,909	52,586
Unrestricted	(4,977,620)	(4,787,907)
TOTAL NET POSITION	<u>2,077,384</u>	<u>2,221,295</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,748,468</u>	<u>\$ 2,936,319</u>

The accompanying notes are an integral part of these Financial Statements.

GURDON MUNICIPAL WATER AND SEWER WORKS
STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR YEARS ENDED MAY 31, 2023 AND 2022

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	2023 Compiled	2022 Audited
OPERATING REVENUE:		
Water Revenue	\$ 365,577	\$ 353,646
Sewer Revenue	245,910	253,641
Penalties	14,104	14,231
Connection Fees	18,650	13,925
Processing Services	28,000	24,000
Other Income	11,090	14,395
TOTAL OPERATING REVENUE	<u>683,331</u>	<u>673,838</u>
OPERATING EXPENSES (SCHEDULE I)	737,776	688,464
OPERATING INCOME (LOSS)	<u>(54,445)</u>	<u>(14,626)</u>
OTHER INCOME (EXPENSES):		
Interest Earned	9,597	3,364
Interest Expense	(24,063)	(27,829)
TOTAL OTHER INCOME (EXPENSES)	<u>(14,466)</u>	<u>(24,465)</u>
NET INCOME (LOSS)	<u>(68,911)</u>	<u>(39,091)</u>
NET POSITION AT BEGINNING OF YEAR	2,221,295	2,348,741
TRANSFERS TO CITY OF GURDON	(75,000)	(88,355)
NET POSITION AT END OF YEAR	<u>\$ 2,077,384</u>	<u>\$ 2,221,295</u>

The accompanying notes are an integral part of these Financial Statements.

GURDON MUNICIPAL WATER AND SEWER WORKS
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED MAY 31, 2023 AND 2022

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	2023 Compiled	2022 Audited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 682,751	\$ 674,714
Cash Paid to Suppliers	(293,164)	(249,339)
Cash Paid to Employees	(261,208)	(258,184)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>128,379</u>	<u>167,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	7,895	3,778
Investment Purchases	(2,964)	(1,281)
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>4,931</u>	<u>2,497</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Change in Meter Deposits	2,000	2,259
Transfer to City of Gurdon	(75,000)	(88,355)
NET CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	<u>(73,000)</u>	<u>(86,096)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from Debt	-	46,520
Fixed Asset Acquisition	-	(52,476)
Principal Debt Payment	(45,479)	(41,034)
Interest Payment	(24,202)	(27,815)
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(69,681)</u>	<u>(74,805)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(9,371)</u>	<u>8,787</u>
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	268,555	259,768
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 259,184</u></u>	<u><u>\$ 268,555</u></u>

The accompanying notes are an integral part of these Financial Statements.

GURDON MUNICIPAL WATER AND SEWER WORKS
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED MAY 31, 2023 AND 2022

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Reconciliation of operating income to net cash provided by operating activities:

	2023 <u>Compiled</u>	2022 <u>Audited</u>
OPERATING INCOME (LOSS)	<u>\$ (54,445)</u>	<u>\$ (14,626)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Depreciation	183,926	186,424
Change in Assets and Liabilities:		
Accounts Receivable	(580)	876
Inventory		(4,652)
Prepaid Expenses	(200)	(385)
Accounts Payable and Accrued Expenses	<u>(322)</u>	<u>(446)</u>
TOTAL ADJUSTMENTS	182,824	181,817
NET CASH FLOW FROM OPERATING ACTIVITIES	<u><u>\$ 128,379</u></u>	<u><u>\$ 167,191</u></u>

SCHEDULE OF NONCASH INVESTING AND FINANCING
ACTIVITIES:

None

The accompanying notes are an integral part of these Financial Statements.

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 1. Significant Accounting Policies:

The Gurdon Municipal Water and Sewer Works is an enterprise fund of the City of Gurdon, Arkansas. The System is governed by the Board of Directors of the City of Gurdon, Arkansas. The accompanying financial statements and other information reflect the Gurdon Municipal Water and Sewer Works fund and do not include other funds of the City of Gurdon, Arkansas.

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The System applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The System applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

Inventory of material and supplies is stated at cost on the first-in, first-out basis.

The Water Works capitalizes all expenditures in excess of \$2,000 and with a useful life of more than one year. Donated fixed assets are valued at their estimated fair market value on the date donated. Interest costs are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Plant infrastructure and equipment are stated on the basis of cost, and depreciation is calculated using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Water Plant	40
Sewer Plant	40
Vehicles and Equipment	4 - 10

Depreciation is partially funded by transfers to the depreciation fund at the rate of 5% of gross revenues of the System. No current year transfers were required or made as Debt Service Reserves were fully funded on May 31, 2023 and 2022.

For purposes of the Statement of Cash Flows, the System considers all highly liquid investments (including restricted assets), such as certificates of deposit, with a maturity of three months or less when purchased to be cash equivalents.

The Utility System requires every customer to pay a cash meter deposit before service is provided. Concentrations of credit risk with respect to trade receivables are limited by these deposits. The Utility monitors its exposure for credit losses and maintains allowances for anticipated losses, if warranted.

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

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 1. Significant Accounting Policies: (Continued)

The System has investments of \$443,415 in bank certificates of deposit. Maturities are as follows:

<u>Maturity Date</u>	<u>Market Value at 5/31/2023</u>
9/30/2023	\$ 119,967
10/14/2023	110,653
10/22/2023	85,306
12/21/2023	63,835
8/17/2023	63,654
	<u>\$ 443,415</u>

Note 2. Current Assets:

The accounts receivable at May 31, 2023 amounting to \$62,676 are for May billings except for \$950, which are accounts in arrears.

The materials and supplies inventory in the amount of \$68,663 contains various items on hand for use in repair and maintenance of the plant and for extensions.

Prepaid expenses consists of the unexpired portion of payments for insurance coverage and a credit balance for amounts prepaid to the Arkansas Department of Workforce Services.

Note 3. Restricted Assets:

Schedule II of this report shows a schedule of restricted assets at May 31, 2023, compared with those balances at May 31, 2022.

Note 4. Liabilities:

Accounts payable in the amount of \$23,064, reported as a current liability, is composed of operating expenses for May 2023 paid in June 2023.

Note 5. Bonded Debt:

In July, 1992, the System issued a 5% Water and Sewer Revenue Bond for \$170,000 to USDA/Rural Development. Interest only was due at July 28, 1993. Payments of \$828 per month for 39 years began August 28, 1993. This bond was issued to finance a new water well and transmission line. A schedule of debt service requirements is presented on Schedule IV of this report.

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 5. Bonded Debt: (Continued)

In April, 1997 the System issued a revenue bond to the USDA/Rural Development for \$709,300 for part of the financing of Phase II of the Rural Water Project. This is a 5% bond to be paid over 40 years. Payments of \$3,483 per month for 38 years began May 8, 1999. A schedule of debt service requirements is presented on Schedule V of this report.

Bonds payable as of May 31, 2023 and 2022 are summarized as follows:

	<u>5/31/2023</u>	<u>5/31/2022</u>
1992 Revenue Bond - Rural Development; payable \$828 monthly including interest at 5%, collateralized by system revenues.	\$ 71,282	\$ 77,484
1997 Revenue Bond - Rural Development; payable \$3,483 monthly including interest at 5%, collateralized by system revenues.	<u>402,881</u>	<u>425,812</u>
	474,163	503,296
Less portion considered current	<u>(28,675)</u>	<u>(27,184)</u>
Total long-term debt	<u>\$ 445,488</u>	<u>\$ 476,112</u>

Note 6. Notes Payable:

The System has entered into two loan agreements with First State Bank. Proceeds from the loans were used for purchasing water and sewer works equipment.. Interest and principal payments for the two loans for the next five years are presented in a schedule below the following summary.

Notes payable as of May 31, 2023 and 2022 are summarized as follows:

	<u>5/31/2023</u>	<u>5/31/2022</u>
First State Bank; payable \$829 monthly including interest at 2.6%, collateralized by system equipment.	\$ 29,407	\$ 38,444
First State Bank; payable \$667 monthly including interest at 2.6%, collateralized by system equipment.	<u>22,449</u>	<u>29,758</u>
	51,856	68,202
Less portion considered current	<u>(28,675)</u>	<u>(16,369)</u>
Total long-term debt	<u>\$ 35,057</u>	<u>\$ 51,833</u>

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 6. Notes Payable: (Continued)

	Payment Amount	Loan Interest	Principal
2024	\$ 17,948	\$ 1,149	\$ 16,799
2025	17,948	707	17,241
2026	17,265	253	17,012
2027	806	2	80
2028	0	0	0
Total	<u>\$ 53,966</u>	<u>\$ 2,111</u>	<u>\$ 51,856</u>

Note 7. Contributed Capital and Retained Income:

Contributed capital represents grants received to assist in financing construction of new additions or replacements to the system. The amount of grants received was \$2,098,194, of which \$377,467 was from the Arkansas Community and Economic Development Program, \$929,102 was from the Department of Housing and Urban Development and \$791,625 from the Arkansas Industrial Development Commission and passed through Clark County, Arkansas.

Contributed capital also includes the value of system additions paid for by customers. The City of Whelen Springs contributed \$50,000 toward the construction of a new well, and the Gurdon Public Schools contributed \$58,700 toward the rural water project. The total amount of customers' contribution was \$172,775 at May 31, 2023.

Retained Earnings in the amount of \$(217,817) as of May 31, 2023 consists of the accumulated earnings of the Water and Sewer Works of \$54,107 and the excess of restricted assets over liabilities payable from restricted assets of \$24,234.

Note 8. Public Fund Deposits and Investments:

State law generally requires that City funds be deposited in federally insured banks located within the State of Arkansas. The deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations the principal and interest on which are fully guaranteed by the United States of America. All cash funds of the Systems, except bonds funds held by the trustees of prior bond issues, are deposited in accounts in the name of Gurdon Municipal Water and Sewer Works in financial institutions permitted by law.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Gurdon Municipal Water and Sewer Works does not have a policy for custodial credit risk. The carrying value of the Systems' accounts and investments at May 31, 2023 was \$705,788. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had bank balances of \$707,056 before reduction of outstanding items. Financial institutions pledged securities with a fair market value of \$264,842 to collateralize deposits.

The securities held as collateral are classified as to credit risk under three categories, as follows:

- Category 1 - Collateralized with securities held by the Systems or by its agent in the Systems' name,
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Systems' name.
- Category 3 - Uncollateralized - this includes held by the pledging financial institution's trust department or agent but not in the Systems' name.

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 8. Public Fund Deposits and Investments: (Continued)

All securities are classified under category 3, above.

Federal Deposit Insurance Corporation coverage allows for \$250,000 of coverage on all time and savings accounts, and separately \$250,000 on all demand accounts deposited within each financial institution participating in the FDIC program. We were unable to determine the amount of FDIC coverage for Gurdon Municipal Water and

Sewer Works' accounts and investments. FDIC coverage is provided on an entity level to be shared jointly by all City of Gurdon accounts and investments at a financial institution.

Investment Interest Rate Risk: Gurdon Municipal Water and Sewer Works does not have an investment interest rate risk. All investments are six-month certificates of deposit and the Systems are under no obligation to renew upon maturity.

Investment Credit Risk: Gurdon Municipal Water and Sewer Works does not have a formal investment policy. All investments are short-term certificates of deposit with banks authorized by state law to receive deposits of public funds and with which the System has a collateral agreement.

Foreign Currency Risk: Gurdon Municipal Water and Sewer Works has no exposure to foreign currency risk.

Note 9. General:

In addition to the insurance carried on the System's equipment, a blanket bond of \$50,000 per person, per occurrence, is carried by the Commission on all employees. The City of Gurdon maintains insurance on the plant and equipment.

The City of Gurdon contracts with an outside service company for garbage service. The Utility System bills and collects for the service and remits the collections to the City Treasurer.

The System has an agreement to furnish water to the City of Whelen Springs, Arkansas. The System charges a minimum bill of \$1,700 for the first 400,000 gallons of water and \$2.55 for each additional 1,000 gallons each month. In addition, the System charged the City of Whelen Springs \$28,000 for operating the system for the City.

The City's personnel policy allows for sick leave of one and one-half days per month to a maximum accumulation of 60 days. Employees are not paid for any unused sick leave.

The System's customers are classified as water and sewer service, water service only, sewer service only, and garbage pickup only. The total number of customers at May 31, 2023 was 1,267.

Ordinance # 17-003 passed March 27, 2017 set the following water rates:

1. For residence and small businesses (3/4" meters) (excluding customers on Gurdon Rural Water System):

For first 1,000 gallons of water consumption per month or portion thereof	\$ 13.00 (minimum)
In excess of 1,000 gallons of water consumption per month	\$ 1.75 per 1,000 gallons

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 9. General: (Continued)

2. For residence and small businesses on Gurdon Rural Water System (3/4" meters):
For first 1,000 gallons of water consumption per month or portion thereof \$ 19.75 (minimum)
In excess of 1,000 gallons of water consumption per month \$ 2.75 per 1,000 gallons
3. For businesses and apartment complexes (2"meters):
For the first 25,000 gallons water consumption per month or portion thereof \$ 53.00 (minimum)
In excess of 25,000 gallons of water consumption per month \$ 1.75 per 1,000 gallons

Ordinance # 17-003 passed March 27, 2017 set the following sewer rates:

1. For residence and small businesses (excluding customers on Gurdon Rural Water System):
For first 1,000 gallons water consumption per month or portion thereof \$ 15.25 (minimum)
In excess of 1,000 gallons water consumption per month \$ 2.30 per 1,000 gallons
2. For residence and small businesses on Gurdon Rural Water System:
For first 1,000 gallons water consumption per month or portion thereof \$ 19.30 (minimum)
In excess of 1,000 gallons water consumption per month \$ 2.30 per 1,000 gallons
3. For businesses and apartment complexes:
For first 25,000 gallons water consumption per month or portion thereof \$ 65.20 (minimum)
In excess of 25,000 gallons water consumption per month \$ 2.30 per 1,000 gallons

GURDON MUNICIPAL WATER AND SEWER WORKS
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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Note 10. Capital Assets:

Capital Asset activity for the year ended May 31, 2023 and 2022 was as follows:

	5/31/2022 BALANCE	INCREASES	DECREASES	5/31/2023 BALANCE
CAPITAL ASSETS:				
Land	\$ 23,615	\$ -	\$ -	\$ 23,615
Water Plant	1,647,269	-	-	1,647,269
Sewer Plant	2,839,032	-	-	2,839,032
Rural Plant	2,233,344	-	-	2,233,344
Vehicles and Equipment	784,854	-	-	784,854
TOTAL CAPITAL ASSETS AT HISTORICAL COST	<u>7,528,114</u>	<u>-</u>	<u>-</u>	<u>7,528,114</u>
LESS ACCUMULATED DEPRECIATION:				
Water Plant	(1,428,399)	(24,509)	-	(1,452,908)
Sewer Plant	(2,000,015)	(58,121)	-	(2,058,136)
Rural Plant	(1,399,922)	(55,834)	-	(1,455,756)
Vehicles and Equipment	<u>(610,007)</u>	<u>(45,462)</u>	<u>-</u>	<u>(655,469)</u>
TOTAL DEPRECIATION	<u>(5,438,343)</u>	<u>(183,926)</u>	<u>-</u>	<u>(5,622,269)</u>
NET CAPITAL ASSETS	<u>\$ 2,089,771</u>	<u>\$ (183,926)</u>	<u>\$ -</u>	<u>\$ 2,089,771</u>
	5/31/2021 BALANCE	INCREASES	DECREASES	5/31/2022 BALANCE
CAPITAL ASSETS:				
Land	\$ 20,115	\$ 3,500	\$ -	\$ 23,615
Water Plant	1,647,269	-	-	1,647,269
Sewer Plant	2,839,032	-	-	2,839,032
Rural Plant	2,233,344	-	-	2,233,344
Vehicles and Equipment	735,878	48,976	-	784,854
TOTAL CAPITAL ASSETS AT HISTORICAL COST	<u>7,475,638</u>	<u>52,476</u>	<u>-</u>	<u>7,528,114</u>
LESS ACCUMULATED DEPRECIATION:				
Water Plant	(1,403,890)	(24,509)	-	(1,428,399)
Sewer Plant	(1,941,894)	(58,121)	-	(2,000,015)
Rural Plant	(1,344,088)	(55,834)	-	(1,399,922)
Vehicles and Equipment	<u>(562,047)</u>	<u>(47,960)</u>	<u>-</u>	<u>(610,007)</u>
TOTAL DEPRECIATION	<u>(5,251,919)</u>	<u>(186,424)</u>	<u>-</u>	<u>(5,438,343)</u>
NET CAPITAL ASSETS	<u>\$ 2,223,719</u>	<u>\$ (133,948)</u>	<u>\$ -</u>	<u>\$ 2,089,771</u>

SUPPLEMENTAL INFORMATION

GURDON MUNICIPAL WATER AND SEWER WORKS
SCHEDULES OF OPERATING EXPENSES
FOR YEARS ENDED MAY 31, 2023 AND 2022

SCHEDULE I
Page 16

	<u>2023</u> <u>Compiled</u>	<u>2022</u> <u>Audited</u>
OPERATING EXPENSES:		
Salaries	\$ 257,017	\$ 260,701
Depreciation:		
Water Plant	24,509	24,509
Sewer Plant	58,121	58,121
Rural Plant	55,834	55,834
Other	45,462	47,960
Maintenance and Repairs:		
Water Plant	43,680	31,558
Sewer Plant	59,703	60,709
Utilities	43,811	42,855
Auditing and Legal	7,850	6,400
Office Supplies and Expense	20,375	24,662
Training and Seminars	175	475
Vehicle Expense	45,833	13,024
Payroll Taxes	29,059	20,856
Insurance	33,058	29,226
Federal Safe Drinking Water Fee	5,016	5,016
Licenses and Permits	6,193	6,134
Miscellaneous	2,080	424
TOTAL OPERATING EXPENSES	<u>\$ 737,776</u>	<u>\$ 688,464</u>

See Independent Accountants' Report.

GURDON MUNICIPAL WATER AND SEWER WORKS
SCHEDULES OF RESTRICTED ASSETS
MAY 31, 2023 AND 2022

SCHEDULE II
Page 17

	<u>2023</u> <u>Compiled</u>	<u>2022</u> <u>Audited</u>
DEPRECIATION FUND:		
Cash	\$ 54,178	\$ 54,012
TOTAL DEPRECIATION FUND	<u>54,178</u>	<u>54,012</u>
 CUSTOMERS' METER DEPOSIT FUND:		
Cash	24,604	22,603
Certificates of Deposit	85,306	85,306
Accrued Interest Receivable	33	16
TOTAL CUSTOMERS' METER DEPOSIT FUND	<u>109,943</u>	<u>107,925</u>
 TOTAL RESTRICTED ASSETS	<u><u>\$ 164,121</u></u>	<u><u>\$ 161,937</u></u>

See Independent Accountants' Report.

GURDON MUNICIPAL WATER AND SEWER WORKS
SCHEDULE OF DEBT SERVICE REQUIREMENTS
RURAL DEVELOPMENT REVENUE BOND DATED JULY 30, 1992
MAY 31, 2023

SCHEDULE III
Page 18

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>LOAN INTEREST</u>	<u>PRINCIPAL</u>	<u>PRINCIPAL BALANCE</u>
05-31-22				71,282
05-31-24	9,936	3,416	6,520	64,762
05-31-25	9,936	3,082	6,854	57,908
05-31-26	9,936	2,732	7,204	50,704
05-31-27	9,936	2,363	7,573	43,131
05-31-28	9,936	1,976	7,960	35,171
05-31-29	9,936	1,568	8,368	26,803
05-31-30	9,936	1,140	8,796	18,007
05-31-31	9,936	691	9,245	8,762
05-31-32	8,979	217	8,762	-
TOTALS	<u>\$88,467</u>	<u>\$ 17,185</u>	<u>\$ 71,282</u>	

See Independent Accountants' Report.

GURDON MUNICIPAL WATER AND SEWER WORKS
SCHEDULE OF DEBT SERVICE REQUIREMENTS
RURAL DEVELOPMENT REVENUE BOND DATED APRIL 8, 1997
MAY 31, 2023

SCHEDULE IV
Page 19

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>LOAN INTEREST</u>	<u>PRINCIPAL</u>	<u>PRINCIPAL BALANCE</u>
05-31-23				402,881
05-31-24	41,796	19,641	22,155	380,726
05-31-25	41,796	18,507	23,289	357,437
05-31-26	41,796	17,316	24,480	332,957
05-31-27	41,796	16,064	25,732	307,225
05-31-28	41,796	14,747	27,049	280,176
05-31-29	41,796	13,363	28,433	251,743
05-31-30	41,796	11,908	29,888	221,855
05-31-31	41,796	10,379	31,417	190,438
05-31-32	41,796	8,772	33,024	157,414
05-31-33	41,796	7,082	34,714	122,700
05-31-34	41,796	5,306	36,490	86,210
05-31-35	41,796	3,440	38,356	47,854
05-31-36	41,796	1,477	40,319	7,535
05-31-37	7,588	52	7,535	-
TOTALS	<u>\$ 550,936</u>	<u>\$ 148,054</u>	<u>\$ 402,881</u>	

See Independent Accountants' Report.

GURDON MUNICIPAL WATER AND SEWER WORKS
BUDGETARY COMPARISON SCHEDULE
FOR YEAR ENDED MAY 31, 2023

SCHEDULE V
Page 20

	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUE:			
Water Revenue	\$ 390,925	\$ 365,577	\$ (25,348)
Sewer Revenue	302,925	245,910	(57,015)
Penalties	12,000	14,104	2,104
Connection Fees	12,000	18,650	6,650
Processing Services	24,000	28,000	4,000
Other Income	7,100	11,090	3,990
TOTAL OPERATING REVENUE	<u>748,950</u>	<u>683,331</u>	<u>(65,619)</u>
OPERATING EXPENSES:			
Salaries	223,000	\$ 257,017	34,017
Depreciation:			
Water Plant	-	24,509	24,509
Sewer Plant	-	58,121	58,121
Rural Plant	-	55,834	55,834
Other	-	45,462	45,462
Maintenance and Repairs:			
Water Plant	70,000	43,680	(26,320)
Sewer Plant	70,000	59,703	(10,297)
Utilities	50,000	43,811	(6,189)
Auditing and Legal	8,500	7,850	(650)
Office Supplies and Expense	31,000	20,375	(10,625)
Training and Seminars	600	175	(425)
Vehicle Expense	30,000	45,833	15,833
Payroll Taxes	25,000	29,059	4,059
Insurance	28,000	33,058	5,058
Federal Safe Drinking Water Fee	5,100	5,016	(84)
Licenses and Permits	9,900	6,193	(3,707)
Bad Debts	1,200	-	(1,200)
Miscellaneous	1,200	2,080	880
TOTAL OPERATING EXPENSES	<u>553,500</u>	<u>737,776</u>	<u>184,276</u>
OPERATING INCOME (LOSS)	<u>195,450</u>	<u>(54,445)</u>	<u>(249,895)</u>
OTHER INCOME (EXPENSES):			
Interest Income	-	9,597	9,597
Interest Expense	-	(24,063)	(24,063)
TOTAL OTHER INCOME (EXPENSES)	<u>-</u>	<u>(14,466)</u>	<u>(14,466)</u>
NET INCOME (LOSS)	<u>195,450</u>	<u>(68,911)</u>	<u>(264,361)</u>
TRANSFER TO CITY OF GURDON	(75,000)	(75,000)	-
NET INCOME (LOSS)	<u>\$ 120,450</u>	<u>\$ (143,911)</u>	<u>\$ (264,361)</u>

See Independent Accountants' Report.