

**WATER AND SEWER DISTRICT  
OF THE CITY OF TUCKERMAN, ARKANSAS**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2023 and 2024**

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**INDEPENDENT AUDITOR'S REPORT**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and City Council  
Water and Sewer District  
City of Tuckerman, Arkansas

We have audited the accompanying financial statements of the Water and Sewer District of the City of Tuckerman, Arkansas, 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 Water and Sewer District of the City of Tuckerman, Arkansas 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 Water and Sewer District of the City of Tuckerman, Arkansas, 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 Matters**

We draw attention to note 13 to the financial statements which describes i) that the financial statements as of and for the year ended December 31, 2023 that we originally reported on December 26, 2024 have been amended, and ii) the matter that gives rise to the amendment of the financial statements.

Our opinion is not modified in respect of this matter.

As discussed in Note 1, the financial statements present only the Water and Sewer District of the City of Tuckerman, Arkansas and do not purport to, and do not, present fairly the financial position of the City of Tuckerman, Arkansas, as of December 31, 2023 and 2024, the changes in its financial position, or 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.

To the City Council  
Water and Sewer District  
City of Tuckerman, Arkansas  
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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 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 Water and Sewer District of the City of Tuckerman, Arkansas' 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.

#### **Other Information**

Management 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 basic 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 financial statements is not affected by this missing information.

#### *Disclaimer of Opinion on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20-21 is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.

*Bonds & Company, P.A.*

Bonds & Company, P. A.  
August 29, 2025

# **FINANCIAL STATEMENTS**

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2023 AND 2024**

**ASSETS**

	<u>2023</u>	<u>2024</u>
Current Assets:		
Cash in Bank - Unrestricted	\$ 27,588	\$ 14,571
Accounts Receivable - Trade	72,436	76,664
Inventory	21,329	21,329
Prepaid Insurance	8,066	9,287
Total Current Assets	<u>129,419</u>	<u>121,851</u>
 Restricted Assets:		
CD - Bonds Trust Reserve	57,875	57,875
Debt Reserve and Construction Account	206,730	175,421
Meter Deposit Fund	37,908	47,955
Receivable from Meter Deposit	5,000	-0-
Receivable from Nonrestricted Funds	18,097	18,097
Total Restricted Assets	<u>325,610</u>	<u>299,348</u>
 Capital Assets:		
Land and other non-depreciable assets	38,783	38,783
Other Capital Assets - net of accumulated depreciation	<u>6,871,074</u>	<u>6,645,459</u>
Total Capital Assets, Net	<u>6,909,857</u>	<u>6,684,242</u>
 <b>Total Assets</b>	 <b><u>\$ 7,364,886</u></b>	 <b><u>\$7,105,441</u></b>
 Deferred Outflows		
Unamortized Debit on Debt Refunding	<u>\$ 49,914</u>	<u>\$ 42,427</u>

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

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**AS OF DECEMBER 31, 2023 AND 2024**

**LIABILITIES AND NET POSITION**

	<u>2023</u>	<u>2024</u>
Current Liabilities:		
Accounts Payable - Trade	\$ 87,060	\$ 38,977
Accrued Payroll Expenses	562	706
Sales Tax Payable	3,989	3,536
Payable to Restricted Funds	18,097	18,097
Customer Meter Deposits	47,724	52,990
Payable to City General Fund	10,279	25,847
Accrued Interest Payable	12,975	14,758
Current Maturities of Long-Term Debt	<u>160,567</u>	<u>170,323</u>
 Total Current Liabilities	 <u>341,253</u>	 <u>325,234</u>
 Long-Term Liabilities:		
Long-Term Debt	4,422,393	4,264,471
Less: Current Maturities	<u>(160,567)</u>	<u>(170,323)</u>
 Total Long-Term Liabilities	 <u>4,261,826</u>	 <u>4,094,148</u>
 <b>Total Liabilities</b>	 <b><u>4,603,079</u></b>	 <b><u>4,419,382</u></b>
 Net Position/(Deficit):		
Net Investment in Capital Assets	2,474,489	2,405,013
 Restricted Net Position	 277,886	 246,358
 Unrestricted Net Position	 <u>59,346</u>	 <u>77,115</u>
 <b>Total Net Position</b>	 <b><u>\$2,811,721</u></b>	 <b><u>\$2,728,486</u></b>

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

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2024**

	<b>2023</b>	<b>2024</b>
Operating Revenues:		
Water Service	\$ 530,673	\$ 545,222
Sewer Service	263,131	268,165
Late Charges	16,399	15,940
Other Income	<u>532</u>	<u>3,064</u>
Total Operating Revenues	<u>810,735</u>	<u>832,391</u>
Operating Expenses:		
Bank Service Charges	577	127
Contract Labor	3,900	6,474
Depreciation	226,292	225,615
Insurance Expense	11,565	13,284
Licenses, Dues and Fees	-0-	1,205
Management Fees	64,271	-0-
Miscellaneous Expense	8,601	-0-
Office Supplies and Expense	4,576	6,718
Payroll Taxes	7,338	8,651
Postage	5,824	6,147
Professional Fees	16,365	14,179
Rent Expense	600	600
Repairs and Maintenance	134,358	113,942
Supplies	30,288	35,935
Chemicals	153,557	166,473
Training & Education	-0-	4,014
Trustee Fees	1,900	1,900
Utilities and Telephone	52,283	55,882
Wages	<u>94,824</u>	<u>126,242</u>
Total Operating Expenses	<u>817,119</u>	<u>787,388</u>
Net Income/(Loss)from Operations	<u>(6,384)</u>	<u>45,003</u>
Other Revenues/(Expenses):		
Interest Income	5,166	6,270
Interest Expense	<u>(140,173)</u>	<u>(134,508)</u>
Total Other Revenues/(Expenses)	<u>(135,007)</u>	<u>(128,238)</u>
Change in Net Position	(141,391)	(83,235)
Net Position - January 1	<u>2,953,112</u>	<u>2,811,721</u>
Net Position - December 31	<u>\$2,811,721</u>	<u>\$2,728,486</u>

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

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2024**

	<u>2023</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 823,194	\$ 833,429
Receipts from other funds	(5,000)	5,000
Payments to employees	(94,824)	(126,242)
Other operating payments	(470,021)	(469,576)
	253,349	242,611
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>		
Purchases of capital assets	(36,971)	-0-
Principal paid on capital debt	(153,516)	(157,922)
Proceeds from new capital loans	-0-	-0-
Interest paid on capital debt	(133,874)	(125,238)
	(324,361)	(283,160)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	5,166	6,270
	5,166	6,270
Net increase (decrease) in cash and cash equivalents	(65,846)	(34,279)
Cash and cash equivalents, beginning of year	395,947	330,101
Cash and cash equivalents, end of year	\$ 330,101	\$ 295,822

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

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2024**

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH PROVIDED BY OPERATING  
ACTIVITIES**

	<u>2023</u>	<u>2024</u>
Operating Income	\$ (6,384)	\$ 44,403
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	226,292	225,615
(Increase) decrease in:		
Prepaid Insurance	(529)	(1,219)
Due from other funds	(5,000)	5,000
Inventory	(11,840)	-0-
Receivables, net	6,788	(4,228)
Increase (decrease) in:		
Accounts Payable	55,818	(47,483)
Customer meter deposits liability	2,485	5,266
Other accrued liabilities	(14,281)	15,257
Net cash provided (used) by operating activities	\$ 253,349	\$ 242,611
Reconciliation of cash and cash equivalents to statement of net position		
Cash in bank - unrestricted	\$ 27,588	\$ 14,571
Restricted:		
Certificates of deposit	57,875	57,875
Debt reserve and construction account	206,730	175,421
Meter deposit fund	37,908	47,955
Total cash and cash equivalents	\$ 330,101	\$ 295,822

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

**NOTES TO THE FINANCIAL STATEMENTS**

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

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

The general purpose financial statements of the Water and Sewer District of the City of Tuckerman, Arkansas 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**

*Proprietary Fund Financial Statements.* The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer District of the City of Tuckerman, Arkansas are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). Accordingly, the Water & Sewer District of the city of Tuckerman, Arkansas uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

**Reporting Entity**

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

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

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

**Fund Type**

The Water and Sewer District is a proprietary enterprise fund of the City of Tuckerman, Arkansas. This fund type accounts for operations that are financed and operated in a manner similar to a 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**

For purpose of the statement of cash flows, the Water and Sewer District of the City of Tuckerman, Arkansas considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Inventory**

Inventory is stated at the lower of cost or market.

**Compensated Absences**

Certain employees of the Company are entitled to paid vacation and sick days, depending on length of service. It is not practical for the Company to estimate the amount of compensation for future absences; accordingly, no liability for compensated absences has been recorded in the accompanying financial statement. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023 AND 2024**

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

**Income Taxes**

The Water and Sewer District is part of a municipality and, accordingly, is exempt from Federal and State income taxes.

**Capital Assets**

All purchased fixed assets are valued at cost, when historical records are available. Repairs and maintenance are expensed as incurred. Generally accepted accounting principles require that depreciation be recognized in order to provide for a reasonable, consistent matching of revenue and expense by systematically allocating the cost of the depreciable asset over its estimated useful life. The system provides for depreciation for plant and equipment acquired or put into service in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful lives of the assets, ranging from 5 years for equipment to 40 years for the plant facility. Depreciation expense totaled \$226,292 for 2023 and \$225,615 for 2024.

A summary of changes in capital assets is as follows:

	Balance <u>1-1-23</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12-31-23</u>
<b>Non-Depreciable Assets:</b>				
Land	\$ 38,783	-	-	\$ 38,783
Total Non-Depreciable Assets	\$ 38,783	-	-	\$ 38,783
<b>Depreciable Assets:</b>				
Water Plant and System	\$ 6,941,100	\$ 32,800	-	\$ 6,973,900
Sewer system	4,664,367	-	-	4,664,367
Equipment and tools	419,507	4,172	-	423,679
Total Depreciable Assets	\$12,024,974	\$ 36,972	-	\$12,061,946

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

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

**Fixed Assets (Continued)**

	Balance <u>1-1-23</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12-31-23</u>
<b>Less Accumulated Depreciation</b>				
Water Plant and system	\$3,458,345	\$ 103,938	\$ -	\$ 3,562,283
Sewer System	1,097,363	118,757	-	1,216,120
Equipment and tools	<u>408,873</u>	<u>3,597</u>	<u>-</u>	<u>412,470</u>
Total Accumulated Depreciation	<u>\$4,964,581</u>	<u>\$ 226,292</u>	<u>\$ -</u>	<u>\$ 5,190,873</u>
Total Depreciable Assets	<u>7,060,393</u>			<u>\$ 6,871,073</u>
Capital Assets, Net	<u>\$7,099,176</u>			<u>\$ 6,909,856</u>
	Balance <u>1-1-24</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12-31-24</u>
<b>Non-Depreciable Assets:</b>				
Land	\$ 38,783	\$ -	\$ -	\$ 38,783
Total Non-Depreciable Assets	<u>\$ 38,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,783</u>
<b>Depreciable Assets:</b>				
Water Plant and system	\$ 6,973,900	\$ -	\$ -	\$ 6,973,900
Sewer System	4,664,367	-	-	4,664,367
Equipment and tools	<u>423,679</u>	<u>-</u>	<u>-</u>	<u>423,679</u>
Total Depreciable Assets	<u>\$12,061,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$12,061,946</u>

	Balance <u>1-1-24</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12-31-24</u>
<b>Less Accumulated Depreciation</b>				
Water Plant and system	\$3,562,283	\$ 104,014	\$ -	\$ 3,666,297
Sewer System	1,216,120	117,795	-	1,333,915
Equipment and tools	<u>412,470</u>	<u>3,806</u>	<u>-</u>	<u>416,276</u>
Total Accumulated Depreciation	<u>\$5,190,873</u>	<u>\$ 225,615</u>	<u>\$ -</u>	<u>\$ 5,416,488</u>
Total Depreciable Assets	<u>7,290,848</u>			<u>\$ 7,060,393</u>
Capital Assets, Net	<u>\$6,909,856</u>			<u>\$ 6,684,241</u>

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

**NOTE 2. CASH AND INVESTMENTS**

Cash and investments are stated at cost.

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The Water and Sewer District of the City of Tuckerman, Arkansas has not adopted a formal deposit or investment policy but is required to comply with the provisions of state law. Arkansas law requires collateralization of all municipal deposits by federal deposit insurance (FDIC) and qualified pledged securities consisting of obligations of the U.S. Treasury and U.S. agencies.

As of December 31, 2023 and 2024, all deposits with financial institutions were fully covered by either FDIC insurance or appropriate collateralization.

**NOTE 3. RESTRICTED ASSETS**

Restricted assets of the District consisted of the following as of December 31, 2023 and 2024:

	<u>2023</u>	<u>2024</u>
Certificates of Deposit-Bank OZK Trust	\$ 57,875	\$ 57,875
Building and Maintenance Account	41,351	37,568
Bank OZK Bond Trust Account	49,577	55,780
Water Plant Construction Account	4,212	4,212
Health Account	5,080	5,659
Meter Deposit Fund	37,908	47,955
Short Lived Assets Reserve Accounts	106,510	72,202
Receivable from Nonrestricted Funds	<u>23,097</u>	<u>18,097</u>
Total	<u>\$ 325,610</u>	<u>\$ 299,348</u>

Under the terms of the 2015-2016 debt issues, the Water and Sewer District of the City of Tuckerman, Arkansas was required to begin funding short lived fixed asset reserves for the new water and sewer loans in the amounts of \$23,584 annually for the water system improvements loan and \$13,466 for the sewer system improvements loan to replace and repair components of the system which have useful lives significantly less than the loan repayment period of 40 years.

Restricted assets and requirements as of December 31, 2023 and 2024 were as follows:

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 3. RESTRICTED ASSETS (CONTINUED)**

<u>2023</u>	<u>Liability</u>	<u>Restricted Assets</u>
Meter Deposits	\$ 47,724	\$ 61,005
Funds restricted to meet the debt service requirements of the 2015 and 2016 USDA loans for water and sewer system improvements		
USDA 91-01	64,350	
USDA 91-06	5,251	
USDA 92-03	49,050	
USDA 92-08	8,820	
Short-Lived Asset Replace Reserve Fund	110,782	
Current Year Asset Repairs	(137,543)	
Total USDA Bond Debt Requirement	<u>100,710</u>	<u>206,730</u>
Certificates of Deposit-2003 Bond Issue	57,875	57,875
Total Restricted Liability/Requirement and Cash	<u>\$ 206,309</u>	<u>\$ 325,610</u>
<u>2024</u>	<u>Liability</u>	<u>Restricted Assets</u>
Meter Deposits	\$ 45,239	\$ 66,052
Funds restricted to meet the debt service requirements of the 2015 and 2016 USDA loans for water and sewer system improvements		
USDA 91-01	72,930	
USDA 91-06	5,959	
USDA 92-03	55,590	
USDA 92-08	9,996	
Short-Lived Asset Replace Reserve Fund	147,832	
Current Year Asset Repairs	(113,942)	
Total USDA Bond Debt Requirement	<u>178,365</u>	<u>175,421</u>
Certificates of Deposit - 2003 Bond Issue	57,875	57,875
Total Restricted Liability/Requirement and Cash	<u>\$281,479</u>	<u>\$299,348</u>

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 3. RESTRICTED ASSETS (CONTINUED)**

All restricted funds were held in checking and savings accounts maintained by the District.

**NOTE 4. ACCOUNTS RECEIVABLE**

The composition of accounts receivable as of December 31 is as follows:

	<u>2023</u>	<u>2024</u>
Total Accounts Receivable	\$ 79,596	\$ 85,297
Less: Allowance for Bad Debts	<u>(7,160)</u>	<u>(8,633)</u>
	<u>\$ 72,436</u>	<u>\$ 76,664</u>

**NOTE 5. LONG-TERM DEBT**

The Long-Term Debt at December 31, consists of the following:

	<u>2023</u>	<u>2024</u>
5.0% note payable to Arkansas Natural Resources Commission, annual payments of \$5,785	\$ 62,704	\$ 62,704
<b>2003 Bond Issue</b>	665,000	585,000
2015-06 (USDA #91-01) loan for the purpose of providing for the construction of a water plant and other improvements. Monthly principal and interest payment of \$7,451, interest at 2.5%	1,802,110	1,765,467
2015-04 (USDA #91-06) loan for the purpose of providing for the construction of a water tower, tank and other improvements. Monthly principal and interest payment of \$587, interest at 2.5%	148,099	145,086
Loan from USDA (#92-03) for the purpose of providing for the construction of a wastewater plant and other improvements. Monthly principal and interest payment of \$5,450, interest at 2.25%	1,481,940	1,449,550
Loan from USDA(#92-08) for the purpose of providing for the construction of a wastewater plant and other improvements. Monthly principal and interest payment of \$9,977, interest at 2.25%	<u>262,540</u>	<u>256,664</u>
	4,422,393	4,264,471
Less: Current Maturities	<u>(160,567)</u>	<u>(170,323)</u>
Total Long-Term Debt net of Current Maturities	<u>\$4,261,826</u>	<u>\$4,094,148</u>

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

Future annual debt service requirements are as follows:

<u>Year(s) Ended December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	170,323	155,405	325,728
2026	174,837	115,856	290,693
2027	182,059	109,134	291,193
2028	189,343	102,100	291,443
2029	196,688	94,755	291,443
2030-2034	605,926	388,039	993,965
2035-2039	565,010	313,572	878,582
2040-2044	612,195	237,345	849,540
2041-2049	694,213	155,327	849,540
2046-2054	787,242	62,298	849,540
2055-2055	<u>86,635</u>	<u>687</u>	<u>87,322</u>
Total	<u>\$ 4,264,471</u>	<u>\$ 1,734,518</u>	<u>\$5,998,989</u>

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

	<u>Balance 1-1-23</u>	<u>New Debt Acquisition</u>	<u>Payments on Principal</u>	<u>Balance 12-31-23</u>	<u>Current Portion</u>
2003 Revenue Bonds	\$ 740,000	\$ -0-	\$ (75,000)	\$ 665,000	\$ 80,000
Revenue Bonds Payable- USDA 92-03	1,513,610	-0-	(31,670)	1,481,940	32,389
Revenue Bonds Payable- USDA 92-08	268,287	-0-	(5,747)	262,540	5,878
Revenue Bonds Payable- USDA 91-06	151,023	-0-	(2,924)	148,099	3,009
Revenue Bonds Payable- USDA 91091	1,837,761	-0-	(35,651)	1,802,110	36,641
Note Payable - ANRC	<u>65,228</u>	<u>-0-</u>	<u>(2,524)</u>	<u>62,704</u>	<u>2,650</u>
Total	<u>\$4,575,909</u>	<u>\$ -0-</u>	<u>\$ (153,516)</u>	<u>\$4,422,393</u>	<u>\$ 160,567</u>

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 5. LONG-TERM DEBT (CONTINUED)**

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

	<u>Balance</u> <u>1-1-24</u>	<u>New Debt</u> <u>Acquisition</u>	<u>Payments on</u> <u>Principal</u>	<u>Balance</u> <u>12-31-24</u>	<u>Current</u> <u>Portion</u>
2003 Revenue Bonds	\$ 665,000	\$ -0-	\$ (80,000)	\$ 585,000	\$ 85,000
Revenue Bonds Payable- USDA 92-03	1,481,940	-0-	(32,390)	1,449,550	33,126
Revenue Bonds Payable- USDA 92-08	262,540	-0-	(5,876)	256,664	6,010
Revenue Bonds Payable- USDA 91-06	148,099	-0-	(3,013)	145,086	3,093
Revenue Bonds Payable- USDA 91-09	1,802,110	-0-	(36,643)	1,765,467	37,662
Note Payable - ANRC	<u>62,704</u>	<u>-0-</u>	<u>-0-</u>	<u>62,704</u>	<u>5,432</u>
Total	<u>\$4,422,393</u>	<u>\$ -0-</u>	<u>\$ (157,922)</u>	<u>\$4,264,471</u>	<u>\$ 170,323</u>

**NOTE 6. REVENUE BONDS - SERIES 2003**

In August 2003, revenue bonds in the amount of \$1,740,000 were issued for Water and Sewer Refunding and Construction. The \$1,740,000 proceeds were used as follows.

Legal Fees - Friday Law Firm	\$ 17,500
Escrow Verification - Moore Stephens & Frost	2,500
Underwriting Costs	52,200
Professional Fees - Crews & Associates	707
Printing Charges	880
Trustee Fees	5,750
Refund - 2000 Bond Issue	1,708,504
Bond Debt Reserve - 2000 Series	(63,363)
Original Issue Discount Costs	14,702
Other	<u>620</u>
	<u>\$1,740,000</u>

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 6. REVENUE BONDS - SERIES 2003 (CONTINUED)**

Government Auditing Standards require that, upon a current refunding resulting in a bond defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. In regards to the 2003 bond issue which refunded the 2000 bond issue, the difference between the reacquisition price and the net carrying amount of the old debt was \$202,151. The net balance, after amortization, was \$49,914 at December 31, 2023 and \$42,427 at December 31, 2024. This represents unamortized reacquisition costs.

In accordance with GASB No. 65 as issued by the Government Accounting Standards Board, the District reports this unamortized amount as a deferred outflow of resources on its statement of net position.

**NOTE 7. INSURANCE**

The City of Tuckerman Water and Sewer District had the following insurance in force on December 31, 2023 and 2024:

- A. Workers' Compensation Policy - \$100,000 Employer's Liability, \$100,000 each accident, \$500,000 policy limit. \$100,000 each employee; Policy in force for the period 1-1-24 to 12-31-24.
  
- B. Business Auto Policy covering company vehicles - \$100,000 liability, \$25,000 coverage bodily injury/death one person, \$50,000 coverage bodily injury/death two or more persons, \$25,000 coverage destruction to others, \$1,000 comprehensive/collision deductible; Policy in force for period 9-10-24 to 9-9-25.

- C. Commercial Package Policy covering property as follows:

Buildings and Treatment Plant	\$ 3,351,000
Equipment	224,000

This policy is in effect for the period 9-10-23 through 9-9-24.

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 8. CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Current liabilities payable from restricted assets were as follows, as of December 31:

	<u>2023</u>	<u>2024</u>
Customers' Meter Deposits	\$ 47,724	\$ 52,990
Accrued Interest	<u>12,975</u>	<u>14,758</u>
Total	<u>\$ 60,699</u>	<u>\$ 67,748</u>

**NOTE 9. CUSTOMER DEPOSITS**

Active customer deposits are held by the City of Tuckerman Water and Sewer District. Interest earned on deposit funds is considered to be the property of the City of Tuckerman, Arkansas Water and Sewer District. As of December 31, 2023, the Customer Deposit Fund totaled \$61,005, of which \$37,908 represented customer deposits held by the district, \$18,097 represented a receivable from the operations and maintenance account for the meter deposit account, and a \$5,000 receivable from the City of Tuckerman general fund. As of December 31, 2024, the Customer Deposit Fund totaled \$66,052 of which \$47,955 represented customer deposits held by the district and \$18,097 represented a receivable from the operations and maintenance account for the meter deposit account.

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 10. CURRENT WATER AND SEWER RATES**

Current water and sewer rates, as of December 31, 2024, are as follows:

<u>USAGE</u>	<u>WATER</u>	<u>SEWER</u>
0 - 1,000 gallons	\$28.62	\$21.19
1,000 - 2,000 gallons	\$32.19	\$23.47
2,000 - 3,000 gallons	\$35.76	\$25.75
3,000 - 4,000 gallons	\$39.33	\$28.03
4,000 - 5,000 gallons	\$42.90	\$30.31
5,000 - 6,000 gallons	\$46.47	\$32.59
6,000 - 7,000 gallons	\$50.04	\$34.87
7,000 - 8,000 gallons	\$53.61	\$37.15
8,000 - 9,000 gallons	\$57.18	\$39.47
9,000 - 10,000 gallons	\$60.75	\$41.71
10,000 - 11,000 gallons	\$64.72	\$43.99
11,000 - 12,000 gallons	\$67.89	\$46.27
12,000 - 13,000 gallons	\$71.46	\$48.55
13,000 - 14,000 gallons	\$75.03	\$50.83
14,000 - 15,000 gallons	\$78.60	\$53.11
15,000 - 16,000 gallons	\$82.17	\$55.39
16,000 - 17,000 gallons	\$85.74	\$57.67
17,000 - 18,000 gallons	\$89.31	\$59.95
18,000 - 19,000 gallons	\$92.88	\$62.23
19,000 - 20,000 gallons	\$96.45	\$64.51
20,000 - 21,000 gallons	\$100.02	\$66.79
21,000 - 22,000 gallons	\$103.59	\$69.07
22,000 - 23,000 gallons	\$107.16	\$71.35
23,000 - 24,000 gallons	\$110.73	\$73.63
24,000 - 25,000 gallons	\$114.30	\$75.91

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2023 AND 2024**

**NOTE 11. ANNUAL BILLABLE WATER IN GALLONS FOR SEWER USERS**

The annual billable water in gallons for sewer users for the years ended December 31, 2023 and 2024 were 37,122,000 and 34,740,000 gallons, respectively. The number of sewer users, excluding North Jackson County RWA, was 723 at December 31, 2023 and 729 at December 31, 2024.

**NOTE 12. SUBSEQUENT EVENTS**

The Water and Sewer District of the City of Tuckerman, Arkansas has evaluated subsequent events through August 29, 2025, which is the date that the financial statements were available to be issued.

**NOTE 13. RESTATEMENT OF FINANCIAL STATEMENTS**

The December 31, 2023 financial statements were restated for a correction in an error related to the accrual of expenses which were incurred in 2023 but were not accrued on the 2023 financial statements. The 2023 financial information has been updated to correct for this error, as follows:

<u>2023</u>	<u>As previously reported</u>	<u>Correction</u>	<u>As restated</u>
Accounts Payable Trade	\$ 43,742	\$ 43,318	\$ 87,060
Supplies	110,839	42,718	153,557
Rent Expense	-0-	600	600
Total Operating Expense	773,801	43,318	817,119
Net Income/(Loss) from Operations	36,934	(43,318)	(6,384)
Change in Net Position	(98,073)	(43,318)	(141,391)
Unrestricted Net Position	102,664	(43,318)	59,346
Total Net Position	2,855,039	(43,318)	2,811,721

**SUPPLEMENTARY INFORMATION**

**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**SCHEDULE OF REVENUES AND EXPENSES BY DEPARTMENT**  
**DECEMBER 31, 2023**

**SCHEDULE 1**

	<b>Water</b>	<b>Sewer</b>	<b>Total 2023</b>
Operating Revenues:			
Water Service (Note 1)	\$ 530,673	\$ -0-	\$ 530,673
Sewer Service	-0-	263,131	263,131
Penalties	10,963	5,436	16,399
Miscellaneous Income	<u>356</u>	<u>176</u>	<u>532</u>
Total Operating Revenues	<u>541,992</u>	<u>268,743</u>	<u>810,735</u>
Operating Expenses:			
Bank Service Charges	386	191	577
Casual Labor	2,607	1,293	3,900
Depreciation	106,56	119,727	226,292
Insurance Expense	7,731	3,834	11,565
Management Fees	42,966	21,305	64,271
Miscellaneous Expense	5,750	2,851	8,601
Office Supplies and Expense	3,059	1,517	4,576
Payroll Taxes	4,906	2,432	7,338
Postage	3,893	1,931	5,824
Professional Fees	10,940	5,425	16,365
Rent	600	-0-	600
Repairs and Maintenance	89,821	44,537	134,358
Supplies	20,248	10,040	30,288
Chemicals	102,656	50,901	153,557
Trustee Fees	1,270	630	1,900
Utilities and Telephone	34,952	17,331	52,283
Wages	<u>63,392</u>	<u>31,432</u>	<u>94,824</u>
Total Operating Expenses	<u>501,742</u>	<u>315,377</u>	<u>817,119</u>
Net Income/(Loss) from Operations	<u>40,250</u>	<u>(46,634)</u>	<u>(6,384)</u>
Other Revenues/(Expenses):			
Interest Income	3,100	2,066	5,166
Interest Expense	<u>(81,951)</u>	<u>(58,222)</u>	<u>(140,173)</u>
Total Other Revenues/(Expenses)	<u>(78,851)</u>	<u>(56,156)</u>	<u>(135,007)</u>
Net Income/(Loss)	<u>\$ (38,601)</u>	<u>\$ (102,790)</u>	<u>\$ (141,391)</u>

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**WATER AND SEWER DISTRICT OF THE CITY OF TUCKERMAN, ARKANSAS**  
**SCHEDULE OF REVENUES AND EXPENSES BY DEPARTMENT**  
**DECEMBER 31, 2024**

**SCHEDULE 1**

	<b>Water</b>	<b>Sewer</b>	<b>Total 2024</b>
Operating Revenues:			
Water Service	\$ 545,222	\$ -0-	\$ 545,222
Sewer Service	-0-	268,165	268,165
Penalties	10,685	5,255	15,940
Miscellaneous Income	<u>2,054</u>	<u>1,010</u>	<u>3,064</u>
Total Operating Revenues	<u>557,961</u>	<u>274,430</u>	<u>832,391</u>
Operating Expenses:			
Bank Service Charges	85	42	127
Contract Labor	4,340	2,134	6,474
Depreciation	106,565	119,050	225,615
Insurance Expense	8,904	4,380	13,284
Licenses, Dues and Fees	808	397	1,205
Office Supplies and Expense	4,503	2,215	6,718
Payroll Taxes	5,799	2,852	8,651
Postage	4,120	2,027	6,147
Professional Fees	9,504	4,675	14,179
Rent Expense	600	-0-	600
Repairs and Maintenance	76,377	37,565	113,942
Supplies	24,088	11,847	35,935
Chemicals	111,589	54,884	166,473
Education and Training	2,691	1,323	4,014
Trustee Fees	1,274	626	1,900
Utilities and Telephone	37,458	18,424	55,882
Wages	<u>84,621</u>	<u>41,621</u>	<u>126,242</u>
Total Operating Expenses	<u>483,326</u>	<u>304,062</u>	<u>787,388</u>
Net Income/(Loss) from Operations	<u>74,635</u>	<u>(29,632)</u>	<u>45,003</u>
Other Revenues/(Expenses):			
Interest Income	3,762	2,508	6,270
Interest Expense	<u>(78,639)</u>	<u>(55,869)</u>	<u>(134,508)</u>
Total Other Revenues/(Expenses)	<u>(74,877)</u>	<u>(53,361)</u>	<u>(128,238)</u>
Net Income/(Loss)	<u>\$ (242)</u>	<u>\$ (82,993)</u>	<u>\$ (83,235)</u>

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