

***City of Vilonia Sewer System***

**Audited Financial Statements**

**and**

**Supplementary Information**

**December 31, 2023 and 2024**

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# **Bonds & Company, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Sewer Committee  
City of Vilonia Sewer System  
Vilonia, Arkansas

### ***Opinion***

We have audited the financial statements of the City of Vilonia Sewer System as of and for the years ended December 31, 2023 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Vilonia Sewer System as of December 31, 2023 and 2024, and the changes in its financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the City of Vilonia Sewer System and do not purport to, and do not, present fairly the financial position of the City of Vilonia, Arkansas, as of December 31, 2023 and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. 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.

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

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

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

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

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

**Required Supplementary Information**

The City of Vilonia Sewer System has omitted a Management Discussion and Analysis 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 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 16-18 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 17-19 is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Bonds & Company, P.A.*

Bonds & Company, P. A.  
August 19, 2025

**City of Vilonia Sewer System  
Statements of Net Position  
December 31, 2023 and 2024**

	<b>ASSETS</b>	<u>2023</u>	<u>2024</u>
<b>CURRENT ASSETS</b>			
Cash		456,432	127,189
Accounts Receivable		109,967	108,584
Prepaid Insurance		<u>1,692</u>	<u>4,203</u>
Total Current Assets		568,091	239,976
<b>RESTRICTED ASSETS</b>			
Cash and Cash Equivalents		<u>1,002,488</u>	<u>835,561</u>
Total Restricted Assets		1,002,488	835,561
<b>PROPERTY, PLANT, AND EQUIPMENT</b>			
<b>Construction in Progress -</b>			
Not Subject to Depreciation		956,727	1,236,364
2016 Plant Upgrade		205,770	205,770
Land and Easements		45,860	334,920
Sewer Plant		4,551,921	4,551,921
LIM Hookups		65,069	65,069
EQ Basin		131,489	131,489
Sewer System Improvements		20,453	20,453
Vehicles		96,459	148,233
Office Furniture and Fixtures		77,760	77,760
Equipment - Communication		6,847	6,847
- Maintenance		279,094	282,072
- Sewer		311,293	313,870
Small Tools		8,899	9,069
Treatment Site Building		291,920	291,920
Sewer Outflow Construction		<u>30,585</u>	<u>30,585</u>
Total Property, Plant, and Equipment		7,080,146	7,706,342
Less: Accumulated Depreciation		<u>(3,354,524)</u>	<u>(3,520,667)</u>
Net Property, Plant, and Equipment		3,725,622	4,185,675
<b>OTHER ASSETS</b>			
Grant Administration -			
ESC Planning		40,139	40,139
Accumulated Amortization - ESC		(28,239)	(29,242)
Debt Issue Expenses		17,565	17,565
Less: Accumulated Amortization		<u>(12,537)</u>	<u>(12,976)</u>
Total Other Assets		<u>16,928</u>	<u>15,486</u>
<b>TOTAL ASSETS</b>		<u><u>\$5,313,129</u></u>	<u><u>\$5,276,698</u></u>

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

**City of Vilonia Sewer System  
Statements of Net Position (Continued)  
December 31, 2023 and 2024**

**LIABILITIES AND NET POSITION**

	<u>2023</u>	<u>2024</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	22,474	25,764
Payroll Liabilities	-0-	356
Accrued Interest Payable	7,511	7,553
Current Maturities of Long-Term Debt	<u>100,000</u>	<u>105,000</u>
Total Current Liabilities	129,985	138,673
 <b>PAYABLE FROM RESTRICTED ASSETS</b>		
Customer Deposits	<u>82,015</u>	<u>84,746</u>
Total Payable From Restricted Assets	82,015	84,746
 <b>LONG-TERM DEBT</b>		
Bonds Payable	3,740,925	3,640,150
Less: Current Maturities of Long-Term Debt	<u>(100,000)</u>	<u>(105,000)</u>
Total Long-Term Liabilities	<u>3,640,925</u>	<u>3,535,150</u>
 <b>TOTAL LIABILITIES</b>	 3,852,925	 3,758,569
 <b>NET POSITION</b>		
Net Invested in Capital Assets	(15,303)	561,011
Restricted	920,473	750,815
Unrestricted	<u>555,034</u>	<u>206,303</u>
Total Net Position	<u>1,460,204</u>	<u>1,518,129</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	 <u>\$5,313,129</u>	 <u>\$5,276,698</u>

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

**City of Vilonia Sewer System**  
**Statements of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Year Ended December 31, 2023 and 2024**

	<u>2023</u>	<u>2024</u>
<b>OPERATING REVENUES</b>		
Sewer Charges	\$ 696,776	\$ 730,826
Sewer Connections	3,600	20,060
Late Fees Assessed	16,587	14,509
Consumption Fee Income	<u>24,000</u>	<u>118,000</u>
Total Operating Revenues	\$ 740,963	\$ 883,395
<b>OPERATING EXPENSES</b>		
Amortization	668	668
Contract Labor	800	4,296
Depreciation	167,581	166,143
Dues and Subscriptions	1,468	479
Employee Medical Insurance	36,250	34,872
Insurance	7,752	8,726
Licenses and Permits	4,691	4,685
Office Supplies	7,518	10,488
Payroll Tax Expense	16,573	17,015
Pension Plan Expense	18,884	27,705
Postage	13,861	15,660
Professional Fees	18,046	18,212
Repairs and Maintenance	122,973	138,449
Salaries	223,378	216,056
Service - Testing	6,479	4,950
Truck Expense	46,450	33,590
Uniforms	2,323	2,596
Utilities	<u>65,187</u>	<u>67,287</u>
Total Operating Expenses	<u>760,882</u>	<u>771,877</u>
<b>NET INCOME FROM OPERATIONS</b>	<u>(19,919)</u>	<u>111,518</u>
<b>OTHER REVENUES/(EXPENSES)</b>		
Interest Income	51,820	41,031
Trustee Fees	(4,090)	(2,950)
Interest Expense	<u>(91,557)</u>	<u>(91,673)</u>
Net Other Revenues/(Expenses)	<u>(43,827)</u>	<u>(53,592)</u>
<b>NET PROFIT (LOSS)</b>	<u>\$ (63,746)</u>	<u>\$ 57,926</u>
<b>CHANGE IN NET POSITION</b>	\$ (63,746)	\$ 57,926
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>1,523,949</u>	<u>1,460,203</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$1,460,203</u>	<u>\$1,518,129</u>

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

**City of Vilonia Sewer System  
Statements of Cash Flows  
For the Year Ended December 31, 2023 and 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

	<u><b>2023</b></u>	<u><b>2024</b></u>
Cash Received From Customers	\$ 733,675	\$ 887,509
Payments to Employees, Incl. Taxes	(239,951)	(233,071)
Payments to Suppliers	(372,100)	(370,861)
<b>Net Cash Provided by Operating Activities</b>	<b>121,624</b>	<b>283,577</b>

**NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Purchase-Capital Assets-(Net of Sales)	(366,304)	(626,196)
Interest and Fees Payments	(95,771)	(94,581)
Principal Payments on Debt	(100,000)	(100,000)
<b>Net Cash Flows Used by Capital and Related Financing Activities</b>	<b>(562,075)</b>	<b>(820,777)</b>

**NET CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest Income	51,820	41,031
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>51,820</b>	<b>41,031</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(388,631)</b>	<b>(496,169)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>1,847,551</b>	<b>1,458,920</b>
<b>CASH - END OF YEAR</b>	<b>\$ 1,458,920</b>	<b>\$ 962,751</b>

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

**City of Vilonia Sewer System  
Statements of Cash Flows (Continued)  
For the Year Ended December 31, 2023 and 2024**

**RECONCILIATION OF NET INCOME FROM OPERATIONS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

	<u>2023</u>	<u>2024</u>
Net Income from Operations	\$ (19,919)	\$ 111,518
Depreciation Expense	168,252	166,810
Adjust for Changes in Current Asset and Current Liability Accounts:		
(Increase)/Decrease in Accounts Receivable	(7,288)	1,383
(Increase)/Decrease in Prepaid Insurance	(39)	(2,511)
Increase/(Decrease) in Accrued Payroll Withholding	-0-	356
Increase/(Decrease) in Accounts Payable	(6,461)	3,290
Increase/(Decrease) in Payables from Restricted Assets	(12,918)	2,731
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 121,624</u>	<u>\$ 283,577</u>

For the years ended December 31, 2023 and 2024, the City of Vilonia Sewer System paid \$95,647 and \$91,631, respectively, for interest expense and \$-0- and -0-, respectively, for income taxes.

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

**City of Vilonia Sewer System**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Vilonia Sewer System have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Measurement Focus and Basis of Accounting

The City of Vilonia Sewer System proprietary fund is accounted for using the economic resources measurement focus. Accordingly, the fund reports all assets and liabilities on its balance sheet. Proprietary fund operating statements use the accrual basis of accounting. Revenues are recognized when earned and become measurable, and expenses are recognized when incurred, if measurable. The City of Vilonia Sewer System applies all applicable accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, in accounting and reporting for its proprietary funds. The water and sewer enterprise fund bills for services on a monthly basis and accounts for that revenue when billed.

Operating revenues and expenses are distinguished from nonoperating revenue (expense) items. Operating revenues and expenses generally result from providing service in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues (expenses), but remain a major component of the overall revenues and expenses of the System.

When both restricted and unrestricted resources are available for use, it is the City of Vilonia Sewer System's policy to use unrestricted resources first, then restricted resources as needed. See Note 7 for information describing restricted assets.

Compensated Absences

Management does not consider the effect of compensated absences to be material in relation to the financial statements taken as a whole, therefore, no accrual was made for compensated absences earned but not yet taken.

**City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, Plant, and Equipment

All fixed assets are valued at cost when historical records are available. Generally accepted accounting principles require that depreciation be recognized in order to provide for a reasonable and consistent matching of revenues and expenses by systematically allocating the cost of the depreciable asset over its estimated useful life. The system provides for depreciation for property, plant, and equipment acquired or put into service after September 1995 in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful lives. For the years ended December 31, 2023 and 2024, depreciation expense totaled \$167,581 and 166,143, respectively.

A summary of changes in general fixed assets follows:

	Balance 1-1-23	Additions	Deletions	Balance 12-31-23
Not Depreciated-Const. In Progress	\$ 595,513	\$ 361,214		\$ 956,727
2016 Plant Upgrade	205,770			205,770
Land and Easements	45,860			45,860
Sewer Plant	4,551,921			4,551,921
LIM Hookups	65,069			65,069
EQ Basin	131,489			131,489
Sewer System Improvements	20,453			20,453
Vehicles	96,459			96,459
Office Furniture and Fixtures	77,760			77,760
Equipment-Communication	6,847			6,847
Equipment- Maintenance	274,004	5,090		279,094
Equipment-Sewer	311,293			311,293
Small Tools	8,899			8,899
Treatment Site Building	291,920			291,920
Sewer Outflow Construction	30,585			30,585
	6,713,842	366,304		7,080,146
Accumulated Depreciation	(3,186,943)	(167,581)		(3,354,524)
Net Fixed Assets	<u>\$ 3,526,899</u>	<u>\$ 198,723</u>		<u>\$ 3,725,622</u>

Proprietary fund type fixed assets are presented by asset class in the balance sheet.

**City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

	Balance 1-1-24	Additions	Deletions	Balance 12-31-24
Not Depreciated- Const. In Progress	\$ 956,727	\$ 279,637		\$ 1,236,364
2016 Plant Upgrade	205,770			205,770
Land and Easements	45,860	289,060		334,920
Sewer Plant	4,551,921			4,551,921
LIM Hookups	65,069			65,069
EQ Basin	131,489			131,489
Sewer System Improvements	20,453			20,453
Vehicles	96,459	51,774		148,233
Office Furniture and Fixtures	77,760			77,760
Equipment-Communication	6,847			6,847
Equipment-Maintenance	279,094	2,978		282,072
Equipment-Sewer	311,293	2,577		313,870
Small Tools	8,899	170		9,069
Treatment Site Building	291,920			291,920
Sewer Outflow Construction	30,585			30,585
	7,080,146	626,196		7,706,342
Accumulated Depreciation	(3,354,524)	(166,143)		(3,520,667)
Net Fixed Assets	<u>\$ 3,725,622</u>	<u>\$ 460,053</u>		<u>\$ 4,185,675</u>

Proprietary fund type fixed assets are presented by asset class in the balance sheet.

Operating/Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with the fund's principal operations of providing sewer services. All other revenues are non-operating. Operating expenses can be tied specifically to the rendering of sewer services, such as materials and labor and direct overhead. Other expenses are non-operating.

Reporting Entity

These financial statements present only the City of Vilonia Sewer System, a component unit of the City of Vilonia, Arkansas, and are not intended to present the financial position of the City of Vilonia, Arkansas.

**City of Vilonia Sewer System**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Type

The City of Vilonia Sewer System is a proprietary enterprise fund of the City of Vilonia, Arkansas. This fund type accounts for operations that are financed and operated in a manner similar to private business where the intent of the entity is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds, federal grants, and other entity funds.

Management Estimates

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

Cash Equivalents

The City of Vilonia Sewer System considers both restricted and unrestricted demand deposits, certificates of deposit and money market funds to be cash equivalents. In addition, any highly liquid investments with maturities of 3 months or less from the date of purchase are considered to be cash or cash equivalents.

**City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024**

**NOTE 2. INTANGIBLE ASSETS**

Bond issue costs of \$40,139, \$17,565, and \$1,560 have been capitalized in relation to the debt issuance of the City of Vilonia Sewer System's revenue bonds. These amounts have been amortized over the life of the related bonds, from ten to forty years, using the straight-line method. Amortization expense for the years ended December 31, 2023 and 2024 was \$668 for 2023 and \$668 for 2024.

**NOTE 3. LONG-TERM DEBT**

Long-Term Debt consists of the following:

	<u>2023</u>	<u>2024</u>
Sewer revenue bonds were issued under ordinance 2020-3 for the purpose of providing for the expansion of the sewer system and the refunding of outstanding revenue bonds.. These bonds were issued August 27, 2020 in the amount of \$3,990,000 at an interest rate of 0.875%; annual interest payments beginning June 1, 2021; annual interest and principal payments beginning December 1, 2022.	\$ <u>3,720,000</u>	<u>\$3,620,000</u>
Unamortized Bond Premium	3,720,000 <u>20,925</u>	3,620,000 <u>20,150</u>
Total Long-Term Debt	<u>\$3,740,925</u>	<u>\$3,640,150</u>

See note 13 for schedule of future annual debt service Requirements and note 14 for activity

**NOTE 4. DEPRECIATION EXPENSE**

Depreciation is figured on property, plant and equipment and taken over the estimated useful lives of the assets as follows:

Buildings	25 - 50 years
Improvements	10 - 20 years
Equipment	3 - 10 years

**City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024**

**NOTE 5. CASH AND INVESTMENTS**

Cash and investments are stated at cost. The City of Vilonia Sewer System has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments.

**Deposits**

A summary of deposits in cash and cash equivalents (unrestricted and restricted) at December 31, 2024, is as follows:

<u>Carrying Amount</u>	<u>Balance Per Bank Statement</u>	<u>Amount Insured or Collateralized</u>	<u>Amount Uninsured</u>
<u>\$ 962,751</u>	<u>\$ 969,696</u>	<u>\$ 969,696</u>	<u>\$ -0-</u>

Deposits are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the agency or by its agent in the agency's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent in the agency's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution, or by its' trust department or agent but not in the entity's name.

<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Total Bank Balance</u>
<u>\$ 969,696</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 969,696</u>

**NOTE 6 CURRENT WATER AND SEWER RATES**

Current sewer rates as of December 31, 2023, are as follows:

**City Water Users**

0 - 1,000 gallons	\$16.00
Over 1,000 gallons	6.00 per 1,000

**If the Customer is not a City Water User**

1 (one) person home	\$14.00
2 (two) person home	23.00
3 (three) person home	31.00
4 (four) person home	37.00
5 (five) person home	44.00

**City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024**

**NOTE 7. RESTRICTED ASSETS**

Certain assets of the proprietary fund are classified as restricted and unrestricted and consist of the following as of December 31, 2023 and 2024:

	<u>2023</u>	<u>2024</u>
Sewer Expansion Account	\$ 88,865	\$ 99,922
Meter Deposit Checking	81,547	88,912
CD - Meter Deposits	23,742	24,280
Sewer Reserve Fund	2,837	-0-
Debt Service Reserve	195,631	195,631
2020 Bonds Fund	22,721	23,246
Construction Account - 2020 Bond Issue	587,145	403,570
	<u>\$ 1,002,488</u>	<u>\$ 835,561</u>

**NOTE 8. INSURANCE COVERAGE**

The City of Vilonia Sewer System carries the following insurance policies:

**Automobiles**

Automobile coverage is incorporated with the City of Vilonia.

**Worker's Compensation**

Worker's compensation coverage is issued through the Municipal League Worker's Compensation Trust and is part of the policy held by the City of Vilonia.

**Building and Property**

Building and property coverage is in excess of the value of the fixed assets of the City of Vilonia Sewer System. This policy is separate from any of the component units of the City of Vilonia.

**City of Vilonia Sewer System**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2021**

**NOTE 9. CONSUMPTION FEES**

Consumption fees are collected when a new homeowner hooks up to the sewer system. Of the amount collected, 30% is available to offset operating and maintenance costs and 70% is to be restricted for use in expanding the sewer system. As of December 31, 2023, all consumption fees had been funded to the Sewer Expansion Account and the Sewer Reserve Fund.

**NOTE 10. ACCOUNTS RECEIVABLE**

Accounts receivable are shown net of an allowance for doubtful accounts of \$68,471 as of December 31, 2023 and \$68,471 for December 31, 2024

Management analyzes periodically to determine the adequacy of the allowance for doubtful accounts.

**NOTE 11. SUBSEQUENT EVENTS**

The City of Vilonia Sewer System has evaluated subsequent events through August 19, 2025 which is the date that the financial statements were available to be issued.

**NOTE 12. PENSION PLAN**

The City of Vilonia Sewer began an employee pension plan in June 2016. The plan has a 457(b) deferred compensation component, where the employee elects pre-tax salary deferrals. Another component of the pension plans is a 401(a) type plan, where the employer contributes 9% of each eligible employee's payroll, after June 1, 2016. The plans have no future unfunded liability and are both defined contribution plans. The pension expense for 2023 was \$18,884 and for 2024 was \$27,705.

City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024

**NOTE 13. SCHEDULE OF FUTURE ANNUAL DEBT SERVICE REQUIREMENTS**

Total of Semi-annual and annual payments

<u>Date</u>	<u>Total Requirement</u>	<u>Principal</u>	<u>Interest</u>
2025	195,631	105,000	90,631
2026	193,531	105,000	88,531
2027	191,431	105,000	86,431
2028	194,331	110,000	84,331
2029	192,131	110,000	82,131
2030-2034	967,831	595,000	372,831
2035-2039	966,275	670,000	296,275
2040-2044	965,644	755,000	210,644
2045-2049	976,500	875,000	101,500
2050-2050	195,320	190,000	5,320
	<b>\$5,038,625</b>	<b>\$ 3,620,000</b>	<b>\$ 1,418,625</b>
	<b>\$5,038,625</b>	<b>\$ 3,620,000</b>	<b>\$ 1,418,625</b>

**NOTE 14. ACTIVITY IN BONDS AND NOTES PAYABLE**

Activity for the year ended December 31, 2023 and 2024 in bonds and notes payable was as follows:

	<u>Balance</u> <u>12-31-2023</u>	<u>New Debt</u> <u>Acquisition</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>12-31-2023</u>	<u>Current</u> <u>Portion</u>
2020 Bond Issue	\$ 3,820,000	\$ -0-	\$ (100,000)	\$ 3,720,000	\$ 100,000
	<b>\$ 3,820,000</b>	<b>\$ -0-</b>	<b>\$ (100,000)</b>	<b>\$ 3,720,000</b>	<b>\$ 100,000</b>
	<b>\$ 3,820,000</b>	<b>\$ -0-</b>	<b>\$ (100,000)</b>	<b>\$ 3,720,000</b>	<b>\$ 100,000</b>

**City of Vilonia Sewer System  
Notes to the Financial Statements  
December 31, 2023 and 2024**

**NOTE 14. ACTIVITY IN BONDS AND NOTES PAYABLE (Continued)**

	<u>Balance</u> <u>12-31-2024</u>	<u>New Debt</u> <u>Acquisition</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>12-31-2024</u>	<u>Current</u> <u>Portion</u>
2020 Bond Issue	\$ 3,720,000	\$ -0-	\$ (100,000)	\$ 3,620,000	\$ 105,000
	<u>\$ 3,720,000</u>	<u>\$ -0-</u>	<u>\$ (100,000)</u>	<u>\$ 3,620,000</u>	<u>\$ 105,000</u>

**NOTE 15. NEW BOND ISSUE- 2020**

On August 27, 2020, the City of Vilonia Sewer System issued \$3,995,000 of bonds to pay off the existing USDA bonds and finance an expansion project. Included in the proceeds from the bond issuance were \$23,444 of premiums received. After bond issue costs and paying off the outstanding USDA bonds, \$1,354,941 was deposited into a construction fund restricted account to be used for system expansion. Semiannual payments of interest and annual payments of principal are due until December 1, 2050 at a variable interest rate, beginning at 0.875% and increasing to 2.8% at maturity.

**SUPPLEMENTARY INFORMATION**

**City of Vilonia Sewer System  
Annual Budgetary Comparison  
December 31, 2023 and 2024**

**SCHEDULE 1**

	<u>2023 Actual</u>	<u>2023 Budget</u>	<u>2023 Difference</u>
<b>OPERATING REVENUES</b>			
Sewer Charges	\$ 696,776	\$ 700,000	\$ (3,224)
Sewer Connections	3,600	8,750	(5,150)
Late Fees Assessed	16,587	16,000	587
Consumption Fee Income	<u>24,000</u>	<u>50,000</u>	<u>(26,000)</u>
Total Operating Revenues	<u>740,963</u>	<u>774,750</u>	<u>(33,787)</u>
<b>OPERATING EXPENSES</b>			
Amortization	668	-0-	(668)
Contract Labor	800	-0-	(800)
Depreciation	167,581	-0-	(167,581)
Dues and Subscriptions	1,468	1,200	(268)
Employee Medical Insurance	36,250	45,000	8,750
Insurance	7,752	9,500	1,748
Licenses and Permits	4,691	3,000	(1,691)
Office Supplies	7,518	6,500	(1,018)
Payroll Tax Expense	16,573	15,350	(1,223)
Pension Plan Expense	18,884	16,600	(2,284)
Postage	13,861	10,075	(3,786)
Professional Fees	18,046	16,500	(1,546)
Repairs and Maintenance	122,973	59,500	(63,473)
Salaries	223,378	207,400	(15,978)
Service - Testing	6,479	5,000	(1,479)
Truck Expense	46,450	10,000	(36,450)
Uniforms	2,323	2,000	(323)
Utilities	<u>65,187</u>	<u>69,100</u>	<u>3,913</u>
Total Operating Expenses	<u>760,882</u>	<u>476,725</u>	<u>(284,157)</u>
<b>NET INCOME FROM OPERATIONS</b>	(19,919)	298,025	(317,944)
<b>OTHER REVENUES/ (EXPENSES)</b>			
Interest Income	51,820	700	51,120
Trustee Fees	(4,090)	-0-	(4,090)
Interest Expense	<u>(91,557)</u>	<u>(125,000)</u>	<u>33,443</u>
Net Other Revenues/ (Expenses)	<u>(43,827)</u>	<u>(124,300)</u>	<u>80,473</u>
<b>NET INCOME/ (LOSS)</b>	\$ <u>(63,746)</u>	\$ <u>173,725</u>	\$ <u>(237,471)</u>

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

**City of Vilonia Sewer System  
Annual Budgetary Comparison  
December 31, 2023 and 2024**

**SCHEDULE 1**

	<u>2024 Actual</u>	<u>2024 Budget</u>	<u>2024 Difference</u>
<b>OPERATING REVENUES</b>			
Sewer Charges	\$ 730,826	\$ 720,000	\$ 10,826
Sewer Connections	20,060	31,250	(11,190)
Late Fees Assessed	14,509	17,000	( 2,491)
Consumption Fee Income	<u>118,000</u>	<u>200,000</u>	<u>(82,000)</u>
Total Operating Revenues	<u>883,395</u>	<u>968,250</u>	<u>(84,855)</u>
<b>OPERATING EXPENSES</b>			
Amortization	668	-0-	(668)
Contract Labor	4,296	-0-	(4,296)
Depreciation	166,143	-0-	(166,143)
Dues and Subscriptions	479	1,200	721
Employee Medical Insurance	34,872	52,800	17,928
Insurance	8,726	9,500	774
Licenses and Permits	4,685	6,500	1,815
Office Supplies	10,488	7,000	(3,488)
Payroll Tax Expense	17,015	18,625	1,610
Pension Plan Expense	27,705	29,000	1,295
Postage	15,660	11,825	(3,835)
Professional Fees	18,212	23,500	5,288
Repairs and Maintenance	138,449	65,300	(73,149)
Salaries	216,056	213,500	( 2,556)
Service - Testing	4,950	5,000	50
Truck Expense	33,590	20,000	(13,590)
Uniforms	2,596	2,500	(96)
Utilities	<u>67,287</u>	<u>72,800</u>	<u>5,513</u>
Total Operating Expenses	<u>771,877</u>	<u>539,050</u>	<u>(232,827)</u>
<b>NET INCOME FROM OPERATIONS</b>	111,518	429,200	(317,682)
<b>OTHER REVENUES/ (EXPENSES)</b>			
Trustee Fees	( 2,950)	-0-	( 2,950)
Interest Income	41,031	10,000	31,031
Interest Expense	<u>( 91,673)</u>	<u>(125,000)</u>	<u>33,627</u>
Net Other Revenues/ (Expenses)	<u>( 53,592)</u>	<u>(115,000)</u>	<u>61,408</u>
<b>NET INCOME/ (LOSS)</b>	\$ <u>57,926</u>	\$ <u>314,200</u>	\$ <u>(256,274)</u>

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

**City of Vilonia Sewer System**  
**Notes to the Supplementary Information**  
**December 31, 2023 and 2024**

**Note A - Annual Budgetary Comparison**

The budget, which is presented in the Annual Budgetary Comparison (See Schedule 2, pages 18 and 19), was prepared by the management of the Vilonia Sewer System for internal use. This budget is not required to be, and has not been, approved or adopted by the governing body of the City of Vilonia.

The following adjustments were made to the budget prepared by the management of the City of Vilonia Sewer System to present in accordance with generally accepted accounting principles in order to make the comparison to actual results:

	<u>2023</u>	<u>2024</u>
Net income per prepared budget	\$ 73,725	\$314,200
Budgeted Fixed Asset Purchases and Capital Improvements/Eng.	-0-	-0-
Total payments on debt	<u>100,000</u>	<u>-0-</u>
 Net Budgetary Income for Comparison Purposes	 <u>\$173,725</u>	 <u>\$314,200</u>