

**CITY OF VAN BUREN, ARKANSAS
MUNICIPAL UTILITIES FUND
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Van Buren, Arkansas Municipal Utilities Fund
Van Buren, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the **City of Van Buren, Arkansas Municipal Utilities Fund (the Fund)**, as of and for the years ended **December 31, 2022** and **2021** and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of **December 31, 2022** and **2021** and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the City of Van Buren, Arkansas, as of **December 31, 2022** and **2021** and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters***Required Supplementary Information***

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basis financial statements. The Schedules of Cash Receipts and Disbursements: Depreciation Account and Capital Improvement Account, Schedules of Department Expenses, and Schedule of Revenue Bonds Payable are presented for the purposes of additional analysis and is not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **July 12, 2023**, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other grant agreements and other matters. The purpose of that report is 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 Fund'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 Fund's internal control over financial reporting and compliance.

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Van Buren, Arkansas

July 12, 2023

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

**To the Board of Commissioners
City of Van Buren, Arkansas Municipal Utilities Fund
Van Buren, Arkansas**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **City of Van Buren, Arkansas Municipal Utilities Fund (the Fund)**, as of and for the year ended **December 31, 2022**, and the related notes to the financial statements, which collectively comprise Fund's basic financial statements, and have issued our report thereon dated **July 12, 2023**, which was modified to reflect the omission of the management's discussion and analysis.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 Fund's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 of the effectiveness of the Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hubbs & Whitehead, CPAs". The script is cursive and fluid.

Hubbs & Whitehead, CPAs
Van Buren, Arkansas

July 12, 2023

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2022	2021
CURRENT ASSETS		
Cash	\$ 2,304,379	\$ 2,564,755
Certificates of deposit	-	860,426
Customer accounts receivable, net of allowance for doubtful accounts	1,351,881	1,445,622
Due from other governments	131	-
Prepaid expenses	75,676	84,865
	<hr/>	<hr/>
Total Current Assets	3,732,067	4,955,668
	<hr/>	<hr/>
CAPITAL ASSETS		
Land and land rights	1,151,935	1,151,935
Buildings	1,377,512	1,377,512
Machinery and equipment	4,070,822	3,657,444
Distribution system	70,064,955	66,047,170
Construction in progress	5,187,829	7,849,648
	<hr/>	<hr/>
	81,853,053	80,083,709
Less: accumulated depreciation	(40,701,919)	(38,948,568)
	<hr/>	<hr/>
Total Capital Assets	41,151,134	41,135,141
	<hr/>	<hr/>
NONCURRENT ASSETS		
Restricted cash	2,940,128	2,302,808
Restricted certificates of deposit	153,351	151,534
	<hr/>	<hr/>
Total Noncurrent Assets	3,093,479	2,454,342
	<hr/>	<hr/>
Total Assets	47,976,680	48,545,151
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding of debt, net of amortization	77,551	109,446
Deferred outflows of resources related to pension	189,423	147,286
	<hr/>	<hr/>
Total Deferred Outflows of Resources	266,974	256,732
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 48,243,654	\$ 48,801,883
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See Independent Auditor's Report and Notes to the Financial Statements.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2022	2021
CURRENT LIABILITIES		
Accounts payable	\$ 630,850	\$ 437,751
Accrued liabilities	381,959	405,720
Accounts payable for fixed assets	74,261	99,022
Accrued interest	8,462	10,512
Current portion of long-term debt	<u>640,000</u>	<u>615,000</u>
Total Current Liabilities	<u>1,735,532</u>	<u>1,568,005</u>
NONCURRENT LIABILITIES		
Customer deposits	250,140	248,066
Long-term debt, net of unamortized bond discounts	2,862,737	3,551,160
Net pension liability	<u>2,286,161</u>	<u>637,736</u>
Total Noncurrent Liabilities	<u>5,399,038</u>	<u>4,436,962</u>
Total Liabilities	<u>7,134,570</u>	<u>6,004,967</u>
DEFERRED INFLOWS		
Deferred inflows of resources related to pension	<u>1,130,831</u>	<u>1,117,825</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,265,401</u>	<u>7,122,792</u>
NET POSITION		
Invested in capital assets, net of related debt	37,648,397	36,968,981
Restricted for debt service	174,080	169,289
Unrestricted	<u>2,155,776</u>	<u>4,540,821</u>
Total Net Position	<u>39,978,253</u>	<u>41,679,091</u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>\$ 48,243,654</u></u>	<u><u>\$ 48,801,883</u></u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Metered water sales, net of provision for bad debts	\$ 5,858,445	\$ 5,624,027
Sewer service charges	4,478,546	4,348,519
Sewer surcharges	124,168	151,829
Sanitation service charges	1,407,155	1,395,751
Penalties	138,524	119,617
Tap charges - other systems	10,625	6,325
Service charges	115,577	94,015
Miscellaneous	164,506	139,076
	<u>12,297,546</u>	<u>11,879,159</u>
Total Operating Revenues	<u>12,297,546</u>	<u>11,879,159</u>
OPERATING EXPENSES		
Water purchased	4,247,012	3,876,233
Sanitation charges	1,414,068	1,302,077
Water plant	539,879	228,778
Sewer plant	2,964,116	1,951,904
Water distribution system	1,819,025	1,298,463
Sewer collection system	1,222,371	892,485
Meter reading	1,263,271	460,693
General and Administrative	1,269,891	985,561
	<u>14,739,633</u>	<u>10,996,194</u>
Total Operating Expenses	<u>14,739,633</u>	<u>10,996,194</u>
OPERATING INCOME (LOSS)	<u>(2,442,087)</u>	<u>882,965</u>
NON-OPERATING REVENUES (EXPENSES)		
Grant income and reimbursements	204,000	12,190
Miscellaneous income	18,929	9,204
Interest income	45,292	26,672
Revenue bond interest and fees, net amortization of bond discounts	(115,176)	(128,872)
	<u>153,045</u>	<u>(80,806)</u>
Total Non-Operating Revenues (Expenses)	<u>153,045</u>	<u>(80,806)</u>
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS	(2,289,042)	802,159
CAPITAL CONTRIBUTIONS	348,204	185,813
OPERATING TRANSFER	<u>240,000</u>	<u>240,000</u>
CHANGE IN NET POSITION	(1,700,838)	1,227,972
NET POSITION, BEGINNING OF YEAR	<u>41,679,091</u>	<u>40,451,119</u>
NET POSITION, END OF YEAR	<u>\$ 39,978,253</u>	<u>\$ 41,679,091</u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 12,391,287	\$ 11,824,367
Cash payments to suppliers for goods and services	(8,711,373)	(8,093,838)
Cash payments to employees for services	<u>(1,975,671)</u>	<u>(1,732,238)</u>
Net Cash Flows From Operating Activities	<u>1,704,243</u>	<u>1,998,291</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from (additions to) certificates of deposit	858,609	(5,121)
Interest income	<u>45,292</u>	<u>26,672</u>
Net Cash Flows From Investing Activities	<u>903,901</u>	<u>21,551</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,266,767)	(1,610,136)
Accounts payable on fixed assets	(24,761)	(434,206)
Principal paid on revenue bonds	(615,000)	(600,000)
Interest and paying agent fees paid	(135,805)	(150,004)
Capital contributed by customers	348,204	185,813
Grant income and reimbursements	204,000	12,190
Miscellaneous income	18,929	9,204
Operating transfers in	<u>240,000</u>	<u>240,000</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,231,200)</u>	<u>(2,347,139)</u>
CHANGE IN CASH	376,944	(327,297)
CASH, BEGINNING OF YEAR	<u>4,867,563</u>	<u>5,194,860</u>
CASH, END OF YEAR	<u>\$ 5,244,507</u>	<u>\$ 4,867,563</u>
CASH	\$ 2,304,379	\$ 2,564,755
RESTRICTED CASH	<u>2,940,128</u>	<u>2,302,808</u>
	<u>\$ 5,244,507</u>	<u>\$ 4,867,563</u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH		
FROM OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (2,442,087)</u>	<u>\$ 882,965</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	2,212,768	1,936,976
Bad debts	40,057	89,199
Changes in assets and liabilities:		
Accounts receivable	93,741	(54,792)
Due from other governments	(131)	30
Prepaid expenses	9,189	(14,092)
Deferred outflows related to pension	(42,137)	38,160
Accounts payable	193,099	(205,865)
Accrued liabilities	(23,761)	(1,334)
Customer deposits	2,074	209
Net pension liability	1,648,425	(1,692,392)
Deferred inflows related to pension	<u>13,006</u>	<u>1,019,227</u>
Total adjustments	<u>4,146,330</u>	<u>1,115,326</u>
Net Cash Flows From Operating Activities	<u><u>\$ 1,704,243</u></u>	<u><u>\$ 1,998,291</u></u>
SCHEDULE OF NONCASH CAPITAL AND RELATED		
FINANCING ACTIVITIES		
Cost of acquisition and construction of capital assets	\$ 2,614,971	\$ 1,795,949
Capital contributed by developers	<u>(348,204)</u>	<u>(185,813)</u>
Cash used for acquisition and construction of capital assets	<u><u>\$ 2,266,767</u></u>	<u><u>\$ 1,610,136</u></u>

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

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Note 1: Nature of Business and Summary of Significant Accounting Policies

The City of Van Buren, Arkansas (the City) was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The Municipal Utilities Fund of the City of Van Buren, Arkansas, (the Fund), a proprietary water and sewer fund of the City, is governed by a five-member Commission appointed by the Mayor and City Council. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing governmental accounting and financial principles.

Fund Type

The Fund accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Reporting Entity

The Fund's financial statements reflect only the accounts directly under control of the Fund. Using the criteria of ability to exercise oversight responsibility, there are no other component units that are or should be included in the Fund's reporting entity.

The financial statements present only the Municipal Utilities Fund of the City of Van Buren, Arkansas, and, accordingly, do not reflect other activities, funds and account groups of the City.

Basis of Accounting

The financial statements of the Fund have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applicable to enterprise funds of governmental entities using the economic resources management focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

Income Taxes

The Fund is exempt from income taxes as a governmental agency.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Fair Value of Financial Instruments

The Fund's financial instruments include cash and cash equivalents, certificates of deposit, accounts receivable and accounts payable. The Fund's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these investments.

Capital Assets

Capital assets include property, plant and equipment and are valued at historical costs. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses as incurred. Renewals and substantial betterments are capitalized. The Fund capitalizes assets with an initial cost greater or equal to \$5,000 and an estimated useful life greater than one year. Estimated useful lives range between 5 to 50 years. Depreciation is recorded utilizing the straight-line method over the estimated useful lives of assets.

Compensated Absences

The Fund allows employees to accumulate earned but unused vacation and sick pay benefits.

Vacation time is granted to all full-time employees who have completed six months of employment. Vacation leave accumulates at the rate of one day per each month worked with one additional day for each five years of employment up to fifteen years. Employees with twenty or more service years will receive an additional five days of vacation not to exceed twenty days. A maximum of twenty unused vacation days can be carried forward to succeeding calendar years. All full-time employees upon separation from the Fund shall be paid for the amount of earned but unused vacation days. At December 31, 2022 and 2021 the liability for the accrued vacation leave was \$82,234 and \$91,069, respectively, and is included in "accrued liabilities" on the Statements of Net Position.

Sick time is granted to all full-time employees who have completed six months of employment. Sick leave accumulates at a rate of one day per each month worked. A maximum of ninety days of unused accrued sick days can be vested and carried forward to succeeding calendar years for employees hired before March 13, 2013, and a maximum of sixty days for employees hired after March 13, 2013. Employees hired before March 13, 2013 and vested in the Funds retirement system (APERS) for five years or longer are eligible for payment of unused sick leave upon retirement not to exceed ninety days. Employees hired after March 13, 2013, are not eligible for payment of unused sick leave upon retirement. At December 31, 2022 and 2021 the liability for the accrued sick leave was \$283,294 and \$298,893, respectively, and is included in "accrued liabilities" on the Statements of Net Position.

Employee Benefits

The Fund provides to all full-time employees a group hospitalization plan maintained and administered by Arkansas Municipal Health Benefit Program and a group retirement plan maintained and administered by the Arkansas Public Employees Retirement System.

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Capital Contributions

Charges to customers for new connections to the water and sewer system are treated as capital contributions. Connection charges (tap fees) are considered a recovery of the original cost of the system. Capital contributions also arise from additions to the distribution systems of which costs are incurred by the real estate developers. The Fund records all capital contributions at their estimated fair market value at the date of contribution in the Statements of Revenues, Expenses, and Changes in Net Position.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Fund's principal ongoing operations. Operating expenses for the Fund include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Fund has two items that qualify for reporting in this category: bond refunding costs and changes regarding pension liabilities. A deferred outflow on bond refunding costs results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See the Note 10 for additional information. In regard to the deferred outflows of resources related to pension liabilities, these amounts were created as a result of the implementation of GASB 68.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Fund has one item that qualifies for reporting in this category. In regard to the deferred inflows of resources related to pension liabilities, these amounts were created as a result of the implementation of GASB 68.

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employee's Retirement System (APERS) and additions to or deductions from the APERS fiduciary net position have been determined on the same basis as they are reported by APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See the Note Disclosure of Pension Information (Unaudited) for additional information.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Net Position Classifications

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

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

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

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

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

Use of Estimates

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

Accounting Pronouncements Adopted

In June 2017, the GASB issued Statement Number 87 (GASB 87), Leases – effective for periods beginning after December 15, 2022. GASB 87 is intended to better meet the information needs of financial statement users by improving accounting and financial reporting for leases for governments.

Management has evaluated the impact of implementation of these statements to the financial statements of the Fund and has concluded that the implementation of these statements does not significantly impact the financial statements of the Fund.

Subsequent Events

Subsequent events are evaluated through July 12, 2023, the date the financial statements were available to be issued.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
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Note 2: Deposits and Restricted Cash

The Fund maintains its operating bank accounts in several local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. The custodial credit risk is the risk that in the event of bank failure, the Fund's deposits may not be returned to the Fund. The Fund's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with Federal depository insurance, bond and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the State of Arkansas. At December 31, 2022 and 2021, all of the Fund's deposits were insured or collateralized.

Restricted cash and cash equivalents and restricted certificates of deposit are restricted by the various board ordinances of the Fund, and laws. Expenditures from these accounts are restricted to improvements and betterments to the utility plant, paying the principal and interest on the bonds, and the trustee's and paying agent's fees and refunds of customer deposits. At December 31, 2022 and 2021, restricted cash and cash equivalents and restricted certificates of deposit consisted of the following:

<u>As of December 31,</u>	<u>2022</u>	<u>2021</u>
Restricted cash and cash equivalents		
Depreciation account	\$ 70,410	\$ 102,023
Capital improvement account	1,131,533	998,983
CAO reimbursement account	1,522,018	968,419
Customer deposits	216,167	233,383
Total restricted cash and cash equivalents	<u>\$ 2,940,128</u>	<u>\$ 2,302,808</u>
<u>As of December 31,</u>	<u>2022</u>	<u>2021</u>
Restricted certificates of deposit		
2007 revenue bond account	<u>\$ 153,351</u>	<u>\$ 151,534</u>

Note 3: Accounts Receivable

The Fund bills customers for water and sewer services after usage based upon meter readings during the month. For both years ended December 31, 2022 and 2021, \$471,217 has been recorded for which bills have not been sent. This amount is included in "customer accounts receivable, net" on the Statements of Net Position.

The Fund has established a provision for estimated losses on accounts receivable based on prior bad debt experience and a review of existing accounts receivable. Based on these factors, there is a provision of doubtful accounts of \$647,617 and \$607,560 for the years ended December 31, 2022 and 2021, respectively. Bad debt expense for the years ended December 31, 2022 and 2021 was \$40,057 and \$89,199, respectively.

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
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Note 4: Capital Assets

Capital asset activity for the years ended December 31, 2022 and 2021 are as follows:

As of	January 1, 2022	Additions	Deletions	Transfers	December 31, 2022
Capital assets					
Land and land rights	\$ 1,151,935	\$ -	\$ -	\$ -	\$ 1,151,935
Buildings	1,377,512	-	-	-	1,377,512
Machinery and equipment	3,657,444	869,222	455,844	-	4,070,822
Distribution system	66,047,170	614,345	-	3,403,440	70,064,955
Construction in progress	7,849,648	742,085	464	(3,403,440)	5,187,829
Total capital assets	\$ 80,083,709	\$ 2,225,652	\$ 456,308	\$ -	\$ 81,853,053

As of	January 1, 2021	Additions	Deletions	Transfers	December 31, 2021
Capital assets					
Land and land rights	\$ 1,151,935	\$ -	\$ -	\$ -	\$ 1,151,935
Buildings	1,377,512	-	-	-	1,377,512
Machinery and equipment	3,497,693	202,710	42,959	-	3,657,444
Distribution system	65,760,459	286,711	-	-	66,047,170
Construction in progress	6,816,882	1,036,338	3,572	-	7,849,648
Total capital assets	\$ 78,604,481	\$ 1,525,759	\$ 46,531	\$ -	\$ 80,083,709

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Interest cost incurred for the years ended December 31, 2022 and 2021 was \$107,572 and \$121,268, respectively. There was no interest capitalized during the years ended December 31, 2022 and 2021.

Accumulated depreciation for the years ended December 31, 2022 and 2021 are as follows:

As of	January 1, 2022	Additions	Deletions	December 31, 2022
Accumulated Depreciation				
Buildings	\$ 723,544	\$ 31,969	\$ -	\$ 755,513
Machinery and equipment	2,293,566	262,468	459,417	2,096,617
Distribution system	35,931,458	1,918,331	-	37,849,789
Total accumulated depreciation	\$ 38,948,568	\$ 2,212,768	\$ 459,417	\$ 40,701,919

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
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Construction in progress consists of the following:

	Estimated Project Cost	Expended to December 31, 2022	Estimated Cost to Complete
Terry Todd Pump Station	\$ 5,494,596	\$ 3,724,206	\$ 1,770,390
Baldwin Water Line	653,813	373,027	280,786
Industrial Park Acces Road	494,850	56,950	437,900
Dora Tank	254,274	163,610	90,664
Southplant WWTP	205,000	199,976	5,024
Miscellaneous Projects	795,060	670,060	125,000
Total	<u>\$ 7,897,593</u>	<u>\$ 5,187,829</u>	<u>\$ 2,709,764</u>

Note 5: Long-Term Debt

On October 26, 2016 the Fund issued general obligation refunding bonds in the principal amount of \$6,880,000 (new debt). Proceeds from the issue were used to defease the \$7,415,000 outstanding balance of the 2007 serial revenue bonds (old debt). Cash flow savings as a result of this bond issue and corresponding debt defeasance is \$612,896.

The following is a summary of the bond payable transactions of the Fund for the years ended December 31, 2022 and 2021:

As of	January 1, 2022	Additions	Deletions	December 31, 2022	Due Within One Year
Revenues Bonds	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 615,000</u>	<u>\$ 3,385,000</u>	<u>\$ 640,000</u>

As of	January 1, 2021	Additions	Deletions	December 31, 2021	Due Within One Year
Revenues Bonds	<u>\$ 4,600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 4,000,000</u>	<u>\$ 615,000</u>

Long-term debt of the Fund consists of:

As of December 31,	2022	2021
2016 series refunding bonds, due in annual installments of \$555,000 to \$715,000 through December 1, 2027; interest from 2.00% to 4.00% payable semiannually, collateralized by facilities and revenues of the system	\$ 3,385,000	\$ 4,000,000
Plus: unamortized 2016 bond premium	117,737	166,160
Long-term debt	3,502,737	4,166,160
Less: current portion of long-term debt	640,000	615,000
Long-term debt, net	<u>\$ 2,862,737</u>	<u>\$ 3,551,160</u>

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
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Debt is scheduled to be repaid as follows:

December 31,	Principal	Interest	Total
2023	640,000	101,550	741,550
2024	660,000	82,350	742,350
2025	675,000	62,550	737,550
2026	695,000	42,300	737,300
2027	715,000	21,450	736,450
Total	<u>\$ 3,385,000</u>	<u>\$ 310,200</u>	<u>\$ 3,695,200</u>

There are limitations and restrictions contained in the bond indenture. The Fund is in compliance with all significant limitations and restrictions.

Note 6: Bond Issue Premium/Discount and Deferred Refunding on Debt

The bond issue discounts represents the additional interest (over and above any cash interest) over the term of the bonds. These original issue discounts are being amortized using the straight-line method over the remaining life of the bonds. Amortization of the bond discounts for both years ended December 31, 2022 and 2021 was \$7,604. These amounts were charged as a component of interest expense.

The reoffering premium incurred in connection with the 2016 bond issuance is being amortized over eleven years. Amortization of the premium was \$48,423 and \$54,589 for the years ended December 31, 2022 and 2021 and is included in interest and fees on the statement of revenues, expenses, and changes in fund net position.

The deferred refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. The balance as of December 31, 2022 and 2021 was \$77,551 and \$109,446 is shown as deferred outflows on the statement of fund net position and is amortized over the life of the bond which is eleven years. Amortization of the deferred refunding loss of \$31,895 and \$35,957 is included in interest and fees on the statement of revenues, expenses, and changes in fund net position as of December 31, 2022 and 2021, respectively.

Note 7: Concentrations of Credit Risk

Financial instruments that potentially subject the Fund to credit risk consist primarily of accounts receivable. The receivables are from individuals and businesses located within the same geographic region.

Note 8: Operating Transfers In

In 1989, the City of Van Buren, Arkansas, passed a resolution to transfer \$20,000 a month to the Fund for extensions, betterment's and improvements to the water facilities of the system. Transfers to the Fund were \$240,000 for both years ended December 31, 2022 and 2021.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
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Note 9: Risk Management

The Fund is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Fund carries commercial insurance.

Note 10: Pension Plan

Implementation of GASB 68

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 year ending June 30, 2015. 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 statement of net position 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.

Plan Description

The Fund participates in the Arkansas Public Employees Retirement Systems (APERS). APERS is a cost-sharing, multiple employer, defined benefit plan which covers all State employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees, and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members. The plan was established by the Authority of the Arkansas General Assembly with passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

The State of Arkansas issues an annual 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, Suite 400, Little Rock, Arkansas 72201 or by calling 1-501-682-7800.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
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Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's year of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2007	2.03%
Contributory, on or after 7/1/2007	2.00%
Non-contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 10 or more years of service,
- at any age with 28 years actual service,
- at age 55 with 12 or more years of actual service, 10 of which must be as a member of the General Assembly,
- at any age with 17.5 years of actual service regardless of age, if the member was a member of the General Assembly on July 1, 1979, or holding any other Arkansas elective Office on July 1, 1979

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Beginning July 1, 2022, the member contribution rate will increase in increments of 0.25% until it reaches a maximum of 7%. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2021. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

Contributions made by the Fund were \$265,095 and \$265,379 for the years ended December 31, 2022 and 2021, respectively. Employees are not required to contribute to the plan.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

APERS Fiduciary Net Position

Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org> under the PUBLICATIONS tab.

Timing of the Valuation

The collective Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. Based on this information, the Fund's proportionate share as of June 30, 2022 was 0.08478619%.

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2022. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees, were as follows:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Wage Inflation Rate	3.25%
Salary Increases	3.25% - 9.85%
Investment Rate of Return	7.15%
Mortality Table	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017

All other actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from 7/01/2012 - 6/30/2017, and were applied to all prior periods included in the measurement.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 – 2029 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset	Target	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Estate	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
Total	100%	
Total Real Rate of Return		4.93%
Plus: Price Inflation - Actuary's Assumption		2.50%
Less: Investment Expenses (Passive)		0.00%
Net Expected Return		7.43%

Discount Rate

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the participating employers' net pension liability, calculated using the current discount rate, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate:

Sensitivity of the Net Pension Liability to the Single Discount Rate			
	1% Decrease	Current Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 3,634,578	\$ 2,286,161	\$ 1,172,922

Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

The Fund's proportionate share of pension expense was \$247,338 as of the measurement date of June 30, 2022. At December 31, 2022, the Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,875	\$ 27,602
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,163,055
Change due to proportion	-	(59,826)
City contributions subsequent to the measurement date	134,548	-
Total	\$ 189,423	\$ 1,130,831

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
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The Fund has \$134,548 reported as deferred outflows of resources related to pensions resulting from Fund contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022, any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net (Decrease) in Pension Expense</u>
2023	(459,569)
2024	(434,925)
2025	(470,503)
2026	(377,090)
2027	206,563
Total	<u>\$ (1,535,524)</u>

SUPPLEMENTARY INFORMATION

**CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS - DEPRECIATION ACCOUNT
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH RECEIPTS		
Sales tax from City of Van Buren	\$ 240,000	\$ 240,000
Transfers from CAO improvement sweep	901,195	-
Transfers from capital improvement account	<u>1,840,000</u>	<u>1,540,000</u>
Total Cash Receipts	<u>2,981,195</u>	<u>1,780,000</u>
CASH DISBURSEMENTS		
Plant improvements and betterments	1,912,808	1,495,873
Transfers to capital improvement sweep	<u>1,100,000</u>	<u>200,000</u>
Total Cash Disbursements	<u>3,012,808</u>	<u>1,695,873</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(31,613)	84,127
CASH BALANCE, BEGINNING OF YEAR	<u>102,023</u>	<u>17,896</u>
CASH BALANCE, END OF YEAR	<u><u>\$ 70,410</u></u>	<u><u>\$ 102,023</u></u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS - CAPITAL IMPROVEMENTS ACCOUNT
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH RECEIPTS		
Operating transfers in	\$ 1,100,000	\$ 200,000
Transfer in from certificate of deposit	862,824	-
Interest	<u>9,726</u>	<u>6,476</u>
Total Cash Receipts	<u>1,972,550</u>	<u>206,476</u>
CASH DISBURSEMENTS		
Transfers to depreciation account	<u>1,840,000</u>	<u>1,540,000</u>
Total Cash Disbursements	<u>1,840,000</u>	<u>1,540,000</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	132,550	(1,333,524)
CASH BALANCE, BEGINNING OF YEAR	<u>998,983</u>	<u>2,332,507</u>
CASH BALANCE, END OF YEAR	<u><u>\$ 1,131,533</u></u>	<u><u>\$ 998,983</u></u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULES OF DEPARTMENTAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SANITATION CHARGES		
Salaries	\$ 24,273	\$ 22,418
Payroll taxes	1,872	1,715
Group insurance	6,331	5,113
Retirement contributions	95,297	(4,784)
Telephone and utilities	3,423	2,964
Vehicle expense	1,352	377
Supplies	5,789	5,323
Miscellaneous	2,492	3,299
Depreciation	2,369	2,268
Sanitation haulers	1,065,701	1,059,581
Leaf and limb charges	205,169	203,803
	<u>205,169</u>	<u>203,803</u>
 Total Sanitation Expenses	 <u>\$ 1,414,068</u>	 <u>\$ 1,302,077</u>
 WATER PLANT		
Salaries	\$ 105,563	\$ 101,216
Payroll taxes	8,746	7,767
Group insurance	21,983	22,934
Retirement contributions	277,287	(21,598)
Telephone and utilities	71,269	52,951
Vehicle expense	9,627	6,621
Professional fees	-	1,035
Supplies	4,472	4,799
Repairs	16,821	30,805
Miscellaneous	6,125	6,548
Depreciation	8,088	6,648
Reservoir contract	9,898	9,052
	<u>9,898</u>	<u>9,052</u>
 Total Water Plant Expenses	 <u>\$ 539,879</u>	 <u>\$ 228,778</u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULES OF DEPARTMENTAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SEWER PLANT		
Salaries	\$ 286,679	\$ 265,377
Payroll taxes	23,301	20,378
Group insurance	53,346	50,247
Retirement contributions	684,906	(56,627)
Telephone and utilities	529,517	432,860
Vehicle expense	21,859	14,036
Supplies	122,304	42,202
Repairs	394,096	172,792
Miscellaneous	144,318	27,225
Depreciation	566,289	554,121
Pretreatment	64,179	62,439
Contracts	14,787	11,436
Sludge removal	<u>58,535</u>	<u>355,418</u>
 Total Sewer Plant Expenses	 <u><u>\$ 2,964,116</u></u>	 <u><u>\$ 1,951,904</u></u>
 WATER DISTRIBUTION SYSTEM		
Salaries	\$ 308,904	\$ 291,948
Payroll taxes	23,730	22,417
Group insurance	63,270	59,199
Retirement contributions	156,727	(62,297)
Telephone and utilities	5,161	4,123
Vehicle expense	28,718	24,228
Supplies	130,342	83,709
Repairs	119,920	66,079
Miscellaneous	22,841	18,944
Depreciation	<u>959,412</u>	<u>790,113</u>
 Total Water Distribution System Expenses	 <u><u>\$ 1,819,025</u></u>	 <u><u>\$ 1,298,463</u></u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULES OF DEPARTMENTAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SEWER COLLECTION SYSTEM		
Salaries	\$ 275,626	\$ 254,431
Payroll taxes	21,178	19,519
Group insurance	50,894	49,469
Retirement contributions	58,134	(54,290)
Telephone and utilities	4,166	4,123
Vehicle expense	34,011	27,454
Supplies	28,788	22,518
Repairs	108,930	22,471
Miscellaneous	22,512	19,680
Depreciation	<u>618,132</u>	<u>527,110</u>
 Total Sewer Collection System Expenses	 <u><u>\$ 1,222,371</u></u>	 <u><u>\$ 892,485</u></u>
 METER READING		
Salaries	\$ 387,197	\$ 314,698
Payroll taxes	29,899	24,428
Group insurance	91,501	70,090
Retirement contributions	515,124	(67,150)
Telephone and utilities	3,481	4,130
Vehicle expense	54,904	29,295
Supplies	143,646	60,877
Repairs	2,758	2,374
Miscellaneous	20,989	8,185
Depreciation	<u>13,772</u>	<u>13,766</u>
 Total Meter Reading Expenses	 <u><u>\$ 1,263,271</u></u>	 <u><u>\$ 460,693</u></u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULES OF DEPARTMENTAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
GENERAL AND ADMINISTRATIVE		
Salaries	\$ 562,995	\$ 482,150
Payroll taxes	42,707	36,831
Group insurance	99,596	97,124
Retirement contributions	100,915	(102,881)
Telephone and utilities	33,697	27,888
Vehicle expense	3,518	2,995
Professional fees	15,850	28,850
Supplies	82,456	61,780
Repairs	1,204	5,603
Miscellaneous	32,867	18,436
Commissioners' fees	30,660	28,500
Office machine maintenance	7,156	7,263
Postage	113,136	102,271
Office cleaning	9,588	15,327
Insurance	48,783	41,275
Bad debts	40,057	89,199
Depreciation	44,706	42,950
	<hr/>	<hr/>
Total General and Administrative Expenses	<u><u>\$ 1,269,891</u></u>	<u><u>\$ 985,561</u></u>

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

CITY OF VAN BUREN, ARKANSAS MUNICIPAL UTILITIES FUND
SCHEDULE OF DEBT SERVICE REQUIREMENTS ON REVENUE BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2022

	2016 Bond Principal	2016 Bond Interest	2016 Bond Interest	Total Principal and Interest
2023	\$ 640,000	\$ 50,775	\$ 50,775	\$ 741,550
2024	660,000	41,175	41,175	742,350
2025	675,000	31,275	31,275	737,550
2026	695,000	21,150	21,150	737,300
2027	715,000	10,725	10,725	736,450
Total	<u>\$ 3,385,000</u>	<u>\$ 155,100</u>	<u>\$ 155,100</u>	<u>\$ 3,695,200</u>

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