

CITY OF BELLEVILLE, ARKANSAS
WATER AND SEWER DEPARTMENT
JUNE 30, 2022 AND 2021

CITY OF BELLEVILLE, ARKANSAS
WATER AND SEWER DEPARTMENT
JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT ON APPLYING AGREED-UPON PROCEDURES	1
FINANCIAL STATEMENTS	
Statements of Net Position.....	4
Statements of Revenues, Expenses and Changes in Net Position.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	8

JONES and LAWTON, CPAs, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1106 WEST B STREET

P O BOX 945

RUSSELLVILLE, AR 72811

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ARKANSAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

WAYNE A. JONES, CPA
WILLIAM L. LAWTON, JR., CPA

TEL (479) 968-2552
FAX (479) 968-8855

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT ON APPLYING AGREED-UPON PROCEDURES

City Council and Management
Belleville Water and Sewer Department
Belleville, Arkansas

We have performed the procedures enumerated below, which were agreed to by the members of the City Council, as specified in the Agreed Upon Procedures as required under Arkansas Code Annotated § 14-234-119 – 122, solely to assist the specified parties in evaluating the City of Belleville Water and Sewer Department's compliance with the *Guidelines and Rules* specified below, as of June 30, 2022 and 2021. The City of Belleville Water and Sewer Department's management is responsible for the compliance with those requirements.

The procedures and associated findings are as follows:

1. Cash and Investments

- a. Prepared proof of cash for the year and reconcile the year-end bank statement balance to book balance for all accounts.
- b. Confirmed with depository institutions the cash on deposit and investments.
- c. Agreed the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of these procedures.

2. Receipts

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

We found no exceptions as a result of these procedures.

3. Accounts Receivable

- a. Agreed ten customer billings to the accounts receivable subledger and meter readings.
- b. Determined that five customer adjustments were properly authorized.

All adjustments were approved by the water clerk, and we found no exceptions as a result of these procedures.

4. Disbursements

- a. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater. Analyzed all property, plant, and equipment disbursements.
- c. Selected all disbursements paid to employees other than payroll and ten other disbursements and determined if they were adequately documented.
- d. Reviewed maintenance expenses to determine they were properly coded and should not be capitalized.
- e. Agreed ledger payroll to payroll reports.

We found no exceptions as a result of these procedures.

5. Property, and Equipment

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

We found no exceptions as a result of these procedures.

6. Long-term Debt

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

We found no exceptions as a result of these procedures.

7. General

- a. Reviewed cash balances for adequacy to support operating and maintenance expenditures.
- b. Determined the number of customers.
- c. Determined the rate structures.
- d. Determined that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

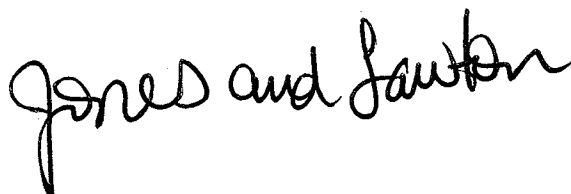
We found no exceptions as a result of these procedures.

These agreed-upon procedure engagements were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion on the effectiveness of internal controls over compliance. Accordingly, we do not express such an opinion or conclusion. If we had performed additional procedures, other matters might have come to our attention that would have been reported to you. The sufficiency of the procedures is solely the responsibility of the members of the Council. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.

This report is intended solely for the information and use by the City Council of Belleville, Arkansas, Management of the Water and Sewer Department, and Arkansas Department of Finance and Administration, Office of Intergovernmental Services and is not intended to be and should not be used by anyone other than these specified parties.

Jones and Lawton, CPAs, P.A.

Russellville, Arkansas
May 10, 2024

A handwritten signature in black ink that reads "Jones and Lawton". The signature is written in a cursive, flowing style.

BELLEVILLE WATER AND SEWER DEPARTMENT
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents: (Note 2)		
Unrestricted	\$ 114,217	\$ 68,023
Restricted	104,970	99,169
Accounts Receivable (Note 3)	11,943	22,886
Inventory of Supplies	5,811	5,785
Prepaid Expenses	152	235
	<u>237,093</u>	<u>196,098</u>
Property and Equipment (Note 4)		
Water System	2,121,982	2,121,982
Sewer System	2,207,226	2,207,226
Equipment	75,430	75,430
Office Building	43,750	43,750
Land	1,650	1,650
	<u>4,450,038</u>	<u>4,450,038</u>
Less: Accumulated Depreciation	2,711,454	2,567,195
	<u>1,738,584</u>	<u>1,882,843</u>
	<u>1,975,677</u>	<u>2,078,941</u>

LIABILITIES

Accounts Payable	24,836	21,833
Accrued Expenses	2,800	2,658
Accrued Interest	1,995	2,070
Customer Deposits	31,022	30,634
Long-term Liabilities: (Note 5)		
Due within 1 year	30,903	29,529
Due in more than 1 year	961,705	992,608
	<u>1,053,261</u>	<u>1,079,332</u>

NET POSITION

Net Invested in Capital Assets	745,976	860,706
Restricted	73,948	68,535
Unrestricted	102,492	70,368
	<u>922,416</u>	<u>999,609</u>
	<u>\$ 1,975,677</u>	<u>\$ 2,078,941</u>

BELLEVILLE WATER AND SEWER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>OPERATING REVENUES</u>		
Water Sales	\$ 271,702	\$ 263,323
Sewer Service	42,615	42,501
Connection Fees and Other	2,181	3,017
	316,498	308,841
<u>OPERATING EXPENSES</u>		
Water Purchased	97,503	96,792
Sewer Treatment	30,726	37,278
Salaries	36,165	39,772
Payroll Taxes	2,735	3,131
Supplies	10,561	6,145
Utilities	9,754	9,484
Truck Expense	117	390
Insurance	387	762
Professional Fees	2,780	3,000
Permits & Fees	2,165	2,272
Office Expense	4,389	2,693
Maintenance & Repairs	6,147	5,697
Miscellaneous	1,101	1,523
Depreciation	144,258	146,554
	348,788	355,493
Operating Loss	(32,290)	(46,652)
<u>OTHER REVENUES (EXPENSES)</u>		
Interest Income	167	193
Interest Expense	(45,070)	(38,785)
	(44,903)	(38,592)
CHANGE IN NET POSITION	(77,193)	(85,244)
NET POSITION, BEGINNING OF YEAR	999,609	1,084,853
NET POSITION, END OF YEAR	\$ 922,416	\$ 999,609

BELLEVILLE WATER AND SEWER DEPARTMENT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Water Customers	\$ 327,994	\$ 313,128
Payments to Suppliers	(152,932)	(153,940)
Payments to Employees	(36,187)	(40,149)
Payments for Other Admin Costs	(12,373)	(11,721)
Net Cash Provided by Operating Activities	<u>126,502</u>	<u>107,318</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	167	193
Net Cash Provided by Investing Activities	<u>167</u>	<u>193</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid on Long-term Debt	(45,145)	(56,756)
Principal Payments on Long-term Debt	(29,529)	(38,580)
Net Cash Used by Financing Activities	<u>(74,674)</u>	<u>(95,336)</u>
 CHANGE IN CASH AND CASH EQUIVALENTS	51,995	12,175
 CASH AND CASH EQUIVALENTS, BEG OF YEAR	<u>167,192</u>	<u>155,017</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 219,187</u>	<u>\$ 167,192</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
 Cash Paid During the Year for Interest	<u>\$ 45,145</u>	<u>\$ 56,756</u>
 Reconciliation of Cash to the Statement of Net Position		
Unrestricted	\$ 114,217	\$ 68,023
Restricted	104,970	99,169
	<u>\$ 219,187</u>	<u>\$ 167,192</u>

BELLEVILLE WATER AND SEWER DEPARTMENT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Loss from Operations	\$ (32,290)	\$ (46,652)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	144,258	146,554
(Increase) Decrease in Accounts Receivable	10,943	3,065
(Increase) Decrease in Inventory of Supplies	(26)	(165)
(Increase) Decrease in Prepaid Expenses	84	136
Increase (Decrease) in Accounts Payable	3,003	3,535
Increase (Decrease) in Accrued Expenses	142	(359)
Increase (Decrease) in Customer Deposits	388	1,204
	<u>158,792</u>	<u>153,970</u>
Net Cash Provided by Operating Activities	<u>\$ 126,502</u>	<u>\$ 107,318</u>

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Belleville Water and Sewer Department is engaged in providing water and sewer services to the general public located in Belleville, Arkansas, and the surrounding rural area.

Organization

The Belleville Water and Sewer Department is a municipally operated system governed by the City Council of the City of Belleville, Arkansas. The Department is a proprietary fund type utilizing enterprise funds 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 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 safety, management control, accountability, or other purposes.

These financial statements represent only the Water and Sewer System funds and do not include data of other funds of the primary government necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

As a water utility, our contract with the customer is established when they complete the steps necessary to get the water service turned on. That contract is in force until they terminate their water service with us. The billing to our customers is on a regular cycle and becomes an accounts receivable balance when the bill is generated. Revenues are recognized when billed and expenses are recognized when incurred, regardless of the timing of the related cash flows.

The Department applies all Government Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1998, unless these pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents

The Department considers cash equivalents to be short-term highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash. For purposes of the Statements of Cash Flows, cash and cash equivalents include "Unrestricted Cash and Cash Equivalents" and "Restricted Cash and Cash Equivalents". The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The Belleville Water and Sewer Department services customers in Belleville, Arkansas and the surrounding area. All of the accounts receivable balance reported herein are from these customers. All accounts receivable are recorded at the gross value, and when deemed to be uncollectable, the accounts receivables are charged to bad debt expense using the allowance method for bad debts. Customers are required to make a deposit which is recorded on the balance sheet. When a bad debt is identified, the deposit can be offset against the receivable to mitigate the bad debt. Accounts receivables are presented net of the allowance for doubtful accounts.

Inventory

Inventory is stated at cost, is determined on a first-in, first-out basis, and consist of construction and maintenance supplies related to the water and sewer systems.

Property and Equipment

Property and equipment are recorded at cost and is being depreciated over the estimated useful lives of the assets using the straight-line depreciation method. Estimated useful lives are as follows:

Water System	7-50 years
Sewer System	7-50 years
Office Equipment	5-10 years

Depreciation expenses for the years ended June 30, 2022 and 2021 amounted to \$144,258 and \$146,554, respectively. Repairs and maintenance are expenses as incurred.

Income Tax

The Belleville Water and Sewer Department is municipally owned and is exempt from Federal and State income tax pursuant to Internal Revenue Code 501(c)(12) and Arkansas Act 114 of 1957, which also exempts the Department from filing Tax Form 990.

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.”

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Regulatory Environment

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

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 that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

At June 30, 2022 and 2021, the Department had unrestricted and restricted cash as follows:

	<u>2022</u>	<u>2021</u>
<u>Unrestricted</u>		
Operations and Maintenance Fund	\$ 2,222	\$ 2,535
Water Department General Fund	82,935	36,548
Certificates of Deposit	<u>29,060</u>	<u>28,940</u>
	<u>114,217</u>	<u>68,023</u>
<u>Restricted</u>		
Meter Fund	31,022	30,634
Debt Service Fund	<u>73,948</u>	<u>68,535</u>
	<u>104,970</u>	<u>99,169</u>
	<u>\$ 219,187</u>	<u>\$ 167,192</u>

The Department is required to transfer an amount into reserve in the event the Department lacks adequate funds to meet the Department's payments. This reserve is maintained until all bonds have been retired. The required reserves for these loans at June 30, 2022 and 2021 are \$68,507 and \$63,095, respectively.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts Receivable consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Amounts Billed to Customers	\$ 16,767	\$ 27,910
Accrued Revenues	<u>5,176</u>	<u>4,976</u>
	21,943	32,886
Less Allowance for Doubtful Accounts	<u>10,000</u>	<u>10,000</u>
	<u>\$ 11,943</u>	<u>\$ 22,886</u>

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4: PROPERTY AND EQUIPMENT

At June 30, 2022, the Department had property and equipment as follows:

	<u>Balance</u> <u>06-30-2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-2022</u>
Water System	\$ 2,121,982			\$ 2,121,982
Sewer System	2,207,226			2,207,226
Equipment	75,430			75,430
Office Building	43,750			43,750
Land	1,650			1,650
	<u>\$ 4,450,038</u>			<u>\$ 4,450,038</u>

At June 30, 2021, the Department had property and equipment as follows:

	<u>Balance</u> <u>06-30-2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-2021</u>
Water System	\$ 2,121,982			\$ 2,121,982
Sewer System	2,207,226			2,207,226
Equipment	75,430			75,430
Office Building	43,750			43,750
Land	1,650			1,650
	<u>\$ 4,450,038</u>			<u>\$ 4,450,038</u>

NOTE 5: LONG-TERM NOTES AND BONDS PAYABLE

Activity of the long-term revenue notes and bonds payable collateralized by pledge of water and sewer revenue at June 30, 2022 consists of the following:

	<u>06-30-2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>06-30-2022</u>
United States Department of Agriculture, Rural Development Agency (RDA9201) 4.75% revenue bonds, with monthly installments of \$1,004 including interest. The bonds will mature in March 2042.	\$ 158,777		\$ 4,606	\$ 154,171
Arkansas Natural Resource Commission 5% deferred note payable (DL2920). Annual installments aggregating \$12,397 began in June 2011. This note will mature in June 2030.	88,124		7,991	80,133
United States Department of Agriculture, Rural Development Agency (RDA9104) 4.5% revenue bonds, with monthly payments of \$2,497 including interest. The bonds will mature in November 2048.	470,854		8,956	461,898

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5: LONG-TERM NOTES AND BONDS PAYABLE (continued)

	<u>06-30-2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>06-30-2022</u>
United States Department of Agriculture, Rural Development Agency (RDA9106) 3.625% revenue bonds, with monthly payments of \$1,000 including interest. The bonds will mature in October 2048.	207,768		4,542	203,226
Arkansas Natural Resource Commission (ARNC690) 5% deferred note payable. Interest accrual is deferred until June 1, 2019. The note is due in annual installments aggregating \$8,265 starting on June 1, 2020. This note will mature in June 2039.	96,614		3,434	93,180
	1,022,137		<u>\$ 29,529</u>	992,608
Less current maturities	29,529			30,903
	<u>\$ 992,608</u>			<u>\$ 961,705</u>

Principal and interest maturities of long-term notes and bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 30,903	\$ 43,771	\$ 74,674
2024	32,341	42,333	74,674
2025	33,847	40,827	74,674
2026	35,423	39,251	74,674
2027	37,074	37,600	74,674
2028-32	187,572	161,013	348,585
2033-37	192,060	119,325	311,385
2038-42	210,801	72,719	283,520
2043-47	178,352	31,468	209,820
2048-49	54,235	1,658	55,893
	<u>\$ 992,608</u>	<u>\$ 589,965</u>	<u>\$ 1,582,573</u>

Activity of the long-term revenue notes and bonds payable collateralized by pledge of water and sewer revenue at June 30, 2021 consists of the following:

	<u>06-30-2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>06-30-2021</u>
United States Department of Agriculture, Rural Development Agency (RDA9201) 4.75% revenue bonds, with monthly installments of \$1,004 including interest. The bonds will mature in March 2042.	\$ 163,169		\$ 4,606	\$ 158,777
Arkansas Natural Resource Commission 5% deferred note payable (DL2920). Annual installments aggregating \$12,397 began in June 2011. Note that the payment due in June 2020 was not paid until July, 2020. This note will mature in June 2030.	102,983		7,991	88,124

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5: LONG-TERM NOTES AND BONDS PAYABLE (continued)

	<u>06-30-2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>06-30-2021</u>
United States Department of Agriculture, Rural Development Agency (RDA9104) 4.5% revenue bonds, with monthly payments of \$2,497 including interest. The bonds will mature in November 2048.	479,416		8,956	470,854
United States Department of Agriculture, Rural Development Agency (RDA9106) 3.625% revenue bonds, with monthly payments of \$1,000 including interest. The bonds will mature in October 2048.	212,149		4,542	207,768
Arkansas Natural Resource Commission (ARNC690) 5% deferred note payable. Interest accrual is deferred until June 1, 2019. The note is due in annual installments aggregating \$8,265 starting on June 1, 2020. Note that the first payment was not made until after June 30, 2020. This note will mature in June 2039.	<u>103,000</u>		<u>3,434</u>	<u>96,614</u>
	1,060,717		<u>\$ 29,529</u>	<u>\$ 1,022,137</u>
Less current maturities	<u>38,580</u>			<u>29,529</u>
	<u>\$1,022,137</u>			<u>\$ 992,608</u>

Principal and interest maturities of long-term notes and bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 29,529	\$ 45,145	\$ 74,674
2023	30,903	43,771	74,674
2024	32,341	42,333	74,674
2025	33,847	40,827	74,674
2026	35,423	39,251	74,674
2027-2031	191,096	169,887	360,983
2032-2036	183,707	127,678	311,385
2037-2041	212,541	82,314	294,855
2042-2046	179,760	39,038	218,798
2047-2049	92,990	4,867	97,857
	<u>\$ 1,022,137</u>	<u>\$ 635,111</u>	<u>\$ 1,657,248</u>

NOTE 6: INTEREST EXPENSE

Total interest expenses incurred in the years ended June 30, 2022 and 2021 amounted to \$45,070 and \$38,785, respectively.

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7: WATER PURCHASE CONTRACT

The Department entered into a water purchase contract with the Danville Water Department. This contract allows the Department to purchase treated water from the Danville Water Department at a price of \$1.95 per 1,000 gallons. For the years ended June 30, 2022 and 2021 the Department purchased 50,014,700 gallons and 48,484,300 gallons for \$97,503 and \$96,792, respectively.

NOTE 8: SEWER TREATMENT CONTRACT

The Department entered into a sewage treatment contract with the City of Havana Sewer Department. This contract allows the Department to pump raw sewage to the Havana Sewer System for treatment at a price of \$1.80 per 1,000 gallons. The cost to the department for the treatment of sewage under this contract amounted to \$30,726 and \$37,278 at June 30, 2022 and 2021 respectively.

NOTE 9: CONCENTRATION OF RISK

The Department maintains cash balances with a local bank. The balances at this bank are secured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. There were no uninsured deposits at June 30, 2022 or 2021.

The Department provides water services and sewer services (if applicable) to residents of Belleville, Arkansas, and the surrounding rural community. The Department grants unsecured credit to its customers. The credit risk is considered minimal because the monthly revolving accounts receivable balances are small, the customer base is very stable with minimal changes, and the limited geographical area covered.

NOTE 10: SCHEDULE OF RATES

Through August 31, 2022:

Monthly Water Rates

First 1,000 gallons	\$25.83
Next 9,000 gallons	5.44 per 1,000 gallons
Next 10,000 gallons	4.31 per 1,000 gallons
Over 20,000 gallons	3.70 per 1,000 gallons

Monthly Sewer Rates

First 1,000 gallons	\$16.81
Over 1,000 gallons	4.28 per 1,000 gallons

Through August 31, 2021:

Monthly Water Rates

First 1,000 gallons	\$25.07
Next 9,000 gallons	5.28 per 1,000 gallons
Next 10,000 gallons	4.18 per 1,000 gallons
Over 20,000 gallons	3.59 per 1,000 gallons

Monthly Sewer Rates

First 1,000 gallons	\$16.32
Over 1,000 gallons	4.15 per 1,000 gallons

BELLEVILLE WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11: CUSTOMERS

The number of customers using the water and sewer services as of June 30, 2022 and 2021 were 460 and 454 respectively.

NOTE 12: INSURANCE COVERAGE

Company: Arkansas Municipal League
Coverage: Property - \$348,000
Period: 11-15-21 thru 11-14-22

Company: Arkansas Municipal League
Coverage: Auto - \$46,500
Period: 1-1-22 thru 12-31-22

NOTE 13: SUBSEQUENT EVENTS

The Department considers there to be no significant events to be reported through May 10, 2024, which is the date the financial statements were available to be issued.