

RECEIVED

AUG 23 2022

FAULKNER CO. JUDGE

Faulkner County
American Rescue Plan / Coronavirus State and Local
Fiscal Recovery Funds Application

Organizational information:

Name or organization: Vilonia Waterworks Association
Physical address: 19 Industrial Drive, Vilonia, AR 72173
Mailing address: PO Box 300, Vilonia, AR 72173
Email: jmcreeynolds@viloniawater.com
Phone: 501-796-2711

CEO or Executive Director information:

Name: Josh Mcreeynolds
Email: jmcreeynolds@viloniawater.com
Phone: 501-796-2711
Brief qualifications statement: _____

Financial Officer or Director information:

Name: Connie Wells
Email: cwells@viloniawater.com
Phone: 501-796-2711
Brief qualifications statement: _____

Who is the contact person for this application?

Name: Josh Mcreeynolds
Email: jmcreeynolds@viloniawater.com
Phone: 501-796-2711

Entity type or IRS registration: (501(c)3, LLC, sole proprietorship, etc.)

Non-profit

Brief history of the organization:

Vilonia Waterworks Association was established on May 16th, 1974
to provide drinking water to the City of Vilonia and other parts of Faulkner County Arkansas.

Financial information:

1. Have you received other state or federal grant funds in the past three years? If so, list the grant name, the organization from whom it was received, the amount of funding received, and the status of the grant expenditure.

No.

2. Please Attach your organization's audits from 2019, 2020, and 2021 if available.

See Attached.

3. What is your organization's annual budget? Please attach a copy of your 2020, 2021, and 2022 budgets.

See attached.

4. The applicant certifies that any funds received through this Faulkner County granting program are fully subject to federal regulations and affirms that the funds will be properly spent in compliance with the American Rescue Plan Act of 2021. The applicant further affirms that financial controls are in place such that each expenditure under the grant will be fully documented and that such documentation will be open to the public and submitted to the County for audit. The applicant understands that all aspects of their use of the grant are open to the public and subject to the Freedom of Information Act.

Vilonia Waterworks Association will comply with all applicable Federal and State laws and guidelines.

About your request:

5. Please indicate under which category of eligibility under ARPA your organization is applying: Investments in Infrastructure- Water and Sewer

- Public Health and Economic Impacts – Responding to COVID-19
- Public Health and Economic Impacts – Responding to Negative Economic Impacts
- Investments in Infrastructure – Water and Sewer
- Investments in Infrastructure – Broadband

6. Briefly and clearly state how your project responds to the COVID-19 crisis:

The project complies with the guidelines set forth in the ARPA Final Rule Guidelines. Specifically, the transmission and distribution of drinking water to improve pressure or prevent contamination, and improvements to drinking water storage to equalize demand and prevent contaminants.

7. Does your project have a county-wide impact? If so, please describe.

Yes, projects will improve volume and allow for maintenance during high demand periods by increasing line sizes, provide an emergency repair to a pumping facility, extend water service to unserved areas of the county, provide secondary connections in order to provide water pressure during emergencies, and aid to keep rates lower by offsetting financing costs.

8. Please describe your project including the following information (in any order): What will this project accomplish? How will those goals be measured? How do these goals relate to the goals of the American Rescue Plan Act (ARPA)?

These projects will extend water service to unserved areas and allow VWA to better maintain the system. Project goals also include the emergency repair of a pump station and rehabilitation of a 500,000-gallon storage tank. These projects directly fulfill several of the goals outlined in ARPA- Investments in Infrastructure: Water and Sewer such as improving the transmission and distribution of drinking water by improving pressure and preventing contaminants and making improvements to pumping facilities and storage.

9. Please attach a project budget. If the project includes construction or third-party services, please provide their estimates.

See Attached

10. Are other funds part of the budget besides ARPA funds? If so, please list other sources of funding and a copy of their funding commitment, if available.

Vilonia Waterworks Association has cash on hand to fund portions of the projects and has submitted through the Water and Wastewater Advisory Committee for loan funding. The loan application has been approved.

11. Please describe the organization's financial management practices that will ensure audit compliance.

Vilonia Waterworks has proper internal controls in place and conducts an annual third party audit each year as prescribed by state law.

12. What is the total dollar amount that is being requested from Faulkner County?

JP District 1- Mt. Vernon Emergency Pump Station Repairs- \$1,080,641.50

JP District 1- Heffington Cemetery Road Waterline Extension- \$873,088.00

JP District 6- Caney Creek Road Waterline Extension and Skunk Hollow Tank Rehab- \$1,283,802.00

JP District 10- Carrol Road Waterline Extension- \$1,095,055.00

JP District 3- Highway 107 to Shultz- \$1,600,000.00

Total Request from Faulkner County- \$5,932,586.50

13. Have you received other ARPA or CARES Act funds? If so, how much have you received?

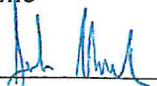
Vilonia Waterworks has been awarded 1.57 million from Faulkner County for its proposed Highway 107 to Shultz Project. Project has not started yet.

Authorized Representative: The signature indicates that I have been authorized to submit an application requesting funding for the proposed project and to the best of my knowledge and belief, all data contained in this application is true and correct. If the application is approved for funding, I am authorized to sign any applicable documents on behalf of the applicant.

Josh McCreynolds

Type Name

Signature



General Manager

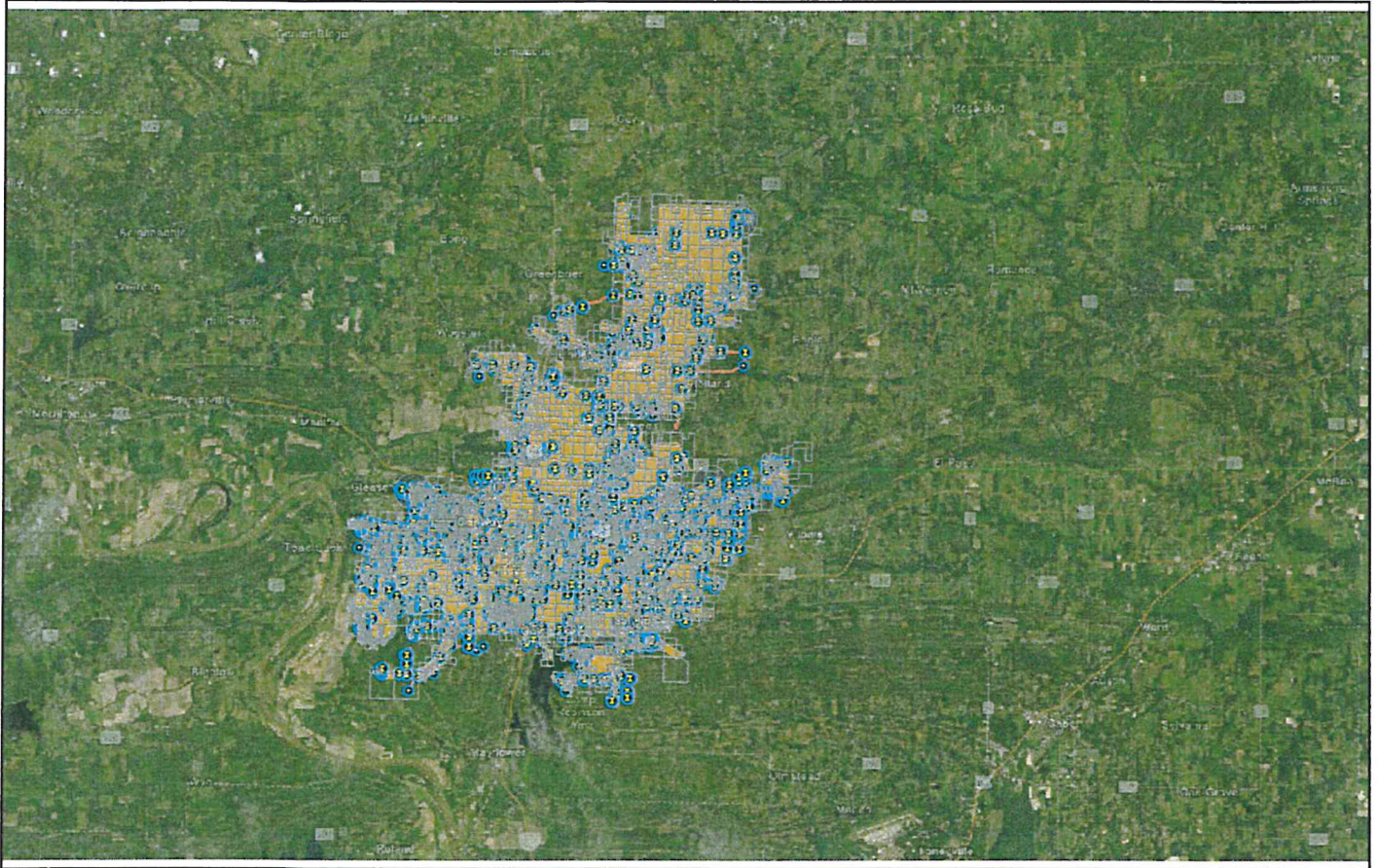
Title

08/22/2022

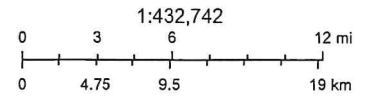
Date

When completed return by mail or drop-off
to: Faulkner County Judge's Office
801 Locust Street
Conway, AR 72034

VWA System



8/22/2022

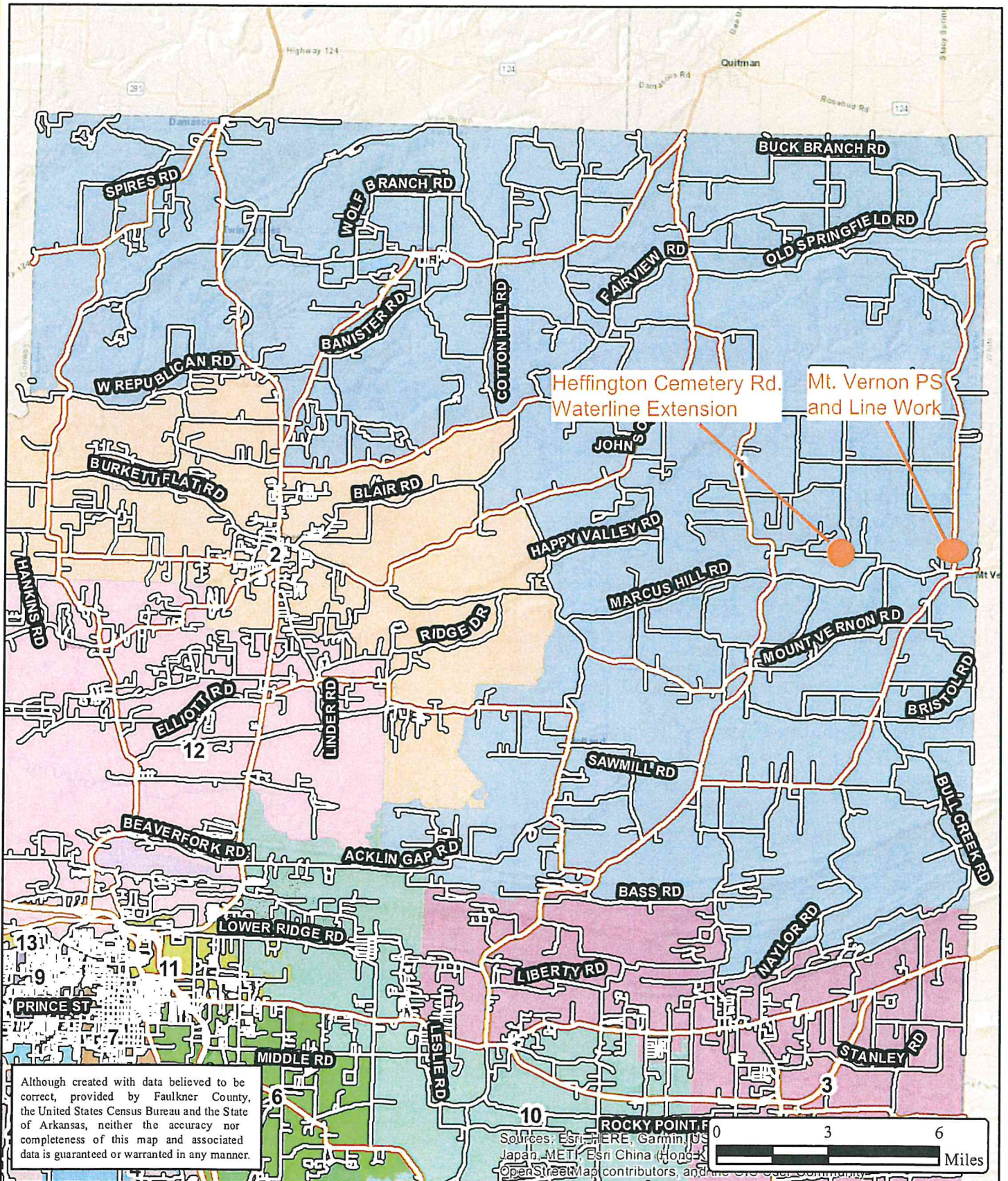




Faulkner County

Justice of the Peace District 1

Map Created: December 27, 2021

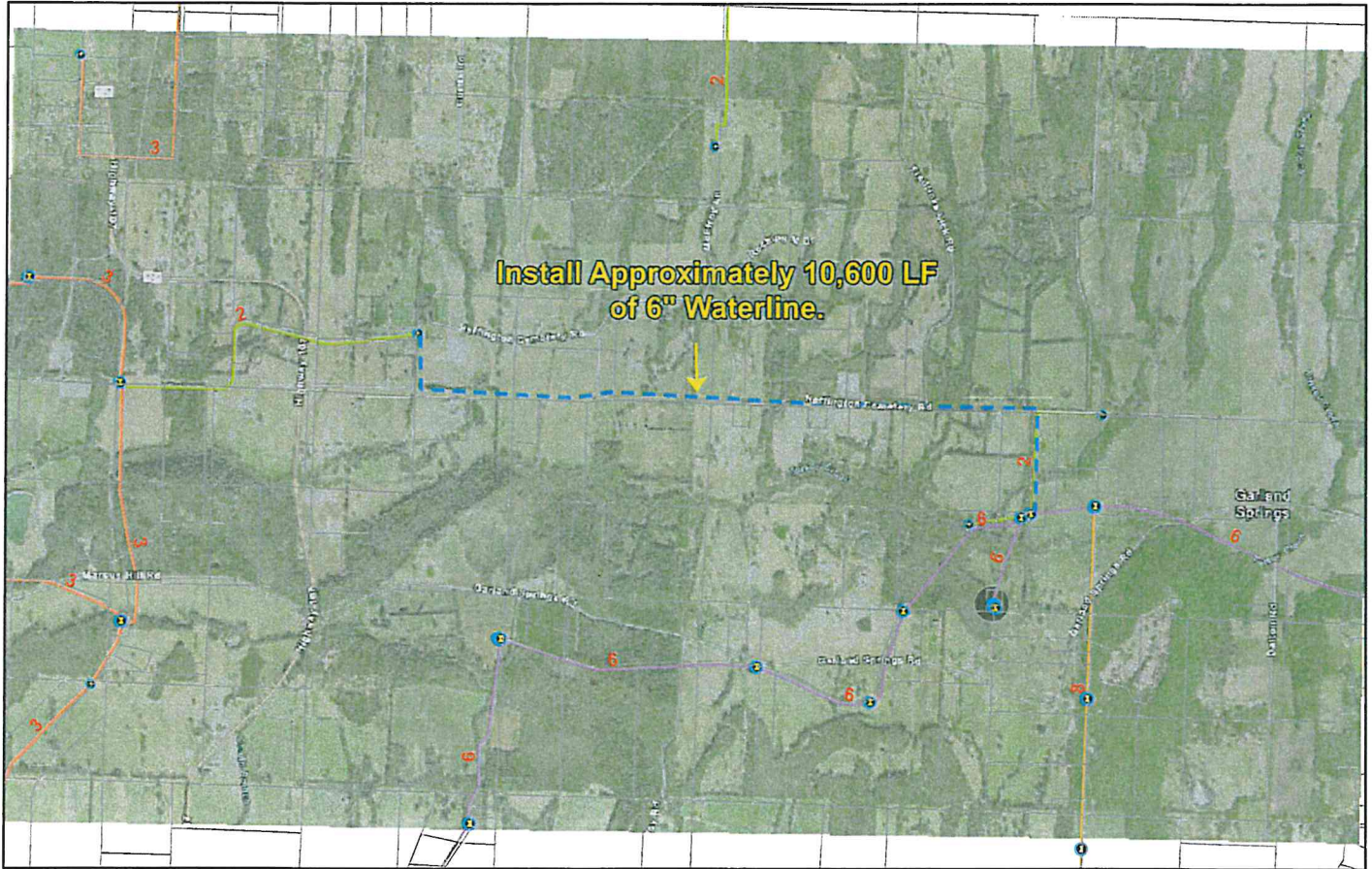


Although created with data believed to be correct, provided by Faulkner County, the United States Census Bureau and the State of Arkansas, neither the accuracy nor completeness of this map and associated data is guaranteed or warranted in any manner.

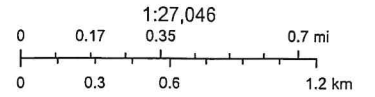
Sources: Esri, HERE, Garmin, US Japan, METI, Esri China (Hong Kong), Swatch, Bing, OpenStreetMap contributors, and the GIS User Community

0 3 6 Miles

VWA System



8/19/2022





Engineer's Estimate of Probable Project Costs
Vilonia Water Works - System Wide Water Main Improvements
Heffington Cemetery Road

Construction Costs

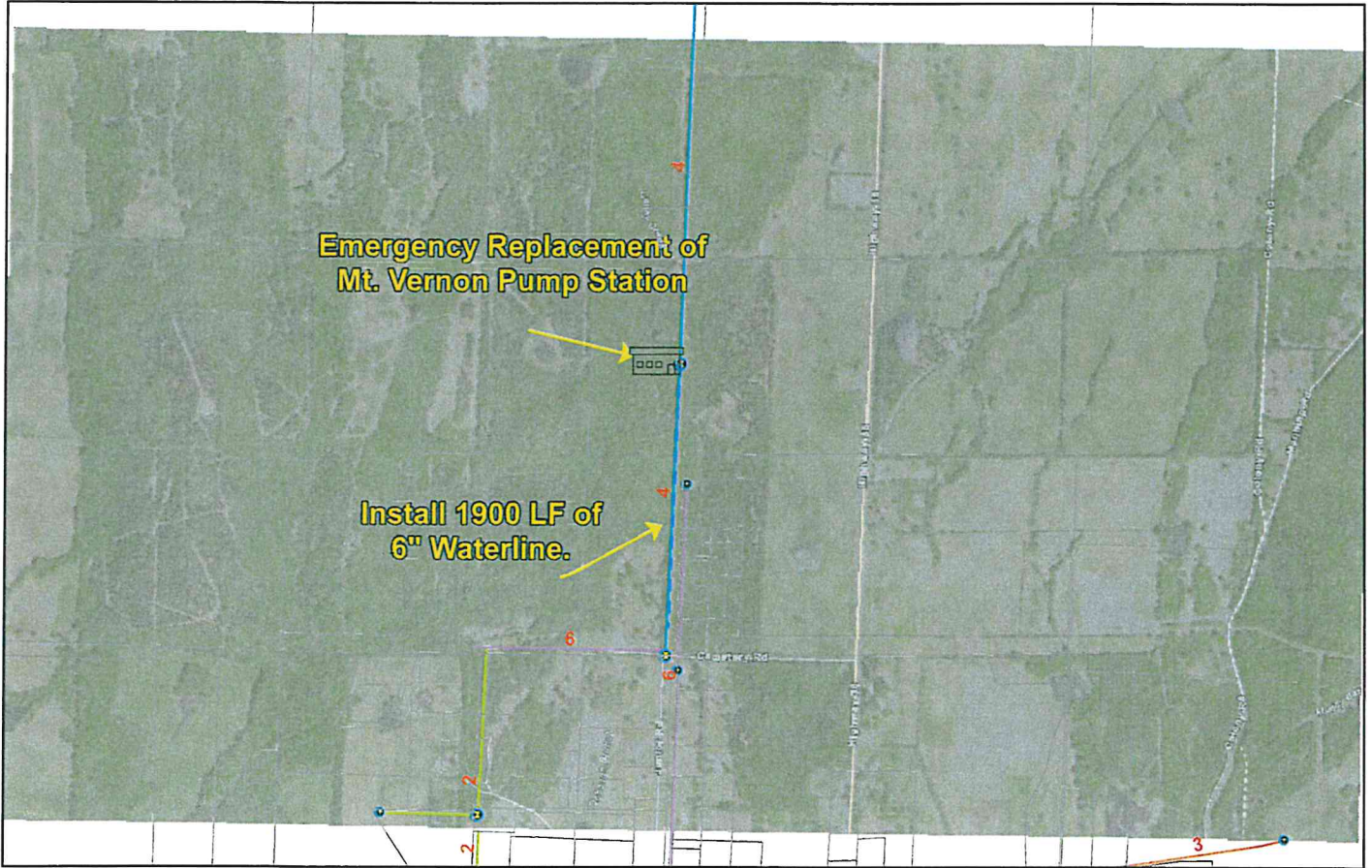
Item No.	Description	Quantity	Unit	Unit Price	Cost
1	6" PVC Watermain	10,600	LF	\$ 45.00	\$ 477,000.00
2	FH Assembly	4	EA	\$ 6,000.00	\$ 24,000.00
3	6"x6" TS&V	2	EA	\$ 4,000.00	\$ 8,000.00
4	Bore and 16" Encasement Pipe	60	LF	\$ 400.00	\$ 24,000.00
6	Seeding & Mulching	106,000	SF	\$ 0.25	\$ 26,500.00
7	Erosion Control	1	LS	\$ 5,000.00	\$ 5,000.00
8	Trench Safety	1	LS	\$ 10,000.00	\$ 10,000.00
9	Cleaning & Disinfection	10,600	LF	\$ 0.50	\$ 5,300.00
10	Pressure Testing	10,600	LF	\$ 0.50	\$ 5,300.00
11	Mobilization/Demobilization	1	LS	\$ 10,000.00	\$ 10,000.00
12	Traffic Control	1	LS	\$ 2,000.00	\$ 2,000.00
	<i>Contractor OH&P (25%)</i>				\$ 149,275.00
	<i>Contingency (10%)</i>				\$ 59,710.00
Total Estimated Construction Cost					\$ 806,085.00

Non-Construction Costs

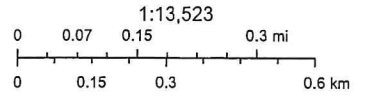
Item No.	Description	Quantity	Unit	Unit Price	Cost
1	Easements	10,600	LF	\$ 5.00	\$ 53,000.00
2	Design Engineering	1	LS	\$ 13,890.00	\$ 13,890.00
3	Construction Engineering (Part-Time Inspection)	1	LS	\$ 8,000.00	\$ 8,000.00
4	Legal Services	1	LS	\$ 10,000.00	\$ 10,000.00
Total Estimated Non-Construction Cost					\$ 84,890.00

Total Estimated Project Cost					\$ 890,975.00
-------------------------------------	--	--	--	--	----------------------

VWA System



8/19/2022





Engineer's Estimate of Probable Project Costs
Vilonia Water Works - System Wide Water Main Improvements
Mt. Vernon Pump Station and Line Work

Construction Costs

Item No.	Description	Quantity	Unit	Unit Price	Cost
1	6" PVC Watermain	2,000	LF	\$ 45.00	\$ 90,000.00
2	Pump Station	1	LS	\$ 500,000.00	\$ 500,000.00
1	Air Release Valve in Vault	1	EA	\$ 5,000.00	\$ 5,000.00
2	Seeding & Mulching	20,000	SF	\$ 0.25	\$ 5,000.00
3	Erosion Control	1	LS	\$ 15,000.00	\$ 15,000.00
4	Trench Safety	1	LS	\$ 10,000.00	\$ 10,000.00
5	Cleaning & Disinfection	2,000	LF	\$ 1.00	\$ 2,000.00
6	Pressure Testing	2,000	LF	\$ 1.00	\$ 2,000.00
7	Mobilization/Demobilization	1	LS	\$ 10,000.00	\$ 10,000.00
8	Traffic Control	1	LS	\$ 2,000.00	\$ 2,000.00
	<i>Contractor OH&P (25%)</i>				\$ 160,250.00
	<i>Contingency (10%)</i>				\$ 64,100.00
Total Estimated Construction Cost					\$ 865,350.00

Non-Construction Costs

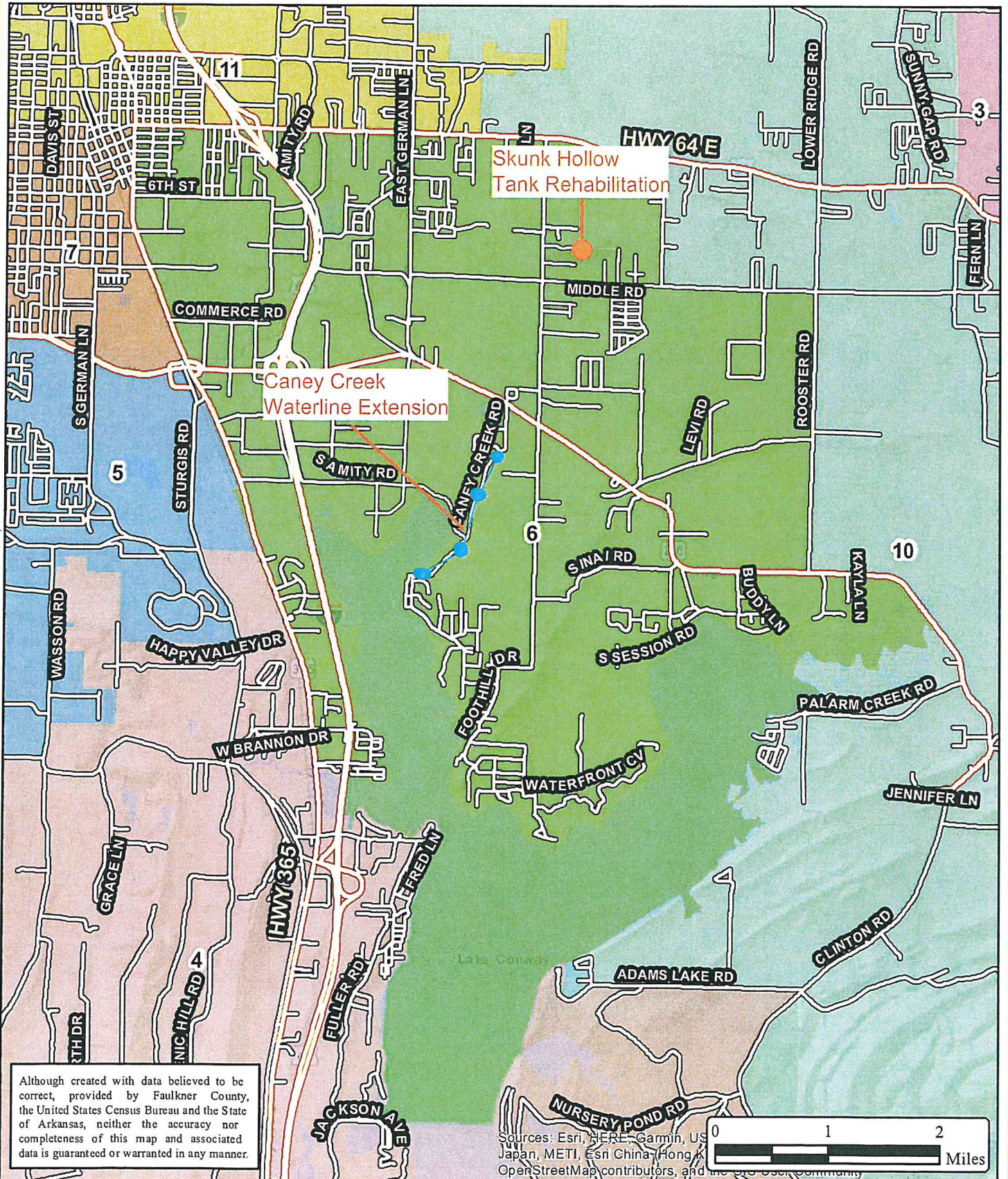
Item No.	Description	Quantity	Unit	Unit Price	Cost
1	Property Acquisition	1	LF	\$ 50,000.00	\$ 50,000.00
2	Design Engineering	1	LS	\$ 70,000.00	\$ 70,000.00
3	Construction Engineering (Part-Time Inspection)	1	LS	\$ 60,000.00	\$ 60,000.00
4	Legal Services	1	LS	\$ 5,000.00	\$ 5,000.00
Total Estimated Non-Construction Cost					\$ 185,000.00

Total Estimated Project Cost					\$ 1,050,350.00
-------------------------------------	--	--	--	--	------------------------

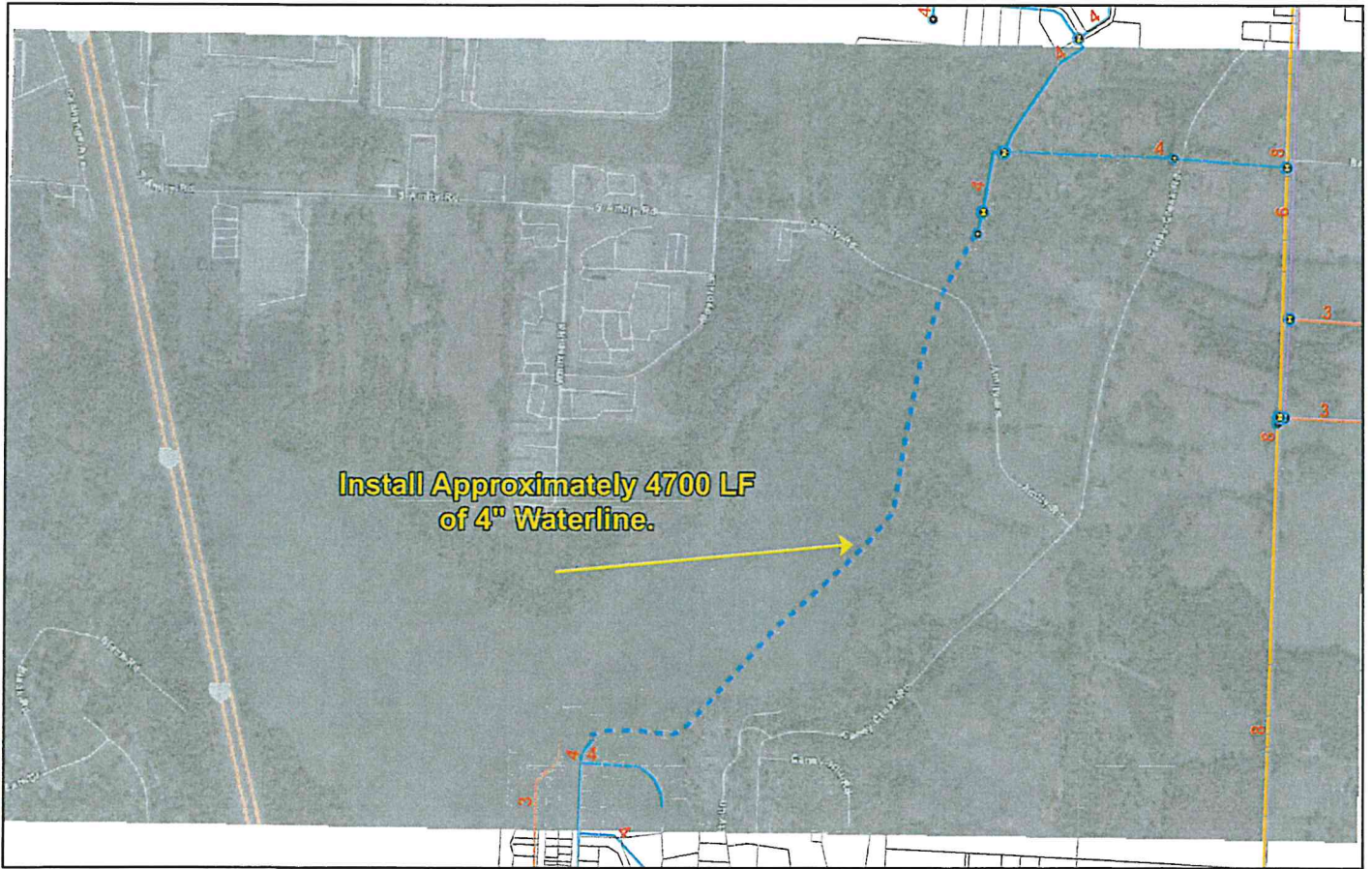


Faulkner County

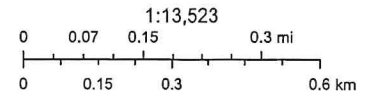
Justice of the Peace District 6
Map Created: December 27, 2021



VWA System



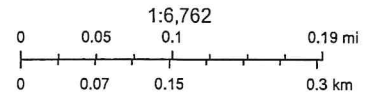
8/19/2022



VWA System



8/19/2022





Engineer's Estimate of Probable Project Costs

Vilonia Water Works

Caney Creek Road Waterline Extension/Skunk Hollow Tank Rehab

Construction Costs

Item No.	Description	Quantity	Unit	Unit Price	Cost
1	4" PVC Watermain	4,700	LF	\$ 45.00	\$ 211,500.00
2	FH Assembly	2	EA	\$ 6,000.00	\$ 12,000.00
3	TS&V	2	EA	\$ 4,000.00	\$ 8,000.00
4	Road Bores	100	LF	\$ 400.00	\$ 40,000.00
6	Tank Painting	1	LS	\$ 400,000.00	\$ 400,000.00
7	Mixing	1	EA	\$ 75,000.00	\$ 75,000.00
8	Seeding & Mulching	47,000	SF	\$ 0.25	\$ 11,750.00
9	Erosion Control	1	LS	\$ 15,000.00	\$ 15,000.00
10	Trench Safety	1	LS	\$ 10,000.00	\$ 10,000.00
11	Cleaning & Disinfection	4,700	LF	\$ 0.50	\$ 2,350.00
12	Pressure Testing	4,700	LF	\$ 0.50	\$ 2,350.00
13	Mobilization/Demobilization	1	LS	\$ 20,000.00	\$ 20,000.00
14	Traffic Control	1	LS	\$ 50,000.00	\$ 50,000.00
	Contractor OH&P (25%)				\$ 214,488.00
	Contingency (10%)				\$ 85,795.00
Total Estimated Construction Cost					\$ 1,158,233.00

Non-Construction Costs

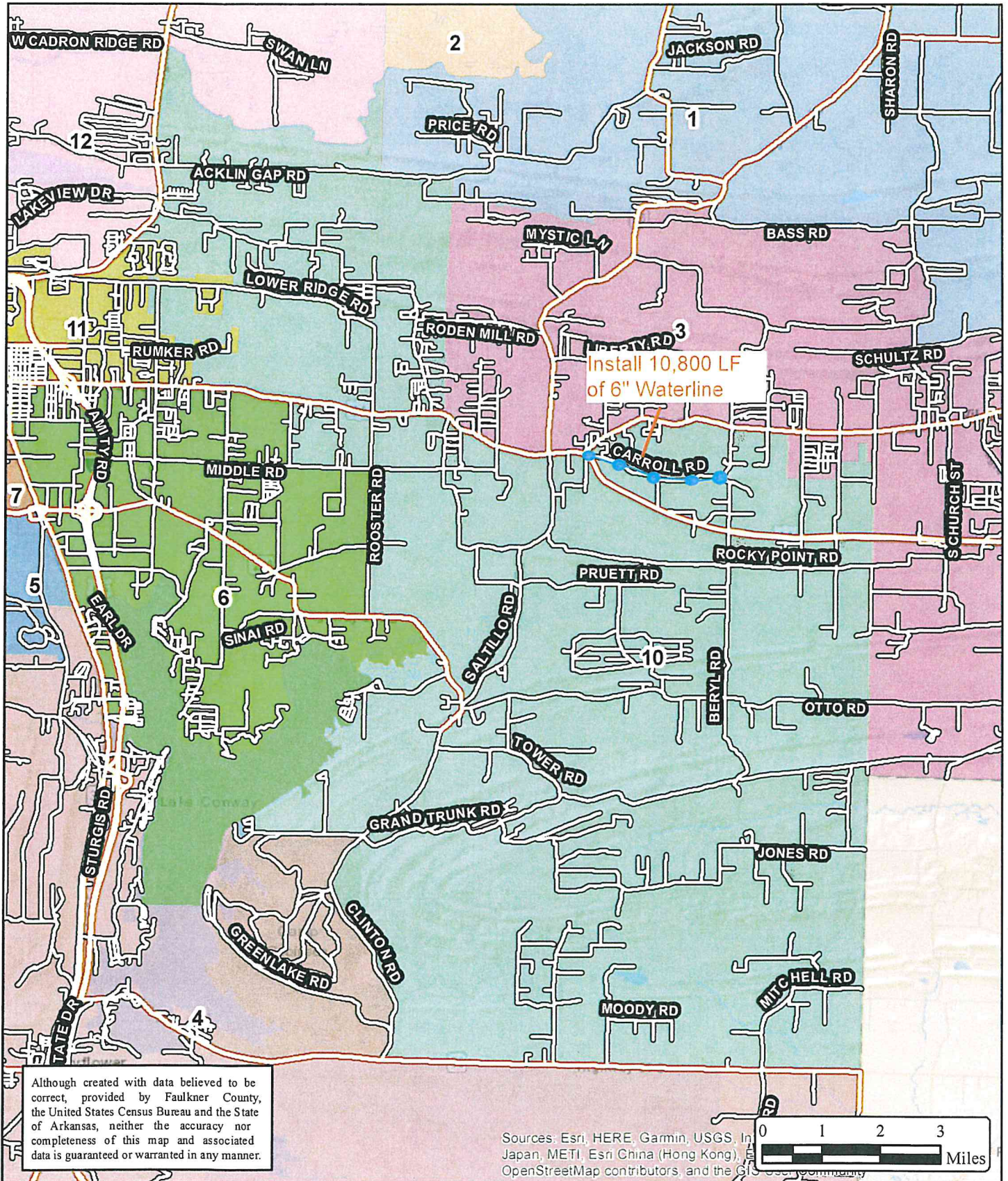
Item No.	Description	Quantity	Unit	Unit Price	Cost
1	Easements	4,700	LF	\$ 5.00	\$ 23,500.00
2	Design Engineering	1	LS	\$ 65,000.00	\$ 65,000.00
3	Construction Engineering (Part-Time Inspection)	1	LS	\$ 35,000.00	\$ 35,000.00
4	Legal Services	1	LS	\$ 10,000.00	\$ 10,000.00
Total Estimated Non-Construction Cost					\$ 133,500.00

Total Estimated Project Cost					\$ 1,291,733.00
-------------------------------------	--	--	--	--	------------------------



Faulkner County

Justice of the Peace District 10
Map Created: December 27, 2021

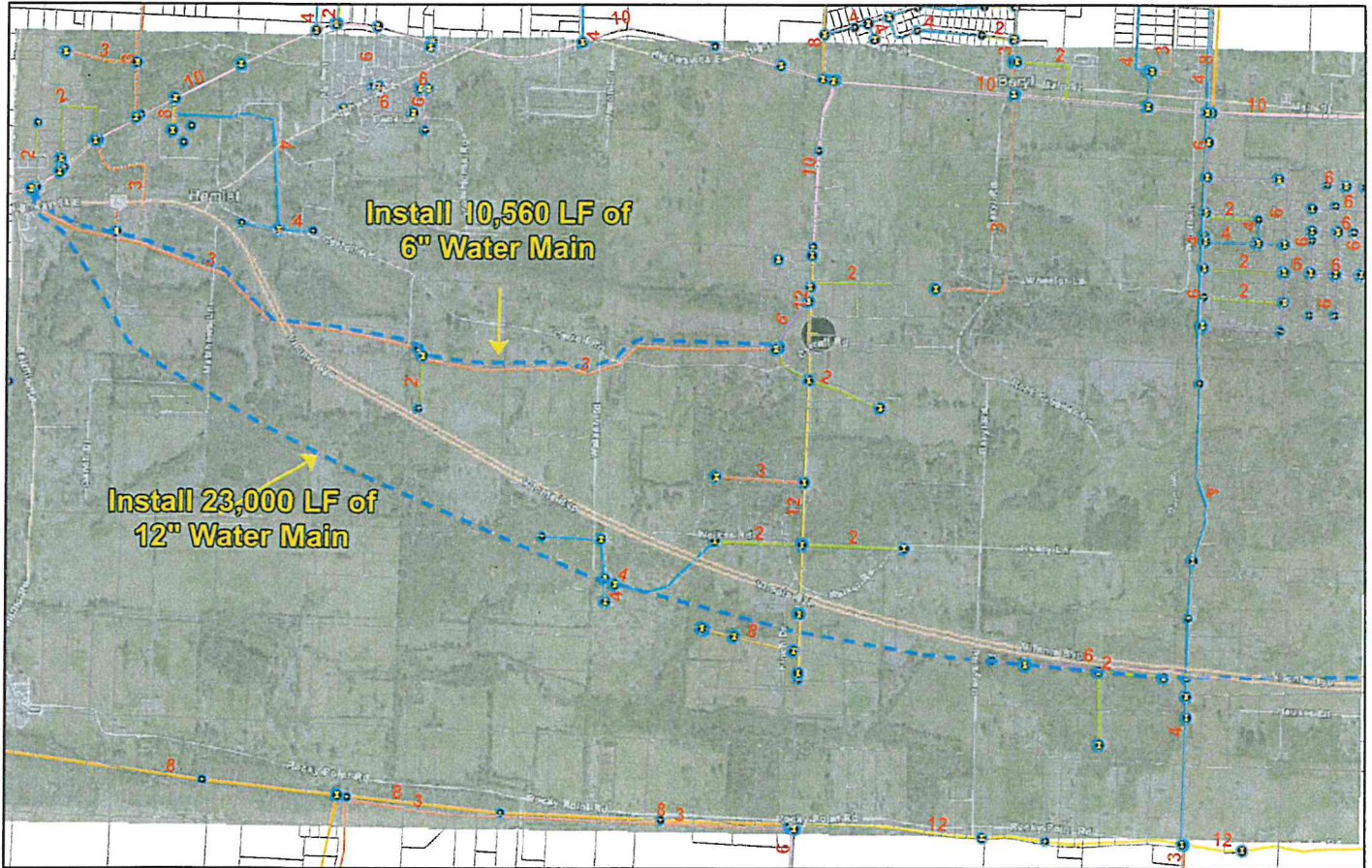


Although created with data believed to be correct, provided by Faulkner County, the United States Census Bureau and the State of Arkansas, neither the accuracy nor completeness of this map and associated data is guaranteed or warranted in any manner.

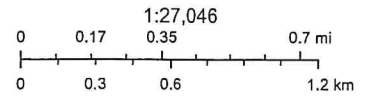
Sources: Esri, HERE, Garmin, USGS, In Japan, METI, Esri China (Hong Kong), OpenStreetMap contributors, and the GIS User Community

0 1 2 3 Miles

VWA System



8/19/2022





Engineer's Estimate of Probable Project Costs
Vilonia Water Works - System Wide Water Main Improvements
Carroll Road Waterline Improvements

Construction Costs

Item No.	Description	Quantity	Unit	Unit Price	Cost
1	6" PVC Watermain	10,800	LF	\$ 45.00	\$ 486,000.00
2	24" Bored Encasement	175	LF	\$ 500.00	\$ 87,500.00
3	FH Assembly	4	EA	\$ 6,000.00	\$ 24,000.00
4	12"x6" TS&V	1	EA	\$ 5,000.00	\$ 5,000.00
5	6"x6" TSV	1	EA	\$ 4,000.00	\$ 4,000.00
8	6" Gate Valve	4	EA	\$ 2,500.00	\$ 10,000.00
10	Seeding & Mulching	108,000	SF	\$ 0.25	\$ 27,000.00
11	Erosion Control	1	LS	\$ 15,000.00	\$ 15,000.00
12	Trench Safety	1	LS	\$ 10,000.00	\$ 10,000.00
13	Cleaning & Disinfection	10,800	LF	\$ 0.50	\$ 5,400.00
14	Pressure Testing	10,800	LF	\$ 0.50	\$ 5,400.00
15	Mobilization/Demobilization	1	LS	\$ 25,000.00	\$ 25,000.00
16	Traffic Control	1	LS	\$ 15,000.00	\$ 15,000.00
	<i>Contractor OH&P (25%)</i>				\$ 179,825.00
	<i>Contingency (10%)</i>				\$ 71,930.00
Total Estimated Construction Cost					\$ 971,055.00

Non-Construction Costs

Item No.	Description	Quantity	Unit	Unit Price	Cost
1	Easements	10,800	LF	\$ 5.00	\$ 54,000.00
2	Design Engineering	1	LS	\$ 30,000.00	\$ 30,000.00
3	Construction Engineering (Part-Time Inspection)	1	LS	\$ 30,000.00	\$ 30,000.00
4	Legal Services	1	LS	\$ 10,000.00	\$ 10,000.00
Total Estimated Non-Construction Cost					\$ 124,000.00

Total Estimated Project Cost \$ 1,095,055.00

**VILONIA WATERWORKS ASSOCIATION
(A PUBLIC FACILITIES BOARD)**

Financial Statements

Years Ended December 31, 2019 and 2018



ELLIS, TUCKER & ALDRIDGE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VILONIA WATERWORKS ASSOCIATION
(A PUBLIC FACILITIES BOARD)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements and Supplementary Information	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	12
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability	25
Schedule of Contributions to the Arkansas Public Employees Retirement System	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS
www.etacpas.com

D.C. ELLIS, CPA (1926-2004)
R. LARRY TUCKER, CPA
R. ALAN CLINE, CPA

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

CALVIN K. ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

ANN M. NICHOLSON, CPA
JOSEPH C. WALLIS, CPA
AMY G. HALL, CPA

HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
AMY N. BECKIUS, OFFICE COORDINATOR

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA
GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the Public Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of Vilonia Waterworks Association (a public facilities board) as of, and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the public facilities board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vilonia Waterworks Association as of December 31, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020, on our consideration of Vilonia Waterworks Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vilonia Waterworks Association's internal control over financial reporting and compliance.

Ellis, Tucker & Aldridge, LLP
Cabot, Arkansas
June 12, 2020

VILONIA WATERWORKS ASSOCIATION

19 Industrial Drive/P.O. Box 300

Vilonia, Arkansas 72173

(501) 796-2711

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2019 and 2018

Introduction

As financial management of Vilonia Waterworks Association, a public facilities board (PFB) we offer readers of these financial statements this narrative overview and analysis of the financial activities of the PFB for the fiscal years ended December 31, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage those using these financial statements to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Operating revenues for 2019 were \$4,540,444, a decrease of \$7,890 or .17% less than 2018. Operating revenues for 2018 were \$4,548,334, an increase of \$144,079 or 3.27% more than 2017. Operations resulted in an increase in net position of \$400,199 in 2019 and \$486,845 in 2018. The term "net position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. At the close of the fiscal year 2019, the PFB had a net position of \$10,536,825, an increase of \$369,425 compared to the 2018 net position of \$10,167,400. The 2018 net position increased \$601,875 compared to the 2017 net position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PFB's financial statements, which is comprised of the financial statements and the notes to the financial statements. Since the PFB is comprised of a single enterprise fund, no fund level financial statements are shown.

Financial Statements - The financial statements are designed to provide readers with a broad overview of the PFB's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the PFB's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial condition of the PFB is improving or deteriorating. Net position increases when revenues and capital contributions exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates financial improvement.

The statement of revenues, expenses and changes in net position presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses may be reported in the financial statement for some items that will only result in cash receipts and disbursements in future fiscal periods, for example, accounts receivable outstanding at year end are collected in the following year and accounts payable outstanding at year end are paid in the following year.

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to Financial Statements - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial condition. In the case of the PFB, assets exceeded liabilities by \$10,536,825 at the close of 2019. This represents an increase of \$369,425, or 3.63%, compared to the net position of 2018. Assets exceeded liabilities by \$10,167,400 at the close of 2018. This represents an increase of \$601,875 or 6.29%, compared to the net position of 2017.

A portion of the PFB's net position reflects its investment in land and easements, engineering costs, construction of water storage and the distribution system, work in progress, and office furniture and equipment, less the related outstanding capital debt which provided the funds to acquire those assets. The PFB uses these capital assets to provide services and consequently, these assets are not available to liquidate liabilities or use for other spending.

The net position as of December 31, 2019, 2018 and 2017 is summarized provided below.

	2019	2018	Restated 2017
Assets			
Current Assets	\$ 2,523,990	\$ 2,308,039	\$ 1,998,347
Capital Assets	13,010,283	13,021,576	12,881,295
Other Assets	496,829	529,127	551,855
Deferred Outflows of Resources	249,584	315,914	394,777
Total Assets	<u>\$ 16,280,686</u>	<u>\$ 16,174,656</u>	<u>\$ 15,826,274</u>
Liabilities			
Current Liabilities	\$ 606,021	\$ 582,901	\$ 583,809
Long-Term Debt Outstanding	5,045,512	5,328,161	5,623,991
Deferred Inflows of Resources	92,328	96,194	52,948
Total Liabilities	<u>\$ 5,743,861</u>	<u>\$ 6,007,256</u>	<u>\$ 6,260,748</u>
Net Position			
Invested in Capital Assets-Net of Related Debt	\$ 8,504,856	\$ 8,354,747	\$ 7,940,377
Restricted Net Position	496,829	529,127	551,855
Unrestricted Net Position	<u>1,535,140</u>	<u>1,283,526</u>	<u>1,073,293</u>
Total Net Position	<u>\$ 10,536,825</u>	<u>\$ 10,167,400</u>	<u>\$ 9,565,525</u>

A condensed summary of the PFB's changes in net position for the calendar years of 2019, 2018 and 2017 is provided below:

	2019	2018	Restated 2017
Operating Revenues	\$ 4,540,444	\$ 4,548,334	\$ 4,404,255
Operating Expenses	4,140,245	4,061,489	3,988,833
Income (Loss) from Operations	<u>\$ 400,199</u>	<u>\$ 486,845</u>	<u>\$ 415,422</u>
Nonoperating Revenues (Expenses)			
Gain on Sale of Fixed Assets	\$ 7,876	\$ 12,147	\$ 14,174
Interest Income	32,076	19,124	10,320
Contributions in Aid of Construction	170,507	283,700	156,633
Interest Expense	(192,469)	(199,941)	(203,414)
Bond Issue Costs	(48,764)	-	-
	<u>\$ (30,774)</u>	<u>\$ 115,030</u>	<u>\$ (22,287)</u>
Increase (Decrease) in Net Position	\$ 369,425	\$ 601,875	\$ 393,135
Net Position, Beginning of Year	<u>10,167,400</u>	<u>9,565,525</u>	<u>9,172,390</u>
Net Position, End of Year	<u>\$ 10,536,825</u>	<u>\$ 10,167,400</u>	<u>\$ 9,565,525</u>

Cash Flows - Net cash provided by operating activities for 2019 and 2018 were \$975,695 and \$1,030,066 respectively. Net cash used by capital and related financing activities for 2019 and 2018 were \$827,035 and \$730,372 respectively, while net cash provided by investing activities for 2019 and 2018 were \$32,076 and \$19,124 respectively.

Significant Events - Projects completed in 2019 included additional upgrading of water meters and water line extensions at Monark Road, Ridgeview, Church Street, Texas Lane, Sunny Gap, Honor's Place, and North Ridge Subdivision. The PFB issued "2019 Water Revenue Bonds". This bond will be used to upgrade meters in the following two years. Projects completed in 2018 included additional upgrading of water meters and water line extensions at South Church Street, West Lewisburg, Road, and Fire Station road.

Capital Asset and Debt Administration

Capital Assets - The PFB's investment in capital assets was \$13,010,283 as of December 31, 2019. This was an decrease of \$11,293 compared to 2018. The PFB's investment in capital assets was \$13,021,576 as of December 31, 2018, an increase of \$140,281 compared to 2017.

Capital Debt - Vilonia Waterworks Association had three outstanding bond issues as of December 31, 2019. One bond series was issued in 2010 in the amount of \$2,480,000 and had outstanding bonds in the amount of \$405,000 as of December 31, 2019. Another bond series was issued in 2013 in the amount of \$3,955,000 and had an outstanding balance of \$3,335,000 as of December 31, 2019. The other bond was issued in 2019 in the amount of \$1,700,000 and had an outstanding balance of \$40,858 as of December 31, 2019. Other long-term debt consisted of a note payable to U.S.D.A. Rural Development, which had an unpaid balance of \$746,120 as of December 31, 2019, and a note payable to First Security Bank, which had an unpaid balance of \$92,465 as of December 31, 2019.

Requests for Information

This financial report is designed to provide a general overview of Vilonia Waterworks Association's finances for all those with an interest in the PFB's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Cecil McMurty, Manager, Vilonia Waterworks Association, 19 Industrial Dr., P.O. Box 300, Vilonia, AR 72173.

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,925,920	\$ 1,712,886
Accounts Receivable, Net	286,183	290,267
Prepaid Expenses	16,921	15,447
Accrued Revenues	294,966	289,439
	<u>\$ 2,523,990</u>	<u>\$ 2,308,039</u>
<u>Capital Assets</u>		
Building	\$ 916,164	\$ 916,164
Office Furniture and Equipment	110,018	105,097
Water Storage and Distribution Facilities	17,586,279	17,271,498
Shop Building and Equipment	522,873	522,572
Transportation Equipment	699,099	611,686
	<u>\$ 19,834,433</u>	<u>\$ 19,427,017</u>
Less: Accumulated Depreciation	(6,983,282)	(6,545,333)
	<u>\$ 12,851,151</u>	<u>\$ 12,881,684</u>
Land	139,892	139,892
Construction in Progress	19,240	-
	<u>\$ 13,010,283</u>	<u>\$ 13,021,576</u>
<u>Noncurrent Assets</u>		
Restricted Cash	\$ 496,829	\$ 529,127
<u>Deferred Outflow of Resources</u>		
Bond Reacquisition Costs (Net)	\$ 114,006	\$ 134,369
Deferred Pension Outflows	135,578	181,545
	<u>\$ 249,584</u>	<u>\$ 315,914</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 16,280,686</u>	<u>\$ 16,174,656</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	<u>December 31,</u> 2019	<u>December 31,</u> 2018
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 154,123	\$ 163,642
Taxes Payable	11,379	9,469
Accrued Wages	60,496	31,585
Accrued Interest	56,192	60,187
Bonds and Notes Payable Due within One Year	<u>323,831</u>	<u>318,018</u>
	<u>\$ 606,021</u>	<u>\$ 582,901</u>
<u>Long Term Liabilities</u>		
Bonds and Notes Payable	\$ 4,619,443	\$ 4,896,597
Less: Amount Due within One Year	<u>(323,831)</u>	<u>(318,018)</u>
	<u>\$ 4,295,612</u>	<u>\$ 4,578,579</u>
Customer Deposits	8,238	8,253
Net Pension Obligation	<u>741,662</u>	<u>741,329</u>
	<u>\$ 5,045,512</u>	<u>\$ 5,328,161</u>
Total Liabilities	<u>\$ 5,651,533</u>	<u>\$ 5,911,062</u>
<u>Deferred Inflows of Resources</u>		
Deferred Pension Inflows	<u>\$ 92,328</u>	<u>\$ 96,194</u>
<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	\$ 8,504,856	\$ 8,354,747
Restricted	496,829	529,127
Unrestricted	<u>1,535,140</u>	<u>1,283,526</u>
Total Net Position	<u>\$ 10,536,825</u>	<u>\$ 10,167,400</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 16,280,686</u>	<u>\$ 16,174,656</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Operating Revenues</u>		
Water Sales	\$ 3,662,947	\$ 3,637,835
Water Taps	79,675	76,185
Miscellaneous Revenues	797,822	834,314
	<u>\$ 4,540,444</u>	<u>\$ 4,548,334</u>
<u>Operating Expenses</u>		
Salaries and Wages	\$ 648,851	\$ 611,373
Repairs and Maintenance	147,165	128,180
Tools and Supplies	29,654	25,101
Truck and Backhoe	51,062	62,090
Water Purchased	2,187,159	2,157,948
Utilities	66,302	70,659
Office Supplies and Postage	87,539	86,925
Professional Fees	17,024	53,176
Payroll Taxes	48,970	49,610
Insurance	170,612	166,043
Bad Debt	20,107	13,645
Depreciation	514,692	504,353
Employee Benefit Plan	135,239	119,486
Miscellaneous	15,869	12,900
	<u>\$ 4,140,245</u>	<u>\$ 4,061,489</u>
Operating Income	<u>\$ 400,199</u>	<u>\$ 486,845</u>
<u>Nonoperating Revenues and Expenses</u>		
Interest Income	\$ 32,076	\$ 19,124
Gain (Loss) on Sale of Fixed Assets	7,876	12,147
Interest Expense	(192,469)	(199,941)
Bond Issue Costs	(48,764)	-
	<u>\$ (201,281)</u>	<u>\$ (168,670)</u>
<u>Income before Contributions</u>	<u>\$ 198,918</u>	<u>\$ 318,175</u>
Contributions in Aid of Construction	170,507	283,700
<u>Increase in Net Position</u>	<u>\$ 369,425</u>	<u>\$ 601,875</u>
Net Position, Beginning of Year	10,167,400	9,565,525
<u>Net Position, End of Year</u>	<u>\$ 10,536,825</u>	<u>\$ 10,167,400</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received-Water Sales and Fees	\$ 3,641,397	\$ 3,617,615
Other Operating Cash Receipts	877,497	910,499
Payments to Suppliers	(2,830,454)	(2,792,767)
Payments to Employees	(712,745)	(705,281)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 975,695</u>	<u>\$ 1,030,066</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Expansion of Distribution System and Purchase of Equipment	\$ (332,892)	\$ (377,275)
Principal Payments on Bonds and Notes Payable	(277,154)	(199,053)
Contributions in Aid of Construction	-	487
Proceeds From the Sale of Fixed Assets	7,876	28,000
Bond Issue Costs	(48,764)	-
Interest and Fees Paid on Debt	(176,101)	(182,531)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>\$ (827,035)</u>	<u>\$ (730,372)</u>
<u>Cash Flows from Investing Activities</u>		
Interest Income	\$ 32,076	\$ 19,124
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>\$ 32,076</u>	<u>\$ 19,124</u>
<u>Net Increase in Cash, Cash Equivalents and Restricted Cash</u>	<u>\$ 180,736</u>	<u>\$ 318,818</u>
<u>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</u>	<u>2,242,013</u>	<u>1,923,195</u>
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	<u>\$ 2,422,749</u>	<u>\$ 2,242,013</u>
<u>Reconciliation to Statement of Net Position</u>		
Cash - Unrestricted	\$ 1,925,920	\$ 1,712,886
Cash - Restricted	496,829	529,127
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	<u>\$ 2,422,749</u>	<u>\$ 2,242,013</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Reconciliation of Income (Loss) from Operations to</u> <u>Net Cash Provided (Used) by Operating Activities</u>		
<u>Operating Income</u>	<u>\$ 400,199</u>	<u>\$ 486,845</u>
<u>Adjustments to Reconcile Income (Loss) from Operations</u> <u>to Net Cash Provided (Used) by Operating Activities</u>		
Depreciation	\$ 514,692	\$ 504,353
(Increase) Decrease in:		
Accounts Receivable	4,084	1,510
Prepaid Expenses	(1,474)	38,429
Accrued Revenues	(5,527)	(8,085)
Deferred Pension Outflows	45,967	58,500
Increase (Decrease) in:		
Accounts Payable	(9,519)	(13,445)
Taxes Payable	1,910	(5,119)
Accrued Wages	28,911	(2,951)
Customer Deposits	(15)	-
Net Pension Obligation	333	(73,217)
Deferred Pension Outflows	(3,866)	43,246
Total Adjustments	<u>\$ 575,496</u>	<u>\$ 543,221</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 975,695</u>	<u>\$ 1,030,066</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note A - Significant Accounting Policies

(1) Financial Reporting Entity

Vilonia Waterworks Association was organized as a nonprofit corporation on May 16, 1974. On June 17, 1991, the nonprofit authorized the transfer of assets and operations to a public facilities board to be established by the City of Vilonia. The City created the Public Facilities Board (PFB) bearing the same name as the predecessor organization with the passage of Ordinance No. 91-6 on July 11, 1991. PFBs are authorized by Arkansas Code Annotated Section 14-137-101 et seq, and have such powers as the exercise of eminent domain and issuance of tax exempt bonds. The Vilonia Waterworks Association is governed by a board of five members. The PFB provides water service to individuals and businesses located in the City of Vilonia, Arkansas and surrounding areas.

(2) Proprietary Fund

The PFB's operations are accounted for as a proprietary fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis are to 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 income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(3) Basis of Accounting

The PFB's proprietary fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned, rather than when received, and expenses are recognized when they are incurred, rather than when they are paid. All Government Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, are applied unless these pronouncements conflict with or contradict GASB pronouncements.

(4) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the PFB defines cash as cash on hand and in banks, including time certificates of deposit and restricted cash accounts.

(5) Capital Assets

Property and equipment are capitalized at cost. Depreciation is provided by applying the straight-line method over the estimated useful lives of the assets. Useful lives estimated are: 5 to 10 years for office furniture and equipment, 3 to 10 years for transportation equipment, 15 to 50 years for buildings and related improvements, and 20 to 50 years for water storage, distribution lines, and related items.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note A - Significant Accounting Policies (Continued)

(6) Compensated Absences

Liabilities for compensated balances for sick leave benefit and vacation benefits have been accrued in the period in which they were earned by employees. Regular full-time employees accumulate 10 paid six days per year with up to 60 days eligible to be carried forward to the following year. Regular full-time employees are eligible for paid vacation accrued at a rate as follows:

One to Five Years	2 weeks
Six to Fifteen Years	3 weeks
Fifteen to Twenty Years	4 weeks
Twenty Years or more	5 weeks

Regular full-time employees accumulate 10 days of vacation time to be carried over to the next calendar year.

(7) Interest Component of the Cost of Refunding Bonds

When bonds are refunded the difference between the reacquisition cost price and the net carrying amount is recognized as a component of interest using the straight-line method.

(8) Cash and Investments

The PFB is considered an Arkansas governmental entity. Arkansas law requires public funds to be held by financial institutions located in the State of Arkansas and investments to be in obligations of the United States government. Public funds must be insured or secured by pledged collateral.

(9) Pensions

For Purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System Plan (APERS Plan) and additions to/deductions from APERS Plan's fiduciary net position have been determined on the same basis as they are reported by the APERS Plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(10) Use of Estimates

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

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note B - Cash Insured and Collateralized

Cash deposits with any one financial institution not exceeding \$250,000 are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) The PFB's financial institutions have pledged securities as collateral on amounts in excess of the F.D.I.C. limit.

Note C - Restricted Cash

The composition of restricted cash as of December 31, 2019 and 2018 is provided below.

	<u>2019</u>	<u>2018</u>
Meter Deposit Fund	\$ 4,345	\$ 4,343
Debt Service Reserve-Rural Development Loan	74,520	74,520
Bond Fund-2010 and 2013 Bonds	195,498	227,795
Debt Service Reserve Funds-2010 and 2013 Bonds	222,381	222,469
ANRC Meter Replacement	85	-
	<u>\$ 496,829</u>	<u>\$ 529,127</u>

On the fifteenth day of each month, the PFB is required to pay into the bond fund an amount equal to the sum of one-sixth of the next installment of interest on the outstanding bonds plus the trustee's and paying agent's fees plus one-twelfth of the next installment of principal on the outstanding bonds.

The two debt service reserve funds above in the total amount of \$296,901 in 2019 and \$296,989 in 2018 are maintained for the payment of principal and interest should the PFB lack adequate funds for these payments. These reserves are to be maintained until all bonds have been retired.

Note D - Accounts Receivable

Accounts receivable consist of unpaid amounts billed to customers for water and related charges. The PFB uses the allowance method to account for bad debts. Management reviews these amounts and increase the allowance as deemed appropriate in the circumstances.

A summary of aged accounts receivable is provided below:

	<u>2019</u>	<u>2018</u>
Due Currently	\$ 223,723	\$ 233,421
Past Due		
30 Days	11,188	11,173
60 Days	2,921	2,248
Over 90 Days	428,279	403,246
	<u>\$ 666,111</u>	<u>\$ 650,088</u>
Less: Allowance for Doubtful Accounts	<u>(379,928)</u>	<u>(359,821)</u>
	<u>\$ 286,183</u>	<u>\$ 290,267</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note E - Capital Assets

	Balance 12/31/18	Increases	Decreases	Balance 12/31/19
Buildings	\$ 916,164	\$ -	\$ -	\$ 916,164
Office Furniture and Equipment	105,097	4,921	-	110,018
Water Storage and Distribution	17,271,498	314,781	-	17,586,279
Shop Building and Equipment	522,572	300	-	522,873
Transportation Equipment	611,686	164,156	(76,743)	699,099
	<u>\$ 19,427,017</u>	<u>\$ 484,158</u>	<u>\$ (76,743)</u>	<u>\$ 19,834,433</u>
Less: Accumulated Depreciation	<u>(6,545,333)</u>	<u>(514,691)</u>	<u>76,743</u>	<u>(6,983,282)</u>
	<u>\$ 12,881,684</u>	<u>\$ (30,533)</u>	<u>\$ -</u>	<u>\$ 12,851,151</u>
Land	139,892	-	-	139,892
Construction in Progress	-	19,240	-	19,240
	<u>\$ 13,021,576</u>	<u>\$ (11,293)</u>	<u>\$ -</u>	<u>\$ 13,010,283</u>

	Balance 12/31/17	Increases	Decreases	Balance 12/31/18
Buildings	\$ 916,164	\$ -	\$ -	\$ 916,164
Office Furniture and Equipment	198,803	-	(93,706)	105,097
Water Storage and Distribution	16,766,128	600,388	(95,018)	17,271,498
Shop Building and Equipment	522,572	-	-	522,572
Transportation Equipment	636,980	62,600	(87,894)	611,686
	<u>\$ 19,040,647</u>	<u>\$ 662,988</u>	<u>\$ (276,618)</u>	<u>\$ 19,427,017</u>
Less: Accumulated Depreciation	<u>(6,301,745)</u>	<u>(504,354)</u>	<u>260,766</u>	<u>(6,545,333)</u>
	<u>\$ 12,738,902</u>	<u>\$ 158,634</u>	<u>\$ (15,852)</u>	<u>\$ 12,881,684</u>
Land	139,892	-	-	139,892
Construction in Progress	2,501	-	(2,501)	-
	<u>\$ 12,881,295</u>	<u>\$ 158,634</u>	<u>\$ (18,353)</u>	<u>\$ 13,021,576</u>

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note F - Bonds and Notes Payable

Long-term revenue bonds and notes payable collateralized by pledge of water revenue consisted of the following at December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Vilonia Waterworks Association Water Revenue Refunding and Improvement Bond Series 2010 with principal payments due each August 1st. The bonds bear interest rates of 1.4% to 3.375% annually with interest payable on February 1st and August 1st each year. These bonds mature serially through August 1, 2021.	\$ 405,000	\$ 600,000
Vilonia Waterworks Association Water Revenue Refunding and Improvement Bond Series 2013 with principal payments due each August 1st. The bonds bear interest rates of 1.0% to 4.0% annually with interest payable on February 1st and August 1st each year. These bonds mature serially through August 1, 2042.	3,335,000	3,440,000
United States Department of Agriculture, Rural Development 4.25% note payable, due in monthly installments in the amount of \$3,928, including interest. This note matures May 4, 2046.	746,120	761,198
First Security Bank 5.295% note payable, due in monthly installments in the amount of \$659, including interest. This note matures March 29, 2038.	92,465	95,399
Vilonia Waterworks Association Water Revenue Bond, 0% interest, \$1,700,000 bond with a disbursement cut-off date of April 21, 2021. Upon full disbursement, semi-annual installments in the amount of \$87,249 plus a .05% servicing fee will commence. Prior to full disbursement, the servicing fee of .05% on the unpaid principal balance shall be payable semi-annually. This Bond matures April 15, 2031.	40,858	-
	\$ 4,619,443	\$ 4,896,597
Less: Amounts Due within One Year	<u>(323,831)</u>	<u>(318,018)</u>
	<u>\$ 4,295,612</u>	<u>\$ 4,578,579</u>

In refunding the 2003 bonds in 2010 and the 2007 bonds in 2013, the PFB's reacquisition prices exceeded the net carrying values of the refunded debt resulting in deferred outflows of resources on the bonds refunded in the amount of \$184,051 and \$106,512 respectively. In accordance with GASB 65, Items Previously Reported as Assets and Liabilities, the deferred outflows of resources due to losses on bond refundings are amortized over the lives of the 2003 and 2007 bonds and are charged to interest expense. The amounts of these deferred outflows of resources charged to interest expense were \$20,363 in both 2019 and 2018.

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note F - Bonds and Notes Payable (continued)

Required future principal payments of the long-term debt and future payments of interest on the long-term debt are provided in the two schedules below:

	Future Principal Payments					Total
	2010 Bonds	2013 Bonds	USDA RD Note Payable	FSB Note Payable	ANRC Bond	
2020	\$ 200,000	\$ 105,000	\$ 15,738	\$ 3,093	\$	\$ 323,831
2021	205,000	115,000	16,420	3,261	40,858	380,539
2022		110,000	17,131	3,437		130,568
2023		110,000	17,874	3,624		131,498
2024		110,000	18,648	3,820		132,468
2025-2029		630,000	106,089	22,440		758,529
2030-2034		735,000	131,158	29,218		895,376
2035-2039		880,000	162,150	23,571		1,065,721
2040-2044		540,000	200,467			740,467
2045-2049			60,436			60,436
	<u>\$ 405,000</u>	<u>\$ 3,335,000</u>	<u>\$ 746,111</u>	<u>\$ 92,464</u>	<u>\$ 40,858</u>	<u>\$ 4,619,433</u>

	Future Interest Payments					Total
	2010 Bonds	2013 Bonds	USDA RD Note Payable	FSB Note Payable	ANRC Bond	
2019	\$ 19,269	\$ 119,798	\$ 32,052	\$ 4,976	\$	\$ 176,095
2020	13,419	117,750	31,398	4,817		167,384
2021	6,919	115,493	30,716	4,649		157,777
2022		112,790	30,005	4,472		147,267
2023		109,985	29,262	4,286		143,533
2024-2028		500,058	133,998	18,264		652,320
2029-2033		388,890	109,970	11,835		510,695
2034-2038		247,180	80,265	3,571		331,016
2039-2043		72,400	43,540			115,940
2044-2048			5,378			5,378
	<u>\$ 39,607</u>	<u>\$ 1,784,344</u>	<u>\$ 526,584</u>	<u>\$ 56,870</u>	<u>\$</u>	<u>\$ 2,407,405</u>

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note F - Bonds and Notes Payable (continued)

Changes in long-term debt for the years ended December 31, 2019 and 2018 were as follows:

	Balance 12/31/18	Increases	Decreases	Balance 12/31/19	Due Within One Year	Due in Excess of One Year
Revenue Bonds	\$ 4,040,000	\$ 40,858	\$ 300,000	\$ 3,780,858	\$ 305,000	3,475,858
Notes Payable	856,597	-	18,012	838,585	18,831	819,754
Customer Deposits	8,253	15	-	8,238	-	8,238
Net Pension Obligation	741,329	-	333	741,662	-	741,662
Total Long-Term Liabilities	\$ 5,646,179	\$ 40,873	\$ 318,345	\$ 5,369,343	\$ 323,831	\$ 5,045,512

	Balance 12/31/17	Increases	Decreases	Balance 12/31/18	Due Within One Year	Due in Excess of One Year
Revenue Bonds	\$ 4,320,000	-	\$ 280,000	\$ 4,040,000	\$ 300,000	3,740,000
Notes Payable	775,650	87,899	6,952	856,597	18,018	838,579
Customer Deposits	8,253	-	-	8,253	-	8,253
Net Pension Obligation	814,546	-	73,217	741,329	-	741,329
Total Long-Term Liabilities	\$ 5,918,449	\$ 87,899	\$ 360,169	\$ 5,646,179	\$ 318,018	\$ 5,328,161

Note G - Schedule of Rates Charged to Customers

Generally, the minimum monthly water rate inside the City of Vilonia is \$12.50 on the first 1,000 gallons and \$5.60 per 1,000 gallons thereafter. In a select area of the City and outside of the City the minimum rate ranges between \$12.50 and \$56.09 (depending upon the cost of extending the distributions lines to those area) and \$5.60 per 1,000 gallons thereafter.

The monthly rates charged to customers receiving sewage disposal range from \$35 to \$57 depending upon the area served.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note H - Water Source and Water Purchase Contracts

(1) Community Water System - The PFB has a water purchase contract with Community Water System which is located at Greers Ferry, Arkansas on Greers Ferry Lake.

(2) Lonoke/White Public Water Authority - Vilonia Waterworks Association is a member of this PWA which owns water intake, treatment, and storage facilities located in the Cove Creek area of Greers Ferry Lake. The 2011 contract requires minimum daily purchases of 1,000,000 gallons at a rate of \$1.25 per 1,000 gallons. In addition to the purchase of water the members of the PWA are required to pay monthly participation fees of \$5 per contracted meter. Water purchases from the PWA were \$464,881 and \$456,250 for 2019 and 2018. Member participation fees were \$600,540 for 2019 and 2018.

(3) Mid-Arkansas Utilities Public Water Authority - The water purchase agreement with this PWA terminates in January of 2030. The required minimum daily purchase of water is 20,000 gallons.

Note I - Insurance Coverage

The PFB has workers compensation coverage and vehicle and equipment liability and property damage coverage through the respective programs sponsored by Arkansas Municipal League. For 2019 vehicles and equipment valued at \$724,766 were covered, and for 2018 vehicles and equipment valued at \$639,762 were covered. Buildings, contents, water tanks and related structures are insured by Employers Mutual Casualty Company. The limit of the coverage is \$9,444,169.

Note J - Retirement Plan - APERS

The Public Facility Board contributes to the Arkansas Public Employees Retirement System (APERS Plan), which is a cost-sharing multi-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this system. The Plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 and 1957. The costs of administering the plan are paid out of investment earnings.

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

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note J - Retirement Plan - APERS (continued)

(1) Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3 year average compensation times the member's years of service.

The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

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

- at age 65 with 5 years of service
- at any age with 28 years of actual service
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005)
- at age 55 with 35 years of credited service for elected or safety officials

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

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

(2) Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). The employer contribution rates applicable were 14.75% (July 1, 2017 to June 30, 2018), 14.75% (July 1, 2018 to June 30, 2019), and 15.32% (July 1, 2019 to December 31, 2019).

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

Note J - Retirement Plan - APERS (continued)

The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report found at <http://www.apers.org/annualreports>.

(3) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pension

At December 31, 2019 and 2018, the PFB reported a liability of \$741,662 and \$741,329, respectively, for its proportionate share of the net pension liability.

The collective net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. As of June 30, 2018 and 2017 the PFB's proportions was .0307% and .0336%, respectively.

For the years ended June 30, 2019 and 2018, the PFB recognized pension expense of \$135,239 and \$119,486, respectively. At June 30, 2019 and 2018, the PFB's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows		Deferred Inflows	
	2019	2018	2019	2018
Difference between expected and actual experience	\$ 20,185	\$ 11,790	\$ (1,102)	\$ (7,782)
Net difference between projected and actual investment earnings on pension plan investments	-	-	(5,633)	(18,759)
Changes of assumptions	40,255	84,348	(28,511)	(45,845)
Changes in proportion and difference between employer contributions and share of contributions	22,179	35,128	(57,082)	(23,808)
Contributions subsequent to the measurement date	52,959	50,271	-	-
	<u>\$ 135,578</u>	<u>\$ 181,537</u>	<u>\$ (92,328)</u>	<u>\$ (96,194)</u>

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note J - Retirement Plan - APERS (continued)

Amounts of \$52,959 and \$50,271 reported as deferred outflows of resources related to pensions resulting from the PFB's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending December 31, 2020 and December 31, 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended 12/31	Amount
2020	\$ (13,780)
2021	7,689
2022	342
2023	(3,960)
2024	-
Thereafter	-
	\$ (9,709)

(4) Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level of Percent Payroll, Closed

Actuarial Assumptions

Investment Rate of Return: 7.15%

Salary Increases: 3.25% to 9.85% including inflation

Inflation Rate: 3.25% wage inflation, 2.50% price inflation

Mortality rates were based on the RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set-forward two years for males and one year for females.

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note J - Retirement Plan - APERS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the APERS Plan's target asset allocation as of June 30, 2019 are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.20%
International equity	24%	6.33%
Real assets	16%	3.32%
Absolute return	5%	3.56%
Domestic fixed	18%	1.54%
 Total	 <u>100%</u>	

The target allocation for the June 30, 2018 measurement date was as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	5.97%
International equity	24%	6.82%
Real assets	16%	4.59%
Absolute return	5%	3.15%
Domestic fixed	18%	0.83%
 Total	 <u>100%</u>	

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note J - Retirement Plan - APERS (continued)

(5) Discount Rate

The discount rate used to measure the total pension liability at June 30, 2019 and 2018, was 7.15% for both periods. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine pension liability.

(6) Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the PFB's net pension liability as of June 30, 2019 measurement date, calculated using the discount rate of 7.15%, as well as what the PFB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	1% Lower 6.15%	Current Rate 7.15%	1% Higher 8.15%
Net pension liability	<u>\$ 1,188,699</u>	<u>\$ 741,662</u>	<u>\$ 372,836</u>

Note K - Concentrations of Risk

While the operations of the PFB are always subject to the availability of a quality source of water, adequate water storage, and disruption of supply lines, as well as the risk of public safety in the event of contamination of the water, management does not consider these, or any other risks, to be significant concentrations of risks at this time.

Note L - Officers and Members of the Board of Directors

Howard Williams, Chairman
 Steve Simon, Vice-Chairman
 Mickey Fortner, Secretary
 Ronnie Fowlkes, Director
 Brian Presley, Director

Note M - Date of Management's Review

Subsequent events have been evaluated through June 20, 2020, which is the date the financial statements were available to be issued.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
APERS Fiscal Years Ended June 30, 2019 through 2015

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the Net Pension Liability	<u>.0307%</u>	<u>.0336%</u>	<u>0.0315%</u>	<u>0.0327%</u>	<u>0.0344%</u>
Proportionate Share of the Net Pension Liability	<u>741,662</u>	<u>741,329</u>	<u>814,546</u>	<u>782,658</u>	<u>633,767</u>
Covered-Employee Payroll	<u>664,296</u>	<u>616,416</u>	<u>586,234</u>	<u>604,467</u>	<u>623,758</u>
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employees	<u>111.65%</u>	<u>120.30%</u>	<u>138.95%</u>	<u>129.48%</u>	<u>101.60%</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>78.55%</u>	<u>79.59%</u>	<u>75.65%</u>	<u>75.50%</u>	<u>80.39%</u>

This schedule represents Vilonia Waterworks Association's proportionate share of the Arkansas Public Employee Retirement Plan System. In the future ten years of data will be presented as the data becomes available.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF CONTRIBUTIONS TO ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM

APERS Fiscal Years Ended June 30, 2019 through 2015

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Contractually Required Contributions	\$ 118,522	\$ 101,123	\$ 80,326	\$ 84,964	\$ 90,617
Contractually Required Contribution	<u>(118,522)</u>	<u>(101,123)</u>	<u>(80,326)</u>	<u>(84,964)</u>	<u>(90,617)</u>
Contribution Deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	<u>\$ 664,296</u>	<u>\$ 616,416</u>	<u>\$ 586,234</u>	<u>\$ 604,467</u>	<u>\$ 623,758</u>
Contributions as a Percentage of Covered Employee Payroll	<u>16.21%</u>	<u>16.40%</u>	<u>13.70%</u>	<u>14.06%</u>	<u>14.53%</u>

This schedule represents Vilonia Waterworks Association's historical contributions and covered payroll to the Arkansas Public Employee Retirement Plan System. In the future ten years of data will be presented as the data becomes available.



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS
www.etacpas.com

D C ELLIS, CPA (1926-2004)
R LARRY TUCKER, CPA
R ALAN CLINE, CPA

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA

GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

CALVIN K. ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

ANN M. NICHOLSON, CPA
JOSEPH C. WALLIS, CPA
AMY G. HALL, CPA

HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
AMY N. BECKIUS, OFFICE COORDINATOR

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

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

Members of the Public Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Vilonia Waterworks Association, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Vilonia Waterworks Associations' basic financial statements and have issued our report thereon dated June 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vilonia Waterworks Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vilonia Waterworks Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Vilonia Waterworks Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellis, Tucker & Aldridge, LLP

Cabot, Arkansas
June 12, 2020

**VILONIA WATERWORKS ASSOCIATION
(A PUBLIC FACILITIES BOARD)**

Financial Statements

Years Ended December 31, 2020 and 2019



ELLIS, TUCKER & ALDRIDGE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VILONIA WATERWORKS ASSOCIATION
(A PUBLIC FACILITIES BOARD)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements and Supplementary Information	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	13
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability	27
Schedule of Contributions to the Arkansas Public Employees Retirement System	28
Schedule of Expenditures of Federal Awards	29
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	32
Schedule of Findings and Questioned Costs	34



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS
www.etacpas.com

D. C. ELLIS, CPA (1926-2004)
R. LARRY TUCKER, CPA
R. ALAN CLINE, CPA

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA
GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

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

CALVIN K. ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

ANN M. NICHOLSON, CPA
JOSEPH C. WALLIS, CPA
AMY G. HALL, CPA
HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
AMY N. BECKIUS, OFFICE COORDINATOR

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Members of the Public Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of Vilonia Waterworks Association (a public facilities board) as of, and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the public facilities board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vilonia Waterworks Association as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 4-7 and 27-28 be presented to supplement the basic financial statements. Such 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Vilonia Waterworks Association's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of Vilonia Waterworks Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vilonia Waterworks Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vilonia Waterworks Association's internal control over financial reporting and compliance.

Ellis, Jackson & Aldridge, LLP

Cabot, Arkansas

June 30, 2021

VILONIA WATERWORKS ASSOCIATION

19 Industrial Drive/P.O. Box 300

Vilonia, Arkansas 72173

(501) 796-2711

MANAGEMENT'S DISCUSSION AND ANALYSIS

Years Ended December 31, 2020 and 2019

Introduction

As financial management of Vilonia Waterworks Association, a public facilities board (PFB) we offer readers of these financial statements this narrative overview and analysis of the financial activities of the PFB for the fiscal years ended December 31, 2020 and 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage those using these financial statements to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

Operating revenues for 2020 were \$4,683,754, a increase of \$143,310 or 3.16% more than 2019. Operating revenues for 2019 were \$4,540,444, a decrease of \$7,890 or .17% less than 2018. Operations resulted in an increase in net position of \$397,793 in 2020 and \$400,202 in 2019. The term "net position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. At the close of the fiscal year 2020, the PFB had a net position of \$10,990,736, an increase of \$453,911 compared to the 2019 net position of \$10,536,825. The 2019 net position increased \$369,425 compared to the 2018 net position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PFB's financial statements, which is comprised of the financial statements and the notes to the financial statements. Since the PFB is comprised of a single enterprise fund, no fund level financial statements are shown.

Financial Statements - The financial statements are designed to provide readers with a broad overview of the PFB's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the PFB's (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial condition of the PFB is improving or deteriorating. Net position increases when revenues and capital contributions exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates financial improvement.

The statement of revenues, expenses and changes in net position presents information showing how a government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses may be reported in the financial statement for some items that will only result in cash receipts and disbursements in future fiscal periods, for example, accounts receivable outstanding at year end are collected in the following year and accounts payable outstanding at year end are paid in the following year.

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, financing, and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to Financial Statements - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial condition. In the case of the PFB, assets exceeded liabilities by \$10,990,736 at the close of 2020. This represents an increase of \$453,911, or 4.31%, compared to the net position of 2019. Assets exceeded liabilities by \$10,536,825 at the close of 2019. This represents an increase of \$369,425, or 3.63%, compared to the net position of 2018.

A portion of the PFB's net position reflects its investment in land and easements, engineering costs, construction of water storage and the distribution system, work in progress, and office furniture and equipment, less the related outstanding capital debt which provided the funds to acquire those assets. The PFB uses these capital assets to provide services and consequently, these assets are not available to liquidate liabilities or use for other spending.

The net position as of December 31, 2020, 2019 and 2018 is summarized provided below.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets			
Current Assets	\$ 2,678,837	\$ 2,523,990	\$ 2,308,039
Capital Assets	14,705,070	13,010,283	13,021,576
Other Assets	502,905	496,829	529,127
Deferred Outflows of Resources	298,549	249,584	315,914
Total Assets	<u>\$ 18,185,361</u>	<u>\$ 16,280,686</u>	<u>\$ 16,174,656</u>
Liabilities			
Current Liabilities	\$ 690,376	\$ 606,021	\$ 582,901
Long-Term Debt Outstanding	6,454,398	5,045,512	5,328,161
Deferred Inflows of Resources	49,851	92,328	96,194
Total Liabilities	<u>\$ 7,194,625</u>	<u>\$ 5,743,861</u>	<u>\$ 6,007,256</u>
Net Position			
Invested in Capital Assets-Net of Related Debt	\$ 8,843,952	\$ 8,504,856	\$ 8,354,747
Restricted Net Position	502,905	496,829	529,127
Unrestricted Net Position	<u>1,643,879</u>	<u>1,535,140</u>	<u>1,283,526</u>
Total Net Position	<u>\$ 10,990,736</u>	<u>\$ 10,536,825</u>	<u>\$ 10,167,400</u>

A condensed summary of the PFB's changes in net position for the calendar years of 2020, 2019 and 2018 is provided below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 4,683,754	\$ 4,540,444	\$ 4,548,334
Operating Expenses	4,285,961	4,140,245	4,061,489
Income (Loss) from Operations	<u>\$ 397,793</u>	<u>\$ 400,199</u>	<u>\$ 486,845</u>
Nonoperating Revenues (Expenses)			
Gain on Sale of Fixed Assets	\$ 36,376	\$ 7,876	\$ 12,147
Interest Income	16,025	32,076	19,124
Contributions in Aid of Construction	196,281	170,507	283,700
Interest Expense	(187,335)	(192,469)	(199,941)
Bond Service Fee	(5,229)	-	-
Bond Issue Costs	-	(48,764)	-
	<u>\$ 56,118</u>	<u>\$ (30,774)</u>	<u>\$ 115,030</u>
Increase (Decrease) in Net Position	\$ 453,911	\$ 369,425	\$ 601,875
Net Position, Beginning of Year	<u>10,536,825</u>	<u>10,167,400</u>	<u>9,565,525</u>
Net Position, End of Year	<u>\$ 10,990,736</u>	<u>\$ 10,536,825</u>	<u>\$ 10,167,400</u>

Cash Flows - Net cash provided by operating activities for 2020 and 2019 were \$1,067,952 and \$975,695, respectively. Net cash used by capital and related financing activities for 2020 and 2019 were \$897,247 and \$827,035, respectively, while net cash provided by investing activities for 2020 and 2019 were \$16,025 and \$32,076, respectively.

Significant Events - Projects completed in 2020 included water line extensions at Herring Lane, Wicker Way Subdivision, Matthews Lane, Weaver Farm Road, RidgeView Subdivision, and Newton Road. The PFB issued "2019 Water Revenue Bonds" in 2019. This bond was used to upgrade meters in 2020. The first payment on this bond is due in 2021. Projects completed in 2019 included additional upgrading of water meters and water line extensions at Monark Road, Ridgeview, Church Street, Texas Lane, Sunny Gap, Honor's Place, and North Ridge Subdivision.

Capital Asset and Debt Administration

Capital Assets - The PFB's investment in capital assets was \$14,705,070 as of December 31, 2020. This was an increase of \$1,694,787 compared to 2019. The PFB's investment in capital assets was \$13,010,283 as of December 31, 2019, a decrease of \$11,293 compared to 2018.

Capital Debt - Vilonia Waterworks Association had three outstanding bond issues as of December 31, 2020. One bond series was issued in 2010 in the amount of \$2,480,000 and had outstanding bonds in the amount of \$205,000 as of December 31, 2020. Another bond series was issued in 2013 in the amount of \$3,955,000 and had an outstanding balance of \$3,230,000 as of December 31, 2020. The other bond was issued in 2019 in the amount of \$1,700,000 and had an outstanding balance of \$1,700,000 as of December 31, 2020. Other long-term debt consisted of a note payable to U.S.D.A. Rural Development, which had an unpaid balance of \$730,389 as of December 31, 2020, and a note payable to First Security Bank, which had an unpaid balance of \$89,372 as of December 31, 2020.

Requests for Information

This financial report is designed to provide a general overview of Vilonia Waterworks Association's finances for all those with an interest in the PFB's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Cecil McMurty, Manager, Vilonia Waterworks Association, 19 Industrial Dr., P.O. Box 300, Vilonia, AR 72173.

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	<u>December 31,</u> 2020	<u>December 31,</u> 2019
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,106,574	\$ 1,925,920
Accounts Receivable, Net	263,925	286,183
Prepaid Expenses	10,877	16,921
Accrued Revenues	297,461	294,966
	<u>\$ 2,678,837</u>	<u>\$ 2,523,990</u>
 <u>Capital Assets</u>		
Building	\$ 916,164	\$ 916,164
Office Furniture and Equipment	71,422	110,018
Water Storage and Distribution Facilities	19,822,653	17,586,279
Shop Building and Equipment	522,873	522,873
Transportation Equipment	565,523	699,099
	<u>\$ 21,898,635</u>	<u>\$ 19,834,433</u>
Less: Accumulated Depreciation	(7,402,881)	(6,983,282)
	<u>\$ 14,495,754</u>	<u>\$ 12,851,151</u>
Land	139,892	139,892
Construction in Progress	69,424	19,240
	<u>\$ 14,705,070</u>	<u>\$ 13,010,283</u>
 <u>Noncurrent Assets</u>		
Restricted Cash	\$ 502,905	\$ 496,829
 <u>Deferred Outflow of Resources</u>		
Bond Reacquisition Costs (Net)	\$ 93,643	\$ 114,006
Deferred Pension Outflows	204,906	135,578
	<u>\$ 298,549</u>	<u>\$ 249,584</u>
 Total Assets & Deferred Outflows of Resources	 <u>\$ 18,185,361</u>	 <u>\$ 16,280,686</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	December 31, 2020	December 31, 2019
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 143,088	\$ 154,123
Taxes Payable	10,271	11,379
Accrued Wages	57,388	60,496
Accrued Interest	56,949	56,192
Bonds and Notes Payable Due within One Year	422,680	323,831
	\$ 690,376	\$ 606,021
<u>Long Term Liabilities</u>		
Bonds and Notes Payable	\$ 5,954,761	\$ 4,619,443
Less: Amount Due within One Year	(422,680)	(323,831)
	\$ 5,532,081	\$ 4,295,612
Customer Deposits	8,238	8,238
Net Pension Obligation	914,079	741,662
	\$ 6,454,398	\$ 5,045,512
 Total Liabilities	 \$ 7,144,774	 \$ 5,651,533
<u>Deferred Inflows of Resources</u>		
Deferred Pension Inflows	\$ 49,851	\$ 92,328
<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	\$ 8,843,952	\$ 8,504,856
Restricted	502,905	496,829
Unrestricted	1,643,879	1,535,140
Total Net Position	\$ 10,990,736	\$ 10,536,825
 Total Liabilities, Deferred Inflow of Resources and Net Position	 \$ 18,185,361	 \$ 16,280,686

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Operating Revenues</u>		
Water Sales	\$ 3,806,231	\$ 3,662,947
Water Taps	89,060	79,675
Miscellaneous Revenues	788,463	797,822
	<u>\$ 4,683,754</u>	<u>\$ 4,540,444</u>
<u>Operating Expenses</u>		
Salaries and Wages	\$ 640,602	\$ 648,851
Repairs and Maintenance	169,048	147,165
Tools and Supplies	17,777	29,654
Truck and Backhoe	40,047	51,062
Water Purchased	2,235,216	2,187,159
Utilities	63,629	66,302
Office Supplies and Postage	88,553	87,539
Professional Fees	25,629	17,024
Payroll Taxes	48,545	48,970
Insurance	175,697	170,612
Bad Debt	13,214	20,107
Depreciation	598,991	514,692
Employee Benefit Plan	155,242	135,239
Miscellaneous	13,771	15,869
	<u>\$ 4,285,961</u>	<u>\$ 4,140,245</u>
Operating Income	<u>\$ 397,793</u>	<u>\$ 400,199</u>
<u>Nonoperating Revenues and Expenses</u>		
Interest Income	\$ 16,025	\$ 32,076
Gain (Loss) on Sale of Fixed Assets	36,376	7,876
Interest Expense	(187,335)	(192,469)
Bond Service Fee	(5,229)	-
Bond Issue Costs	-	(48,764)
	<u>\$ (140,163)</u>	<u>\$ (201,281)</u>
<u>Income before Contributions</u>	<u>\$ 257,630</u>	<u>\$ 198,918</u>
Contributions in Aid of Construction	<u>196,281</u>	<u>170,507</u>
<u>Increase in Net Position</u>	<u>\$ 453,911</u>	<u>\$ 369,425</u>
Net Position, Beginning of Year	<u>10,536,825</u>	<u>10,167,400</u>
<u>Net Position, End of Year</u>	<u>\$ 10,990,736</u>	<u>\$ 10,536,825</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Cash Received-Water Sales and Fees	\$ 3,812,780	\$ 3,641,397
Other Operating Cash Receipts	877,523	877,497
Payments to Suppliers	(2,884,010)	(2,830,454)
Payments to Employees	(738,341)	(712,745)
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 1,067,952</u>	<u>\$ 975,695</u>
 <u>Cash Flows from Capital and Related Financing Activities</u>		
Expansion of Distribution System and Purchase of Equipment	\$ (2,125,996)	\$ (332,892)
Principal Payments on Bonds and Notes Payable	(323,824)	(277,154)
Contributions in Aid of Construction	21,814	-
Proceeds From the Sale of Fixed Assets	43,061	7,876
Proceeds from Bond Issue	1,659,142	(48,764)
Interest and Fees Paid on Debt	(171,444)	(176,101)
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>\$ (897,247)</u>	<u>\$ (827,035)</u>
 <u>Cash Flows from Investing Activities</u>		
Interest Income	\$ 16,025	\$ 32,076
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>\$ 16,025</u>	<u>\$ 32,076</u>
 <u>Net Increase in Cash, Cash Equivalents and Restricted Cash</u>	 <u>\$ 186,730</u>	 <u>\$ 180,736</u>
 <u>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</u>	 <u>2,422,749</u>	 <u>2,242,013</u>
 <u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	 <u>\$ 2,609,479</u>	 <u>\$ 2,422,749</u>
 <u>Reconciliation to Statement of Net Position</u>		
Cash - Unrestricted	\$ 2,106,574	\$ 1,925,920
Cash - Restricted	502,905	496,829
<u>Cash, Cash Equivalents and Restricted Cash, End of Year</u>	<u>\$ 2,609,479</u>	<u>\$ 2,422,749</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Reconciliation of Income (Loss) from Operations to</u>		
<u>Net Cash Provided (Used) by Operating Activities</u>		
<u>Operating Income</u>	\$ 397,793	\$ 400,199
<u>Adjustments to Reconcile Income (Loss) from Operations</u>		
<u>to Net Cash Provided (Used) by Operating Activities</u>		
Depreciation	\$ 598,991	\$ 514,692
(Increase) Decrease in:		
Accounts Receivable	22,258	4,084
Prepaid Expenses	6,044	(1,474)
Accrued Revenues	(2,495)	(5,527)
Deferred Pension Outflows	(69,328)	45,967
Increase (Decrease) in:		
Accounts Payable	(11,034)	(9,519)
Taxes Payable	(1,108)	1,910
Accrued Wages	(3,109)	28,911
Customer Deposits	0	(15)
Net Pension Obligation	172,417	333
Deferred Pension Outflows	(42,477)	(3,866)
Total Adjustments	<u>\$ 670,159</u>	<u>\$ 575,496</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 1,067,952</u>	<u>\$ 975,695</u>
<u>Non-Cash Capital and Related Financing Activities</u>		
System Improvements Paid for and Contributed by Developers	<u>\$ 174,467</u>	<u>\$ 170,507</u>

See Independent Auditor's Report & Notes to Financial Statements

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note A - Significant Accounting Policies

(1) Financial Reporting Entity

Vilonia Waterworks Association was organized as a nonprofit corporation on May 16, 1974. On June 17, 1991, the nonprofit authorized the transfer of assets and operations to a public facilities board to be established by the City of Vilonia. The City created the Public Facilities Board (PFB) bearing the same name as the predecessor organization with the passage of Ordinance No. 91-6 on July 11, 1991. PFBs are authorized by Arkansas Code Annotated Section 14-137-101 et seq, and have such powers as the exercise of eminent domain and issuance of tax exempt bonds. The Vilonia Waterworks Association is governed by a board of five members. The PFB provides water service to individuals and businesses located in the City of Vilonia, Arkansas and surrounding areas.

(2) Proprietary Fund

The PFB's operations are accounted for as a proprietary fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis are to 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 income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(3) Basis of Accounting

The PFB's proprietary fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned, rather than when received, and expenses are recognized when they are incurred, rather than when they are paid. All Government Accounting Standards Board (GASB) pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, are applied unless these pronouncements conflict with or contradict GASB pronouncements.

(4) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the PFB defines cash as cash on hand and in banks, including time certificates of deposit and restricted cash accounts.

(5) Capital Assets

Property and equipment are capitalized at cost. Depreciation is provided by applying the straight-line method over the estimated useful lives of the assets. Useful lives estimated are: 5 to 10 years for office furniture and equipment, 3 to 10 years for transportation equipment, 15 to 50 years for buildings and related improvements, and 20 to 50 years for water storage, distribution lines, and related items.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note A - Significant Accounting Policies (Continued)

(6) Compensated Absences

Liabilities for compensated balances for sick leave benefit and vacation benefits have been accrued in the period in which they were earned by employees. Regular full-time employees accumulate 10 paid six days per year with up to 60 days eligible to be carried forward to the following year. Regular full-time employees are eligible for paid vacation accrued at a rate as follows:

One to Five Years	2 weeks
Six to Fifteen Years	3 weeks
Fifteen to Twenty Years	4 weeks
Twenty Years or more	5 weeks

Regular full-time employees accumulate 10 days of vacation time to be carried over to the next calendar year.

(7) Interest Component of the Cost of Refunding Bonds

When bonds are refunded the difference between the reacquisition cost price and the net carrying amount is recognized as a component of interest using the straight-line method.

(8) Cash and Investments

The PFB is considered an Arkansas governmental entity. Arkansas law requires public funds to be held by financial institutions located in the State of Arkansas and investments to be in obligations of the United States government. Public funds must be insured or secured by pledged collateral.

(9) Pensions

For Purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System Plan (APERS Plan) and additions to/deductions from APERS Plan's fiduciary net position have been determined on the same basis as they are reported by the APERS Plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(10) Use of Estimates

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

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note B - Cash Insured and Collateralized

Cash deposits with any one financial institution not exceeding \$250,000 are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) The PFB's financial institutions have pledged securities as collateral on amounts in excess of the F.D.I.C. limit.

Note C - Restricted Cash

The composition of restricted cash as of December 31, 2020 and 2019 is provided below.

	<u>2020</u>	<u>2019</u>
Meter Deposit Fund	\$ 4,362	\$ 4,345
Debt Service Reserve-Rural Development Loan	74,520	74,520
Bond Fund-2010 and 2013 Bonds	202,818	195,498
Debt Service Reserve Funds-2010 and 2013 Bonds	221,205	222,381
ANRC Meter Replacement	-	85
	<u>\$ 502,905</u>	<u>\$ 496,829</u>

On the fifteenth day of each month, the PFB is required to pay into the bond fund an amount equal to the sum of one-sixth of the next installment of interest on the outstanding bonds plus the trustee's and paying agent's fees plus one-twelfth of the next installment of principal on the outstanding bonds.

The two debt service reserve funds above in the total amount of \$295,725 in 2020 and \$296,901 in 2019 are maintained for the payment of principal and interest should the PFB lack adequate funds for these payments. These reserves are to be maintained until all bonds have been retired.

Note D - Accounts Receivable

Accounts receivable consist of unpaid amounts billed to customers for water and related charges. The PFB uses the allowance method to account for bad debts. Management reviews these amounts and increase the allowance as deemed appropriate in the circumstances.

A summary of aged accounts receivable is provided below:

	<u>2020</u>	<u>2019</u>
Due Currently	\$ 203,373	\$ 223,723
Past Due		
30 Days	10,861	11,188
60 Days	2,626	2,921
Over 90 Days	440,206	428,279
	<u>\$ 657,066</u>	<u>\$ 666,111</u>
Less: Allowance for Doubtful Accounts	<u>(393,141)</u>	<u>(379,928)</u>
	<u>\$ 263,925</u>	<u>\$ 286,183</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note E - Capital Assets

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
Buildings	\$ 916,164	\$ -	\$ -	\$ 916,164
Office Furniture and Equipment	110,018	-	38,596	71,422
Water Storage and Distribution	17,586,279	2,247,322	10,948	19,822,653
Shop Building and Equipment	522,873	-	-	522,873
Transportation Equipment	699,099	2,958	136,534	565,523
	<u>\$ 19,834,433</u>	<u>\$ 2,250,280</u>	<u>\$ 186,078</u>	<u>\$ 21,898,635</u>
Less: Accumulated Depreciation	<u>(6,983,282)</u>	<u>(598,991)</u>	<u>179,392</u>	<u>(7,402,881)</u>
	<u>\$ 12,851,151</u>	<u>\$ 1,651,289</u>	<u>\$ 365,470</u>	<u>\$ 14,495,754</u>
Land	139,892	-	-	139,892
Construction in Progress	19,240	69,424	19,240	69,424
	<u>\$ 13,010,283</u>	<u>\$ 1,720,713</u>	<u>\$ 384,710</u>	<u>\$ 14,705,070</u>

	Balance 12/31/18	Increases	Decreases	Balance 12/31/19
Buildings	\$ 916,164	\$ -	\$ -	\$ 916,164
Office Furniture and Equipment	105,097	4,921	-	110,018
Water Storage and Distribution	17,271,498	314,781	-	17,586,279
Shop Building and Equipment	522,572	300	-	522,873
Transportation Equipment	611,686	164,156	(76,743)	699,099
	<u>\$ 19,427,017</u>	<u>\$ 484,158</u>	<u>\$ (76,743)</u>	<u>\$ 19,834,433</u>
Less: Accumulated Depreciation	<u>(6,545,333)</u>	<u>(514,691)</u>	<u>76,743</u>	<u>(6,983,282)</u>
	<u>\$ 12,881,684</u>	<u>\$ (30,533)</u>	<u>\$ -</u>	<u>\$ 12,851,151</u>
Land	139,892	-	-	139,892
Construction in Progress	-	19,240	-	19,240
	<u>\$ 13,021,576</u>	<u>\$ (11,293)</u>	<u>\$ -</u>	<u>\$ 13,010,283</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note F - Long-Term Liabilities

Long-term revenue bonds and notes payable collateralized by pledge of water revenue consisted of the following at December 31, 2019 and 2018.

	<u>2020</u>	<u>2019</u>
Vilonia Waterworks Association Water Revenue Refunding and Improvement Bond Series 2010 with principal payments due each August 1st. The bonds bear interest rates of 1.4% to 3.375% annually with interest payable on February 1st and August 1st each year. These bonds mature serially through August 1, 2021.	\$ 205,000	\$ 405,000
Vilonia Waterworks Association Water Revenue Refunding and Improvement Bond Series 2013 with principal payments due each August 1st. The bonds bear interest rates of 1.0% to 4.0% annually with interest payable on February 1st and August 1st each year. These bonds mature serially through August 1, 2042.	3,230,000	3,335,000
United States Department of Agriculture, Rural Development 4.25% note payable, due in monthly installments in the amount of \$3,928, including interest. This note matures May 4, 2046.	730,389	746,120
First Security Bank 5.295% note payable, due in monthly installments in the amount of \$659, including interest. This note matures March 29, 2038.	89,372	92,465
Vilonia Waterworks Association Water Revenue Bond, 0% interest, \$1,700,000 bond with a disbursement cut-off date of April 21, 2021. Upon full disbursement, semi-annual installments in the amount of \$87,249 plus a .05% servicing fee will commence. Prior to full disbursement, the servicing fee of .05% on the unpaid principal balance shall be payable semi-annually. This Bond matures April 15, 2031.	<u>1,700,000</u>	<u>40,858</u>
	\$ 5,954,761	\$ 4,619,443
Less: Amounts Due within One Year	<u>(422,680)</u>	<u>(323,831)</u>
	<u>\$ 5,532,081</u>	<u>\$ 4,295,612</u>

In refunding the 2003 bonds in 2010 and the 2007 bonds in 2013, the PFB's reacquisition prices exceeded the net carrying values of the refunded debt resulting in deferred outflows of resources on the bonds refunded in the amount of \$184,051 and \$106,512 respectively. In accordance with GASB 65, Items Previously Reported as Assets and Liabilities, the deferred outflows of resources due to losses on bond refundings are amortized over the lives of the 2003 and 2007 bonds and are charged to interest expense. The amounts of these deferred outflows of resources charged to interest expense were \$20,363 in both 2020 and 2019.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note F - Long-Term Liabilities (continued)

Required future principal payments of the long-term debt and future payments of interest on the long-term debt are provided in the two schedules below:

	Future Principal Payments					
	2010 Bonds	2013 Bonds	USDA RD Note Payable	FSB Note Payable	ANRC Bond	Total
2021	\$ 205,000	\$ 115,000	\$ 16,420	\$ 3,261	\$ 82,999	\$ 422,680
2022		110,000	17,131	3,437	166,621	297,189
2023		110,000	17,874	3,624	167,455	298,953
2024		110,000	18,648	3,820	168,294	300,762
2025		120,000	19,457	4,027	169,136	312,620
2026-2030		645,000	110,686	23,657	858,465	1,637,808
2031-2035		765,000	136,842	30,802	87,030	1,019,674
2036-2040		885,000	169,178	16,744		1,070,922
2041-2045		370,000	209,155			579,155
2046-2050			14,998			14,998
	\$ 205,000	\$ 3,230,000	\$ 730,389	\$ 89,372	\$ 1,700,000	\$ 5,954,761

	Future Interest Payments					
	2010 Bonds	2013 Bonds	USDA RD Note Payable	FSB Note Payable	ANRC Bond	Total
2020	\$ 6,919	\$ 115,492	\$ 30,716	\$ 4,649		\$ 157,776
2021		112,790	30,005	4,473		147,268
2022		109,985	29,262	4,286		143,533
2023		106,960	28,488	4,090		139,538
2024		103,770	27,679	3,883		135,332
2025-2029		459,968	124,994	15,894		600,856
2030-2034		336,380	98,838	8,749		443,967
2035-2039		179,250	66,502	1,054		246,806
2040-2044		22,200	26,525			48,725
2045-2049			125			125
	\$ 6,919	\$ 1,546,795	\$ 463,134	\$ 47,078	\$	\$ 2,063,926

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note F - Long-Term Liabilities (continued)

Changes in long-term debt for the years ended December 31, 2020 and 2019 were as follows:

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20	Due Within One Year	Due in Excess of One Year
Revenue Bonds	\$ 3,780,858	\$ 1,659,142	\$ 305,000	\$ 5,135,000	\$ 402,999	\$ 4,732,001
Notes Payable	838,585	-	18,824	819,761	19,681	800,080
Customer Deposits	8,238	-	-	8,238	-	8,238
Net Pension Obligation	741,662	172,417	-	914,079	-	914,079
Total Long-Term Liabilities	\$ 5,369,343	\$ 1,831,559	\$ 323,824	\$ 6,877,078	\$ 422,680	\$ 6,454,398

	Balance 12/31/18	Increases	Decreases	Balance 12/31/19	Due Within One Year	Due in Excess of One Year
Revenue Bonds	\$ 4,040,000	\$ 40,858	\$ 300,000	\$ 3,780,858	\$ 305,000	\$ 3,475,858
Notes Payable	856,597	-	18,012	838,585	18,831	819,754
Customer Deposits	8,253	15	-	8,238	-	8,238
Net Pension Obligation	741,329	-	333	741,662	-	741,662
Total Long-Term Liabilities	\$ 5,646,179	\$ 40,873	\$ 318,345	\$ 5,369,343	\$ 323,831	\$ 5,045,512

Note G - Schedule of Rates Charged to Customers

Generally, the minimum monthly water rate inside the City of Vilonia is \$12.50 on the first 1,000 gallons and \$5.60 per 1,000 gallons thereafter. In a select area of the City and outside of the City the minimum rate ranges between \$12.50 and \$56.09 (depending upon the cost of extending the distributions lines to those area) and \$5.60 per 1,000 gallons thereafter.

The monthly rates charged to customers receiving sewage disposal range from \$37 to \$57 depending upon the area served.

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note H - Water Source and Water Purchase Contracts

(1) Community Water System - The PFB has a water purchase contract with Community Water System which is located at Greers Ferry, Arkansas on Greers Ferry Lake.

(2) Lonoke/White Public Water Authority - Vilonia Waterworks Association is a member of this PWA which owns water intake, treatment, and storage facilities located in the Cove Creek area of Greers Ferry Lake. The 2011 contract requires minimum daily purchases of 1,000,000 gallons at a rate of \$1.25 per 1,000 gallons. In addition to the purchase of water the members of the PWA are required to pay monthly participation fees of \$5 per contracted meter. Water purchases from the PWA were \$496,984 and \$464,881 for 2020 and 2019. Member participation fees were \$600,540 for 2020 and 2019.

(3) Mid-Arkansas Utilities Public Water Authority - The water purchase agreement with this PWA terminates in January of 2030. The required minimum daily purchase of water is 20,000 gallons.

Note I - Insurance Coverage

The PFB has workers compensation coverage and vehicle and equipment liability and property damage coverage through the respective programs sponsored by Arkansas Municipal League. For 2020 vehicles and equipment valued at \$589,500 were covered, and for 2019 vehicles and equipment valued at \$724,766 were covered. Buildings, contents, water tanks and related structures are insured by Employers Mutual Casualty Company. The limit of the coverage is \$9,272,493.

Note J - Retirement Plan - APERS

The Public Facility Board contributes to the Arkansas Public Employees Retirement System (APERS Plan), which is a cost-sharing multi-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this system. The Plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 and 1957. The costs of administering the plan are paid out of investment earnings.

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

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note J - Retirement Plan - APERS (continued)

(1) Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3 year average compensation times the member's years of service.

The percentage used to determine benefits is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

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

- at age 65 with 5 years of service
- at any age with 28 years of actual service
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005)
- at age 55 with 35 years of credited service for elected or safety officials

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

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

(2) Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). The employer contribution rates applicable were 14.75% (July 1, 2018 to June 30, 2019), 15.32% (July 1, 2019 to June 30, 2020), and 15.32% (July 1, 2020 to December 31, 2020).

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note J - Retirement Plan - APERS (continued)

The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report which is accessible online at <http://www.apers.org/annualreports>.

(3) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pension

At December 31, 2020 and 2019, the PFB reported a liability of \$914,079 and \$741,662, respectively, for its proportionate share of the net pension liability.

The collective net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. As of June 30, 2019 and 2018 the PFB's proportions was .0319% and .0307%, respectively.

For the years ended June 30, 2020 and 2019, the PFB recognized pension expense of \$155,242 and \$135,239, respectively. At June 30, 2020 and 2019, the PFB's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows		Deferred Inflows	
	2020	2019	2020	2019
Difference between expected and actual experience	\$ 12,135	\$ 20,185	\$ (605)	\$ (1,102)
Net difference between projected and actual investment earnings on pension plan investments	96,721	-	-	(5,633)
Changes of assumptions	11,453	40,255	(15,661)	(28,511)
Changes in proportion and difference between employer contributions and share of contributions	32,427	22,179	(33,585)	(57,082)
Contributions subsequent to the measurement date	52,170	52,959	-	-
	<u>\$ 204,906</u>	<u>\$ 135,578</u>	<u>\$ (49,851)</u>	<u>\$ (92,328)</u>

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note J - Retirement Plan - APERS (continued)

Amounts of \$52,170 and \$52,959 reported as deferred outflows of resources related to pensions resulting from the PFB's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending December 31, 2020 and December 31, 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>12/31</u>	<u>Amount</u>
2021	\$ 7,984
2022	27,560
2023	39,021
2024	28,320
2025	-
Thereafter	-
	<u>\$ 102,885</u>

(4) Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level of Percent Payroll, Closed

Actuarial Assumptions

Investment Rate of Return: 7.15%

Salary Increases: 3.25% to 9.85% including inflation

Inflation Rate: 3.25% wage inflation, 2.50% price inflation

Mortality rates were based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for full generational mortality improvements using Scale MP-2017.

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note J - Retirement Plan - APERS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the APERS Plan's target asset allocation as of June 30, 2020 are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.22%
International equity	24%	6.69%
Real assets	16%	4.81%
Absolute return	5%	3.05%
Domestic fixed	18%	0.57%
Total	<u>100%</u>	

The target allocation for the June 30, 2019 measurement date was as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.20%
International equity	24%	6.33%
Real assets	16%	3.32%
Absolute return	5%	3.56%
Domestic fixed	18%	1.54%
Total	<u>100%</u>	

VILONIA WATERWORKS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note J - Retirement Plan - APERS (continued)

(5) Discount Rate

The discount rate used to measure the total pension liability at June 30, 2020 and 2019, was 7.15% for both periods. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine pension liability.

(6) Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the PFB's net pension liability as of June 30, 2019 measurement date, calculated using the discount rate of 7.15%, as well as what the PFB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	1% Lower 6.15%	Current Rate 7.15%	1% Higher 8.15%
Net pension liability	\$ 1,392,209	\$ 917,079	\$ 519,512

Note K - Concentrations of Risk

While the operations of the PFB are always subject to the availability of a quality source of water, adequate water storage, and disruption of supply lines, as well as the risk of public safety in the event of contamination of the water, management does not consider these, or any other risks, to be significant concentrations of risks at this time.

Note L - Officers and Members of the Board of Directors

Howard Williams, Chairman
Steve Simon, Vice-Chairman
Mickey Fortner, Secretary
Ronnie Fowlkes, Director
Brian Presley, Director

VILONIA WATERWORKS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Note M - Schedule of Water Customers

The PFB had an average of 294 and 301 commercial customers in the years 2020 and 2019, respectively. The PFB had an average of 8,909 and 8,810 residential customers in the years 2020 and 2019, respectively.

Note N - Date of Management's Review

Subsequent events have been evaluated through June 30, 2021, which is the date the financial statements were available to be issued.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
APERS Fiscal Years Ended June 30, 2020 through 2015

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the Net Pension Liability	<u>.0319%</u>	<u>.0307%</u>	<u>.0336%</u>	<u>0.0315%</u>	<u>0.0327%</u>	<u>0.0344%</u>
Proportionate Share of the Net Pension Liability	<u>914,079</u>	<u>741,662</u>	<u>741,329</u>	<u>814,546</u>	<u>782,658</u>	<u>633,767</u>
Covered-Employee Payroll	<u>640,895</u>	<u>664,296</u>	<u>616,416</u>	<u>586,234</u>	<u>604,467</u>	<u>623,758</u>
Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	<u>142.63%</u>	<u>111.65%</u>	<u>120.30%</u>	<u>138.95%</u>	<u>129.48%</u>	<u>101.60%</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>75.35%</u>	<u>78.55%</u>	<u>79.59%</u>	<u>75.65%</u>	<u>75.50%</u>	<u>80.39%</u>

This schedule represents Vilonia Waterworks Association's proportionate share of the Arkansas Public Employee Retirement Plan System. Ten years of data will be presented in future years as the data becomes available.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF CONTRIBUTIONS TO ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM

APERS Fiscal Years Ended June 30, 2020 through 2015

	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Contractually Required Contributions	\$ 113,732	\$ 118,522	\$ 101,123	\$ 80,326	\$ 84,964	\$ 90,617
Contractually Required Contribution	<u>(113,732)</u>	<u>(118,522)</u>	<u>(101,123)</u>	<u>(80,326)</u>	<u>(84,964)</u>	<u>(90,617)</u>
Contribution Deficiency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	<u>\$ 640,895</u>	<u>\$ 664,296</u>	<u>\$ 616,416</u>	<u>\$ 586,234</u>	<u>\$ 604,467</u>	<u>\$ 623,758</u>
Contributions as a Percentage of Covered Employee Payroll	<u>17.75%</u>	<u>17.84%</u>	<u>16.40%</u>	<u>13.70%</u>	<u>14.06%</u>	<u>14.53%</u>

This schedule represents Vilonia Waterworks Association's historical contributions and covered payroll to the Arkansas Public Employee Retirement Plan System. In the future ten years of data will be presented as the data becomes available.

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency Passed through the Arkansas Natural Resource Commission			
Capitalization Grants for Drinking Water SRF	66.468	01187-DWSRF-L	\$ 1,659,142
Total Expenditures of Federal Awards			<u>\$ 1,659,142</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Vilonia Waterworks Association under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule presents only a selected portion of operations of Vilonia Waterworks Association. It is not intended to, nor does it present the financial position, changes in net position, or cash flows of Vilonia Waterworks Association.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Vilonia Waterworks Association has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS
www.etacpas.com

D.C. ELLIS, CPA (1926-2004)
R. LARRY TUCKER, CPA
R. ALAN CLINE, CPA

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA

GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

CALVIN K. ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

ANN M. NICHOLSON, CPA
JOSEPH C. WALLIS, CPA
AMY G. HALL, CPA

HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
AMY N. BECKIUS, OFFICE COORDINATOR

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

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

Members of the Public Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Vilonia Waterworks Association, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Vilonia Waterworks Associations' basic financial statements and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vilonia Waterworks Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vilonia Waterworks Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Vilonia Waterworks Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ellis, Tucker & Aldridge, LLP

Cabot, Arkansas
June 30, 2021



ELLIS, TUCKER & ALDRIDGE, LLP

CERTIFIED PUBLIC ACCOUNTANTS
www.etacpas.com

D C ELLIS, CPA (1926-2004)
R LARRY TUCKER, CPA
R ALAN CLINE, CPA

LITTLE ROCK OFFICE
10025 W. MARKHAM, STE 120
LITTLE ROCK, AR 72205-1408
(501) 664-3987
FAX (501) 664-7338

CABOT OFFICE
200 WEST MAIN STREET
CABOT, AR 72023-2945
(501) 843-6515
FAX (501) 843-4944

CALVIN K ALDRIDGE, CPA
JEFFERY L. GREEN, CPA

JERRY W. BURCHFIELD, CPA
JAMES C. HANEY, CPA
GREGORY J. TUCKER, ACCOUNTANT
SUSAN N. LIVELY, ACCOUNTANT
RHONDA G. HARSHBARGER, OFFICE COORDINATOR

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

ANN M. NICHOLSON, CPA
JOSEPH C. WALLIS, CPA
AMY G. HALL, CPA
HANNAH N. MITCHELL, CPA
CHRISTI L. ROUNSAVALL, ACCOUNTANT
AMY N. BECKIUS, OFFICE COORDINATOR

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Public Facilities Board
Vilonia Waterworks Association
Vilonia, Arkansas

Report on Compliance for Each Major Federal Program

We have audited Vilonia Waterworks Association's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Vilonia Waterworks Association's major federal programs for the year ended December 31, 2020. Vilonia Waterworks Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Vilonia Waterworks Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Vilonia Waterworks Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Vilonia Waterworks Association's compliance.

Opinion on Each Major Federal Program

In our opinion, the federal programs of Vilonia Waterworks Association, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Vilonia Waterworks Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Vilonia Waterworks Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vilonia Waterworks Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ellis, Tinker & Aldridge, LLP

Cabot, Arkansas
June 30, 2021

VILONIA WATERWORKS ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion.
2. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements as required to be reported in accordance with *Government Auditing Standards*.
3. The audit did not disclose any noncompliance which is material to the financial statements as required to be reported in accordance with *Government Auditing Standards*.
4. There were no significant deficiencies or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditor's report on compliance for the major program was unmodified.
6. Audit findings related to major programs are disclosed below.
7. The sole program, Capitalization Grants for Drinking Water State Revolving Funds, (CFDA No. 66.468), was tested as a major program.
8. The threshold used for distinguishing between type A and B programs was \$750,000.
9. Vilonia Waterworks Association does not qualify as a low-risk auditee.

Current Year Findings - Financial Statement Audit

No findings were noted during the audit.

Current Year Findings and Questioned Costs - Major Federal Award Program Audit

No findings were noted during the audit.

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Schedule 1

Name Vilonia Waterworks Association (PFB)

Address PO Box 300
Vilonia, AR 72173

(1) <u>OPERATING INCOME</u>	PRIOR YEAR Actual (2)	ANNUAL BUDGET		For the _____ Months Ended <u>12-31-2019</u>		
		BEG <u>01-01-2020</u>	END <u>12-31-2020</u>	CURRENT YEAR		Actual YTD (Over) Under Budget Col. 3 - 5 = 6 (6)
		(3)	(4)	Actual Data		
			Current Quarter (4)	Year To Date (5)		
1. <u>Water Sales</u>	3,637,835	3,700,000		3,665,258	34,742	
2. <u>Water Taps</u>	76,185	90,000		83,586	6,414	
3. <u>Water Source</u>	533,740	540,000		540,960	-960	
4. _____					0	
5. <u>Miscellaneous</u>	300,574	300,000		245,946	54,054	
6. <u>Less: Allowances and Deductions</u>					0	
7. <u>Total Operating Income (Add lines 1 through 6)</u>	4,548,334	4,630,000	0	4,535,750	94,250	
<u>OPERATING EXPENSES</u>						
8. <u>Salaries/Benef</u>	780,469	750,000		751,181	-1,181	
9. <u>Water Purchased</u>	2,157,948	2,200,000		2,178,962	21,038	
10. <u>Repairs/Maint</u>	190,270	180,000		169,684	10,316	
11. <u>Utilities</u>	70,659	70,000		67,502	2,498	
12. <u>Insurance</u>	166,043	190,000		189,841	159	
13. <u>Bad Debt</u>	13,645	20,000		20,000	0	
14. <u>Other Expenses</u>	178,102	165,000		156,856	8,144	
15. <u>Interest</u>	199,941	177,000		194,207	-17,207	
16. <u>Depreciation</u>	504,353	507,000		474,000	33,000	
17. <u>Total Operating Expense (Add Lines 8 through 16)</u>	4,261,430	4,259,000	0	4,202,233	56,767	
18. <u>NET OPERATING INCOME (LOSS) (Line 7 less 17)</u>	286,904	371,000	0	333,517	37,483	
<u>NONOPERATING INCOME</u>						
19. <u>Interest</u>	19,124	25,000		24,294	706	
20. <u>Other Income</u>	12,147	0		0	0	
21. <u>Total Nonoperating Income (Add 19 and 20)</u>	31,271	25,000	0	24,294	706	
22. <u>NET INCOME (LOSS) (Add lines 18 and 21)</u>	318,175	396,000	0	357,811	38,189	
23. <u>Equity Beginning of Period</u>	9,565,525	10,525,211		10,167,400	357,811	
24. <u>Contributions</u>	283,700	0		0	0	
25. _____					0	
26. <u>Equity End of Period (Add lines 22 through 25)</u>	10,167,400	10,921,211	0	10,525,211	396,000	

Budget and Annual Report Approved by Governing Body

Quarterly Reports Certified Correct

Mely Davis

12-18-19

Secretary

Date

Howard Wilkoy

12-18-19

Appropriate Official

Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number for this information collection is 0575-0015 and 0572-0137. The time required to complete this information collection is estimated to average 2-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SUPPLEMENTAL DATA

The following Data Should Be Supplied Where Applicable

Circle One

1. ALL BORROWERS

- a. Are deposited funds in institutions insured by the Federal Government? Yes No
- b. Are you exempt from Federal Income Tax? Yes No
- c. Are Local, State and Federal Taxes paid current? Yes No
- d. Is corporate status in good standing with State? Yes No

e. List kinds and amounts of insurance and fidelity bond: Complete Only when submitting annual budget information:

Insurance Coverage and Policy Number	Insurance Company and Address	Amount of Coverage	Expiration Date of Policy
Property Insurance Policy # _____	_____	_____	_____
Liability Policy # _____	_____	_____	_____
Fidelity Policy # _____	_____	_____	_____

2. RECREATION AND GRAZING ASSOCIATION BORROWERS ONLY

Current Quarter Year to Date

a. Number of Members _____

3. WATER AND/OR SEWER UTILITY BORROWERS ONLY

	Current Quarter	Year to Date
a. Water purchased or produced (CU FT - GAL)	_____ gal.	_____ gal.
b. Water sold (CU FT - GAL)	_____ gal.	_____ gal.
c. Treated waste (CU FT - GAL)	_____ gal.	_____ gal.
d. Number of users - water	_____	_____
e. Number of users - sewer	_____	_____

4. OTHER UTILITIES

- a. Number of users _____
- b. Product purchased _____
- c. Product sold _____

5. HEALTH CARE BORROWERS ONLY

- a. Number of beds _____
- b. Patient days of care _____
- c. Percentage of occupancy _____
- d. Number of outpatient visits _____

6. DISTRIBUTION OF ALL CASH AND INVESTMENTS*

Indicate balances in the following accounts:

	Construction	Revenue	Debt Service	Operation & Maintenance	Reserve	All Others	Grand Total
Cash	\$ 28,462	\$ 468,125	\$ 854,064	\$ 41,535	\$ 176,891	\$ 1,185,310	\$ 2,754,387
Savings and Investments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ 0
Total	\$ 28,462	\$ 468,125	\$ 854,064	\$ 41,535	\$ 176,891	\$ 1,185,310	\$ 2,754,387

7. AGE ACCOUNTS RECEIVABLE AS FOLLOWS:

	Days				*Total
	0-30	31-60	61-90	91 and Older	
Dollar Values	\$ 162,239	\$ 13,739	\$ 7,654	\$ 121,590	\$ 305,222
Number of Accounts	_____	_____	_____	_____	0

*Totals must agree with those on Balance Sheet.

PROJECTED CASH FLOW

For the Year BEG. 01-01-2020 END. 12-31-2020
(same as schedule 1 column 3)

A. Line 22 from Schedule 1, Column 3 NET INCOME (LOSS)	\$ <u>396,000</u>
<u>Add</u>	
B. <u>Items in Operations not Requiring Cash:</u>	
1. Depreciation (line 16 schedule 1)	<u>33,000</u>
2. Others: <u>Amortization</u>	<u>\$20,363</u>
C. <u>Cash Provided From:</u>	
1. Proceeds from Agency loan/grant	_____
2. Proceeds from others	_____
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities	<u>\$20,000</u>
4. Decrease (Increase) in Accounts Receivable, Inventories and Other Current Assets (<u>Exclude cash</u>)	<u>(\$18,000)</u>
5. Other:	_____
6.	_____
D. Total all A, B and C Items	<u>\$451,363</u>
E. <u>Less: Cash Extended for:</u>	
1. All Construction, Equipment and New Capital Items (loan & grant funds)	<u>\$650,000</u>
2. Replacement and Additions to Existing Property, Plant and Equipment	<u>\$50,000</u>
3. Principal Payment Agency Loan	<u>\$15,738</u>
4. Principal Payment Other Loans	<u>\$305,000</u>
5. Other:	_____
6. Total E 1 through 5	<u>\$1,020,738</u>
<u>Add</u>	
F. Beginning Cash Balances	<u>\$2,754,387</u>
G. Ending Cash Balances (Total of D Minus E 6 Plus F)	\$ <u>2,185,012</u>
<u>Item G Cash Balances Composed of:</u>	
Construction Account	<u>\$10,680</u>
Revenue Account	<u>\$411,704</u>
Debt Payment Account	<u>\$592,231</u>
O&M Account	<u>\$12,323</u>
Reserve Account	<u>\$134,081</u>
Funded Depreciation Account	_____
Others: <u>Money Market- Unrestricted</u>	<u>\$1,023,993</u>
.....	_____
Total - Agrees with Item G	\$ <u>2,185,012</u>

UNITED STATES DEPARTMENT OF AGRICULTURE
STATEMENT OF BUDGET, INCOME AND EQUITY

Name Vilonia Waterworks Association (PFB)

Address PO Box 300
Vilonia, AR 72173

OPERATING INCOME	FISCAL YEAR Actual (A)	ANNUAL BUDGET		Months Ended 10-31-2020		
		FISCAL YEAR Actual (B)		CURRENT YEAR		
		Actual	Budget	Actual Data	Actual YTD	
				Current Quarter (1)	Year To Date (2)	(Over/Under Budget Col. 3 - 5 = 6 (3)
1. Water Sales	3,662,947	3,850,000			3,192,591	657,409
2. Water Taps	79,875	85,000			77,760	7,240
3. Water Source	541,605	550,000			459,130	90,870
4.						0
5. Miscellaneous	256,217	250,000			206,723	49,279
6. Less: Allowances and Deductions						0
7. Total Operating Income (Add lines 1 through 6)	4,540,444	4,735,000	0	0	3,930,202	804,798
OPERATING EXPENSES						
8. Salaries/Benefit	698,851	650,000			534,321	165,779
9. Water Purchased	2,187,159	2,195,245			1,820,395	374,850
10. Repairs/Maint	147,365	145,000			186,336	-41,396
11. Utilities	65,302	68,000			54,806	13,194
12. Insurance	170,612	175,000			145,616	29,384
13. Bad Debt	20,107	21,000			0	21,000
14. Other Expenses	434,121	440,000			304,658	135,342
15. Interest	192,469	185,000			450,000	-78,000
16. Depreciation	514,692	525,000				
17. Total Operating Expense (Add lines 8 through 16)	4,381,478	4,404,245	0	0	3,655,779	748,456
18. NET OPERATING INCOME (LOSS) (Line 7 less 17)	158,966	330,755	0	0	274,423	56,332
NONOPERATING INCOME						
19. Interest	32,076	35,000			11,023	23,977
20. Other Income	7,876	0			0	0
21. Total Nonoperating Income (Add lines 19 and 20)	39,952	35,000	0	0	11,023	23,977
22. NET INCOME (LOSS) (Add lines 18 and 21)	198,918	365,755	0	0	285,446	180,309
23. Equity Beginning of Period	10,167,400	10,822,271			10,536,825	285,446
24. Contributions	170,507	150,000			0	150,000
25.						0
26. Equity End of Period (Add lines 23 through 25)	10,536,825	11,338,026	0	0	10,822,271	515,755

Budget and Annual Report Approved by Governing Body

Quarterly Reports Certified Correct

Mary J. Jolley
Secretary

11-18-20
Date

Henry Wilcox
Appropriate Official

11-18-20
Date

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0375-0015 and 0372-0137. The time required to complete this information collection is estimated to average 2-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SUPPLEMENTAL DATA

The Following Data Should Be Supplied Where Applicable

Circle One

1. ALL BORROWERS

- a. Are deposited funds in institutions insured by the Federal Government? Yes No
- b. Are you exempt from Federal Income Tax? Yes No
- c. Are Local, State and Federal Taxes paid current? Yes No
- d. Is corporate status in good standing with State? Yes No

e. List kinds and amounts of insurance and fidelity bond: Complete Only when submitting annual budget information:

<u>Insurance Coverage and Policy Number</u>	<u>Insurance Company and Address</u>	<u>Amount of Coverage</u>	<u>Expiration Date of Policy</u>
Property Insurance Policy # <u>5a5155420</u>	<u>Employers Mutual Casualty Company</u>	<u>9,444,169</u>	<u>12-30-2020</u>
Liability Policy # _____	_____	_____	_____
Fidelity Policy # <u>1a5025424</u>	<u>Liberty Mutual Group</u>	<u>75,000</u>	<u>08-05-2021</u>

2. RECREATION AND GRAZING ASSOCIATION BORROWERS ONLY

Current Quarter Year to Date

a. Number of Members _____

3. WATER AND/OR SEWER UTILITY BORROWERS ONLY

- a. Water purchased or produced (CU FT - GAL) _____ gal. 605,316,000 gal.
- b. Water sold (CU FT - GAL) _____ gal. 429,165,463 gal.
- c. Treated waste (CU FT - GAL) _____ gal. _____ gal.
- d. Number of users - water _____ 9,293
- e. Number of users - sewer _____

4. OTHER UTILITIES

- a. Number of users _____
- b. Product purchased _____
- c. Product sold _____

5. HEALTH CARE BORROWERS ONLY

- a. Number of beds _____
- b. Patient days of care _____
- c. Percentage of occupancy _____ %
- d. Number of outpatient visits _____

6. DISTRIBUTION OF ALL CASH AND INVESTMENTS*

Indicate balances in the following accounts:

	<u>Construction</u>	<u>Revenue</u>	<u>Debt Service</u>	<u>Operation & Maintenance</u>	<u>Reserve</u>	<u>All Others</u>	<u>Grand Total</u>
Cash	_____	_____	_____	_____	_____	_____	_____
Savings and Investments	_____	_____	_____	_____	_____	_____	_____
Total	<u>\$ 0</u>	<u>\$ 220,063</u>	<u>\$ 861,517</u>	<u>\$ 16,763</u>	<u>\$ 168,390</u>	<u>\$ 1,693,501</u>	<u>\$ 2,960,234</u>

7. AGE ACCOUNTS RECEIVABLE AS FOLLOWS:

	<u>Days</u>				<u>Total</u>
	<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91 and Older</u>	
Dollar Value	<u>\$ 222,790</u>	<u>\$ 4,913</u>	<u>\$ 23</u>	<u>\$ 48,504</u>	<u>\$ 276,230</u>
Number of Accounts	_____	_____	_____	_____	<u>0</u>

*Totals must agree with those on Balance Sheet.

PROJECTED CASH FLOW

For the Year BEG. 01-01-2021 END, 12-31-2021
(same as schedule 1 column 3)

A. Line 22 from Schedule 1, Column 3 NET INCOME (EOSS)	\$ 365,753
<u>Add:</u>	
B. Items In Operations not Requiring Cash:	
1. Depreciation (line 16 schedule 1)	525,000
2. Others: Amortization	20,363
C. Cash Provided From:	
1. Proceeds from Agency loan/grant	
2. Proceeds from others	
3. Increase (Decrease) in Accounts Payable, Accruals and other Current Liabilities	18,000
4. Decrease (Increase) in Accounts Receivable, Inventories and Other Current Assets (Exclude cash)	(\$21,000)
5. Other:	
6.	
D. Total all A, B and C Items	\$908,116
E. Less: Cash Extended for:	
1. All Construction, Equipment and New Capital Items (loan & grant funds)	\$500,000
2. Replacement and Additions to Existing Property, Plant and Equipment	50,000
3. Principal Payment Agency Loan	\$16,420
4. Principal Payment Other Loans	\$223,000
5. Other:	
6. Total E 1 through 5	\$889,420
<u>Add</u>	
F. Beginning Cash Balances	\$2,920,814
G. Ending Cash Balances (Total of D Minus E 6 Plus F)	\$ 2,939,512
H. Cash Balances Composed of:	
Construction Account	\$ 0
Revenue Account	\$145,512
Debt Payment Account	\$865,000
O&M Account	\$17,000
Reserve Account	\$130,000
Funded Depreciation Account	\$205,000
Others: Money Market - Unrestricted	\$937,000
	\$ 2,939,512
Total - Agrees with Item G	\$ 2,939,512