

VAN BUREN COUNTY
WATER ASSOCIATION
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

JONES and LAWTON, CPAS, P.A.
A PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

VAN BUREN COUNTY WATER ASSOCIATION

MARCH 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis.....	11
Budget Comparison Schedule	12
INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS AND COMPLIANCE	
Independent Auditors' 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>	13

JONES and LAWTON, CPAs, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1106 WEST B STREET

P O BOX 945

RUSSELLVILLE, AR 72811

MEMBERS

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

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Van Buren County Water Association
Clinton, Arkansas

Opinion

We have audited the accompanying financial statements of Van Buren County Water Association, which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Van Buren County Water Association as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Van Buren County Water Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County Water Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Van Buren County Water Association's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

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

Jones and Lawton, CPAs, P.A.

Russellville, Arkansas
October 23, 2022

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

VAN BUREN COUNTY WATER ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and Cash Equivalents - Unrestricted (Note 2)	\$	494,791	\$ 509,442
Accounts Receivable, Net of Allow. for Doubtful Accts		95,183	107,401
Inventories		2,400	2,400
Total Current Assets		<u>592,374</u>	<u>619,243</u>
PROPERTY AND EQUIPMENT (Note 3)			
Water System		10,217,866	10,166,866
Building & Improvements		227,462	227,462
Office Equipment		26,301	26,301
Trucks		196,017	164,094
Land		62,724	62,724
		<u>10,730,370</u>	<u>10,647,447</u>
Less: Accumulated Depreciation		<u>6,286,783</u>	<u>6,064,034</u>
		<u>4,443,587</u>	<u>4,583,413</u>
OTHER ASSETS			
Cash and Cash Equivalents - Restricted (Note 2)		312,387	299,132
Intangible Costs, Net of Amortization		71,228	74,874
		<u>383,615</u>	<u>374,006</u>
		<u>5,419,576</u>	<u>5,576,662</u>
	<u>LIABILITIES</u>		
CURRENT LIABILITIES			
Current Maturities of Long-term Debt (Note 4)		73,772	70,375
Accounts Payable		47,222	44,296
Accrued Interest Payable		12,067	12,862
Accrued Expenses		12,758	12,003
Total Current Liabilities		<u>145,819</u>	<u>139,536</u>
LONG-TERM LIABILITIES			
Long-term Debt (Note 4)		1,697,713	1,771,485
Customer Deposits		70,980	62,744
		<u>1,768,693</u>	<u>1,834,229</u>
		<u>1,914,512</u>	<u>1,973,765</u>
	<u>NET ASSETS</u>		
Restricted Net Assets		241,407	236,388
Unrestricted Net Assets		<u>3,263,657</u>	<u>3,366,509</u>
		<u>3,505,064</u>	<u>3,602,897</u>
		<u>\$ 5,419,576</u>	<u>\$ 5,576,662</u>

See Independent Auditors' Report and Notes to Financial Statements

VAN BUREN COUNTY WATER ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Water Revenues	\$ 1,120,852	\$ 1,163,996
Other Income	174,141	80,784
	<u>1,294,993</u>	<u>1,244,780</u>
EXPENSES		
Water Purchases	514,359	450,207
Salaries	211,617	204,040
Utilities	89,947	83,824
Insurance	59,813	52,084
Supplies	58,109	65,669
Office Supplies and Postage	17,676	16,422
Taxes & Licenses	24,697	24,424
Depreciation and Amortization	226,395	218,177
Legal and Accounting	3,000	3,000
Engineering Fees	9,863	6,334
Dues, Subscriptions, and Fees	6,658	2,225
Directors Fees	4,050	2,970
Repairs and Maintenance	9,098	30,921
Truck Expense	53,857	31,870
Employee Benefits	4,017	3,142
Bank Fees	5,365	4,699
Uniforms	6,074	5,767
Miscellaneous	8,309	0
	<u>1,312,904</u>	<u>1,205,775</u>
INCOME (LOSS) FROM OPERATIONS	(17,911)	39,005
NON-OPERATING INCOME (EXPENSE)		
Interest Income	2,407	7,178
Interest Expense	(82,329)	(86,969)
	<u>(79,922)</u>	<u>(79,791)</u>
DECREASE IN NET ASSETS	(97,833)	(40,786)
NET ASSETS, BEGINNING OF YEAR	<u>3,602,897</u>	<u>3,643,683</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,505,064</u></u>	<u><u>\$ 3,602,897</u></u>

See Independent Auditors' Report and Notes to Financial Statements

VAN BUREN COUNTY WATER ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) from Operations	\$ (17,911)	\$ 39,005
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:		
Depreciation and Amortization	226,395	218,177
Change in:		
Accounts Receivable	12,218	(28,086)
Accounts Payable	2,926	7,291
Accrued Expenses	755	522
Customer Deposits	8,236	(7,421)
Total Adjustments	<u>250,530</u>	<u>190,483</u>
Net Cash Provided by Operating Activities	<u>232,619</u>	<u>229,488</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid on Long-term Debt	(83,124)	(86,544)
Principal Payments on Long-term Debt	(70,375)	(66,946)
Net Cash Used by Financing Activities	<u>(153,499)</u>	<u>(153,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Water System Improvements	(82,923)	(163,418)
Interest Income	2,407	7,178
Net Cash Used by Investing Activities	<u>(80,516)</u>	<u>(156,240)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,396)	(80,242)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>808,574</u>	<u>888,816</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 807,178</u></u>	<u><u>\$ 808,574</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Reconciliation of cash to Statements of Net Position		
Unrestricted cash	\$ 494,791	\$ 509,442
Restricted cash	312,387	299,132
	<u><u>\$ 807,178</u></u>	<u><u>\$ 808,574</u></u>

See Independent Auditors' Report and Notes to Financial Statements

VAN BUREN COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Van Buren County Water Association is a utility operated by the residents of Van Buren County, Arkansas, in an association form governed by an elected board of directors. It is nontaxable for Federal and State income tax purposes under the Internal Revenue Code Section 501(c)12.

Fund Accounting

The accounts of the Association are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Association are grouped in the financial statements into one fund type and one generic fund as follows:

Proprietary Funds

Enterprise funds-Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public safety, management control, accountability, or other purposes.

Basis of Accounting

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

The Association uses the accrual basis of accounting which recognizes revenues when they are earned and expenses when they are incurred.

Property and Equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

Cash Equivalents

The Association considers cash equivalents to be short-term highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash.

Inventories

Inventories are stated at cost.

Use of Estimates

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

VAN BUREN COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization of Interest Costs

The Association capitalizes interest costs as part of the total acquisition costs of construction related to the addition to and/or improvement of facilities. Interest costs capitalized include only the interest incurred during the construction period on debt used to finance the project. The interest capitalization period commences with the first expenditure for the project and continues until the constructed project is substantially complete and ready for its intended use, at which time interest capitalization ceases.

Accounts Receivable and Bad Debts

Accounts receivables are recorded when statements are issued and are presented in the balance sheet net of the allowance for doubtful accounts. Accounts receivables are written off when they are determined to be uncollectible.

NOTE 2: CASH AND CASH EQUIVALENTS

The cash balance is composed of unrestricted and restricted funds as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted		
Water system operating fund	\$ 494,791	\$ 509,442
Restricted		
Depreciation fund	48,738	44,733
Debt service reserve fund	192,669	191,655
Meter deposit fund	70,980	62,744
	<u>312,387</u>	<u>299,132</u>
	<u>\$ 807,178</u>	<u>\$ 808,574</u>

As of March 31, 2022, the USDA/RD debt service reserve fund requirement was \$114,812, which was fully funded by the debt reserve service fund with a balance of \$192,669.

NOTE 3: PROPERTY AND EQUIPMENT

	<u>Balance</u> <u>3-31-2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3-31-2022</u>
Water system	\$ 10,166,866	\$ 51,000		\$ 10,217,866
Building & improvements	227,462			227,462
Office equipment	26,301			26,301
Trucks	164,094	31,923		196,017
Land	62,724			62,724
	<u>\$ 10,647,447</u>	<u>\$ 82,923</u>		<u>\$ 10,730,370</u>

VAN BUREN COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 4: LONG-TERM DEBT

Long-term debt at March 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
5.875% note payable to USDA, Rural Development (No.91-05) payable in monthly installments of \$710 including interest, secured by the water system and revenues	\$ 30,273	\$ 36,805
5.0% note payable to ASWCC (No. 35-14-D), payable in annual installments of \$5,828 including interest, secured by the water systems and revenues	57,680	60,491
4.5% note payable to USDA, Rural Development (No.91-06), payable in monthly installments of \$6,783 including interest, secured by the water system and revenues	1,053,693	1,086,859
5.0% note payable to ASWCC (No.00189-WDF-D), principal and interest deferred until 12-1-2012; thereafter, payable in annual installments of \$33,060 including interest, secured by the water system and revenues	255,280	274,610
4.5% note payable to USDA, Rural Development (No. 91-09), payable in monthly installments of \$568 including interest, secured by building	96,548	98,960
4.5% note payable to USDA, Rural Development (No. 91-10), payable in monthly installments of \$227 including interest, secured by building	37,245	38,267
4.125% note payable to USDA, Rural Development (No. 91-12), payable in monthly installments of \$1,263 including interest, secured by water system	240,758	245,868
	<u>1,771,485</u>	<u>1,841,860</u>
Less current maturities	73,772	70,375
	<u>\$ 1,697,713</u>	<u>\$ 1,771,485</u>

The aggregate maturities of long-term debt are as follows:

	Principal	Interest	Total
2023	73,772	79,728	153,500
2024	77,335	76,165	153,500
2025	81,071	72,429	153,500
2026	84,948	68,552	153,500
2027	80,343	73,157	153,500
Thereafter	1,374,016	491,012	1,865,028

NOTE 5: FINANCIAL INSTRUMENTS WITH RISK OF ACCOUNTING LOSS

Deposits in financial institutions are financial instruments that could potentially subject the Association to a risk of accounting loss to the extent of the uninsured/uncollateralized portion of those deposits. The Association maintains all deposit balances in three financial institutions and at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on deposits. On March 31, 2022 and 2021, all deposits were insured/collateralized.

VAN BUREN COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 6: SCHEDULE OF RATES

Monthly Water Rates:

- a. Minimum charge on first 1,000 gallons \$33.93
- b. Charge of \$11.58 per 1,000 gallons for usage over the initial 1,000 gallons

NOTE 7: RETIREMENT PLAN

The Association has adopted a simplified retirement plan called a "Saving Incentive Match Plan for Employees" or "SIMPLE" plan. The SIMPLE plan adopted by the Association is an IRA-based retirement plan. Contributions to an eligible employee's SIMPLE IRA is limited to (1) employee contributions made under a salary reduction agreement and (2) employer contributions that are made as either "matching contributions" or "non-elective contributions". The Association made "matching contributions" of \$4,017 and \$3,142 during the years ended March 31, 2022 and 2021, respectively

NOTE 8: INSURANCE COVERAGE

Company: Employers Mutual Casualty Company
Policy No.: 2A4-78-13-20
Expiration: 04-15-22
Coverage: Water Department buildings, contents, and equipment

Company: Employers Mutual Casualty Company
Policy No.: 2D4-78-13-20
Expiration: 04-15-22
Coverage: General Liability

Company: Employers Mutual Casualty Company
Policy No.: 2F4-78-13-20
Expiration: 04-15-22
Coverage: Employee Dishonesty

Company: Employers Mutual Casualty Company
Policy No.: 2C4-78-13-20
Expiration: 04-15-22
Coverage: Inland Marine

Company: Employers Mutual Casualty Company
Policy No.: 2E4-78-13-20
Expiration: 04-15-22
Coverage: Business Auto

Company: Employers Mutual Casualty Company
Policy No.: 2H4-78-13-20
Expiration: 04-15-22
Coverage: Workman's Compensation

Company: Employers Mutual Casualty Company
Policy No.: 2J4-78-13-20
Expiration: 04-15-22
Coverage: Commercial Umbrella

Company: Employers Mutual Casualty Company
Policy No.: 2K4-78-13-20
Expiration: 04-15-22
Coverage: Linebacker Public Officials & Employment Practices Liability

VAN BUREN COUNTY WATER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

NOTE 8: INSURANCE COVERAGE (continued)

Company:	Employers Mutual Casualty Company
Policy No:	2Q4-78-13-20
Expiration:	04-15-22
Coverage:	Cyber Solutions

NOTE 9: SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 23, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY WATER ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2022

Van Buren County Water Association's discussion and analysis is designed to:

- Assist the reader in focusing on significant financial issues
- Provide an overview of the Association's financial activity
- Identify changes in the Association's financial position
- Identify individual fund issues or concerns

Overview of the Financial Statements

The financial statements of the Association reports information about the Association using accounting methods similar to those used by private business enterprises. These statements provide both long-term and short-term information about the Association's overall financial status.

The Statements of Financial Position present information on all the Association's assets and liabilities with the difference between the two reported as net assets.

The Statements of Activities present information showing how the Association's net assets changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows.

The Statements of Cash Flows report cash receipts and expenditures that result from operations, financing, and investing activities. These statements provide information regarding sources of cash and use of cash.

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

Financial Analysis of the Association

The assets of the Association exceeded it liabilities at the close of the most recent fiscal year by \$3,505,064 (net assets).

Total assets amounted to \$5,419,576 consisting of current assets of \$592,374, net capital assets of \$4,443,587 and other assets of \$383,615. Total assets decreased by \$157,086 during the current fiscal year. This decrease was due to the current fiscal year depreciation and amortization of \$226,395, offset by a net increase in all remaining assets of \$69,309.

Total liabilities amounted to \$1,914,512 consisting of long-term liabilities of \$1,771,485 and other liabilities of \$143,027 Total liabilities decreased by \$59,253 during the current fiscal year. This decrease was due to payments on long term debt of \$70,375, offset by a net increase of other liabilities of \$11,122.

The Association experienced a decrease in total cash in the amount of \$1,396 during the current fiscal year. This decrease consisted of a decrease in unrestricted cash in the amount of \$14,651 and an increase in restricted cash in the amount of \$13,255.

Economic Factors

The Association indicated no changes due to current economic factors.

Request for Information

This report is designed to provide a general overview of the Association's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Van Buren County Water Association, P.O. Box 780, Clinton, Arkansas 72031.

VAN BUREN COUNTY WATER ASSOCIATION
BUDGET COMPARISON SCHEDULE
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUES			
Water Revenues	\$ 1,120,852	\$ 1,066,500	54,352
Other Income	174,141	177,400	(3,259)
	<u>1,294,993</u>	<u>1,243,900</u>	<u>51,093</u>
EXPENSES			
Water Purchases	514,359	472,500	41,859
Salaries	211,617	224,300	(12,683)
Utilities	89,947	81,060	8,887
Insurance	59,813	53,600	6,213
Supplies	58,109	50,000	8,109
Office Supplies and Postage	17,676	22,600	(4,924)
Taxes & Licenses	24,697	60,000	(35,303)
Depreciation and Amortization	226,395	206,000	20,395
Legal and Accounting	3,000	3,000	0
Engineering Fees	9,863	12,000	(2,137)
Dues, Subscriptions, and Fees	6,658	2,000	4,658
Directors Fees	4,050	3,000	1,050
Repairs and Maintenance	9,098	50,000	(40,902)
Truck Expense	53,857	3,800	50,057
Employee Benefits	4,017	6,400	(2,383)
Bank Fees	5,365	4,700	665
Uniforms	6,074	5,800	274
Miscellaneous	8,309	1,000	7,309
	<u>1,312,904</u>	<u>1,261,760</u>	<u>51,144</u>
INCOME (LOSS) FROM OPERATIONS	<u>(17,911)</u>	<u>(17,860)</u>	<u>(51)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest Income	2,407	5,200	(2,793)
Interest Expense	(82,329)	(90,000)	7,671
	<u>(79,922)</u>	<u>(84,800)</u>	<u>4,878</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(97,833)</u>	<u>(102,660)</u>	<u>4,827</u>

JONES and LAWTON, CPAs, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

1106 WEST B STREET

P O BOX 945

RUSSELLVILLE, AR 72811

MEMBERS

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

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

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

INDEPENDENT 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*

Board of Directors and Management
Van Buren County Water Association
Clinton, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Van Buren County Water Association, which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2022

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Van Buren County Water Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County Water Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Van Buren County Water 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jones and Lawton, CPAs, P.A.

Russellville, Arkansas
October 23, 2022

