

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**

**JUNE 30, 2025 AND 2024**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES .....</b>	1
<b>INDEPENDENT ACCOUNTANTS' COMPILATION REPORT .....</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	4
Statements of Activities .....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	8

# JONES and LAWTON, CPAs, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and Management  
East Johnson County Water Association, Inc.  
Lamar, Arkansas

We have performed the procedures enumerated below on the financial and billing records of the East Johnson County Water Association, Inc. as of and for the years ended June 30, 2025 and 2024. The East Johnson County Water Association, Inc.'s management is responsible for the financial and billing records.

The East Johnson County Water Association, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet their intended purpose, which is to comply with Arkansas Code Annotated §§ 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedures for Water Service providers* as prepared by Arkansas Legislative Audit. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and associated findings are as follows:

### Cash and Investments

1. a. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- b. Confirm with depository institutions the cash on deposit and investments.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of these procedures.

### Receipts

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

We found no exceptions as a result of these procedures.

### Accounts Receivable

3. a. Agree ten customer billings to the accounts receivable subledger.
- b. Determine that five customer adjustments were properly authorized.

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

Disbursements

- 4. a. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- b. Analyze all property, plant, and equipment disbursements.
- c. Select all disbursements paid to employees other than payroll and ten other disbursements and determine that they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant, and Equipment

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

We found no exceptions as a result of this procedure.

Long-term Debt

- 6. a. Schedule long-term debt and verify changes in all balances for the year.
- b. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of these procedures.

General

- 7. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of this procedure.

We were engaged by the East Johnson County Water Association, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial and billing records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the East Johnson County Water Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the East Johnson County Water Association Inc. Management, and Arkansas Office of Legislative Audit and is not intended to be and should not be used by anyone other than those specified parties.

Jones and Lawton, CPAs, P.A.

Russellville, Arkansas  
November 24, 2025



**JONES and LAWTON, CPAs, P.A.**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

Board of Directors and Management  
East Johnson County Water Association, Inc.  
Lamar, Arkansas

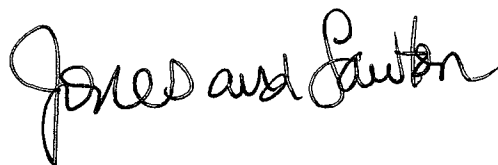
Management is responsible for the accompanying financial statements of the East Johnson County Water Association, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United State of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

**Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part for placing the financial statements in an appropriate operational, economic or historical context.

Jones and Lawton, CPAs, P.A.

Russellville, Arkansas  
November 24, 2025



**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

**ASSETS**

	<b>2025</b>	<b>2024</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents - Unrestricted (Note 2)		
Unrestricted	\$ 311,645	\$ 354,868
Restricted	15,054	13,081
Accounts Receivable - Net	131,020	130,681
Inventories	15,000	15,000
Prepaid Expenses	4,476	3,805
Total Current Assets	477,195	517,435
<b>PROPERTY AND EQUIPMENT, at cost (Note 3)</b>	7,349,490	7,168,167
Less: Accumulated Depreciation	4,283,142	4,123,768
	3,066,348	3,044,399
<b>OTHER ASSETS</b>		
Investments - Restricted (Note 4)	891,873	860,414
Accrued Interest Receivable - Restricted	1,190	1,032
	893,063	861,446
	4,436,606	4,423,280

**LIABILITIES**

<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debt (Note 5)	113,380	111,283
Accounts Payable	59,459	59,557
Accrued Expenses	15,433	13,998
Total Current Liabilities	188,272	184,838
<b>LONG-TERM LIABILITIES</b>		
Long-term Debt (Note 5)	1,043,245	1,156,630
Customer Deposits	165,086	167,586
	1,208,331	1,324,216
	1,396,603	1,509,054

**NET ASSETS**

Net Invested in Capital Assets	1,909,723	1,776,486
Unrestricted Net Assets	387,249	430,799
Restricted Net Assets	743,031	706,941
	3,040,003	2,914,226
	\$ 4,436,606	\$ 4,423,280

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Water Revenues	\$ 1,274,581	\$ 1,187,611
Connection Fees & Other Income	115,826	163,233
	1,390,407	1,350,844
<b>EXPENSES</b>		
Water Purchases	510,910	471,369
Salaries	224,961	208,988
Utilities	71,375	61,107
Insurance	26,653	23,539
Office Expense	22,141	29,195
Taxes & Licenses	17,486	14,502
Depreciation	181,738	166,426
Legal and Accounting	7,000	8,000
Employee Benefits	43,768	45,610
Repairs and Maintenance	145,901	139,691
Auto Expense	24,780	21,983
Miscellaneous	1,376	1,222
	1,278,089	1,191,632
<b>INCOME FROM OPERATIONS</b>	112,318	159,212
<b>OTHER INCOME (EXPENSE)</b>		
Interest Income	45,701	30,040
Interest Expense	(34,242)	(36,919)
Gain on Sale of Equipment	2,000	0
	13,459	(6,879)
<b>CHANGE IN NET ASSETS</b>	125,777	152,333
<b>NET ASSETS, BEGINNING OF YEAR</b>	2,914,226	2,761,893
<b>NET ASSETS, END OF YEAR</b>	\$ 3,040,003	\$ 2,914,226

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Water Customers	\$ 1,274,084	\$ 1,235,814
Other Operating Cash Receipts	115,826	163,233
Payments to Suppliers	(775,146)	(717,049)
Payments to Employees	(268,729)	(254,598)
Payments for Other Admin Costs	(51,810)	(48,173)
<b>Net Cash Provided by Operating Activities</b>	<b>294,225</b>	<b>379,227</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Increase (Decrease) in Customers' Deposits	(2,500)	1,229
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(2,500)</b>	<b>1,229</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) Decrease in Investments	(31,459)	(425,209)
Purchases of Property and Equipment	(201,687)	(7,610)
Interest Received	45,701	29,386
<b>Net Cash Used by Investing Activities</b>	<b>(187,445)</b>	<b>(403,433)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest Paid on Notes Payable	(34,242)	(37,232)
Repayment of Notes Payable	(111,288)	(107,995)
<b>Net Cash Used by Financing Activities</b>	<b>(145,530)</b>	<b>(145,227)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	(41,250)	(168,204)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>367,949</b>	<b>536,153</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 326,699</b>	<b>\$ 367,949</b>
 <b><u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</u></b>		
Reconciliation of Cash to Statements of Financial Position		
Unrestricted Cash	\$ 311,645	\$ 354,868
Restricted Cash	15,054	13,081
	<b>\$ 326,699</b>	<b>\$ 367,949</b>

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
<b>Income from Operations</b>	\$ 112,318	\$ 159,212
<b>Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:</b>		
Depreciation	181,738	166,426
(Increase) Decrease in Accounts Receivable	(339)	48,203
(Increase) Decrease in Accrued Interest Receivable	(158)	(654)
(Increase) Decrease in Prepaid Expenses	(671)	(1,280)
Increase (Decrease) in Accounts Payable	(98)	7,519
Increase (Decrease) in Accrued Expenses	1,435	(199)
	181,907	220,015
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 294,225</b>	<b>\$ 379,227</b>

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

***Nature of Operation***

The East Johnson County Water Association, Inc. is a utility operated by the residents of East Johnson County, Arkansas, as a non-profit corporation and is governed by an elected board of directors.

***Organization***

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

***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. Revenue 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 generic fund type.

***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.

***Cash Equivalents***

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

***Accounts Receivable and Bad Debt***

The Association considers accounts receivable to be fully collectable. If amounts become uncollectable, they will be charged to operations when the determination is made. Accounts receivables are charged to bad debt expense when they are determined to be uncollectible based on a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Customers are required to make a deposit which is recorded on the balance sheet. When a bad debt is identified, the deposit can be offset against the receivable to mitigate the bad debt.

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Inventories***

Inventories are stated at cost, using the first-in, first-out method of accounting and consist of construction and maintenance supplies related to the water system.

***Property and Equipment***

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

Water System	50	years
Buildings	25 - 39	years
Office Equipment	5 - 7	years
Automobiles	5	years
Maintenance Equipment	5	years

Depreciation expenses for the years ended June 30, 2025 and 2024 amounted to \$181,738 and \$166,426, respectively.

***Investments***

The Association considers certificates of deposit to be longer-term less liquid certificates of deposit with original maturities of more than three months which are less readily convertible to cash. The Association understands that these certificates of deposit can be immediately available, but that a penalty would be incurred for early withdrawal.

***Compensated Absences***

Employees of the Association are entitled to paid vacations and sick days depending on job classification, length of service, and other factors. It is important to estimate the amount of compensation for future absences, however, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.

***Fair Value of Financial Instruments***

The Association's financial instruments include cash, cash equivalents and investments. The carrying amounts of these financial instruments have been estimated by management to approximate fair value.

***Income Tax***

East Johnson County Water Association, Inc. is non-taxable for federal and state income tax purposes under the Internal Revenue Code Section 501(c)12.

***Net Asset Classifications***

Net assets are classified and displayed in the following three components:

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted net assets – All other net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Regulatory Environment***

The quality of water furnished to customers is subject to the requirements of the Environmental Protection Agency under the Safe Drinking Water Act and the Arkansas Health Department.

***Use of Estimates***

The preparation of financial statements in conformity with 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.

**NOTE 2: CASH AND CASH EQUIVALENTS**

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

	<u>2025</u>	<u>2024</u>
Unrestricted		
Water System Operating Fund	\$ 311,645	\$ 354,868
Restricted		
Debt Service Reserve Fund	<u>15,054</u>	<u>13,081</u>
	<u>\$ 326,699</u>	<u>\$ 367,949</u>

**NOTE 3: PROPERTY AND EQUIPMENT (at cost)**

At June 30, 2025, the Association had Property and Equipment as follows:

	<u>6-30-2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-2025</u>
Water System	\$ 6,408,953	\$ 144,947	\$	\$ 6,553,900
Buildings and Improvements	439,827			439,827
Office Equipment	43,315			43,315
Automobiles	157,439	58,740	22,364	193,815
Maintenance Equipment	110,483			110,483
Land	<u>8,150</u>			<u>8,150</u>
	<u>\$ 7,168,167</u>	<u>\$ 203,687</u>	<u>\$ 22,364</u>	<u>\$ 7,349,490</u>

At June 30, 2024, the Association had Property and Equipment as follows:

	<u>6-30-2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-2024</u>
Water System	\$ 6,408,953	\$		\$ 6,408,953
Buildings and Improvements	439,827			439,827
Office Equipment	43,315			43,315
Automobiles	157,439			157,439
Maintenance Equipment	102,873	7,610		110,483
Land	<u>8,150</u>			<u>8,150</u>
	<u>\$ 7,160,557</u>	<u>\$ 7,610</u>		<u>\$ 7,168,167</u>

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 4: INVESTMENTS**

Investments are composed of funds as follows:

	<u>2025</u>	<u>2024</u>
Restricted		
Depreciation Fund	\$ 560,843	\$ 536,539
Debt Service Reserve Fund	165,944	156,289
Meter Deposit Fund	<u>165,086</u>	<u>167,586</u>
	<u>\$ 891,873</u>	<u>\$ 860,414</u>

**NOTE 5: LONG-TERM DEBT**

Long-term debt at June 30, 2025 consists of the following:

	<u>6-30-2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>6-30-2025</u>
4.50% note payable to USDA, Rural Development (No.91-04), payable in monthly installments of \$6,328 including interest, maturing 10-21-2034, secured by the water system and revenues.	\$ 616,664		\$ 47,170	\$ 567,474
3.00% note payable to USDA, Rural Development (No.91-08), payable in monthly installments of \$447 including interest, maturing 4-1-2053.	100,645		2,377	98,268
2.25% note payable to USDA Rural Development (No 91-10), payable in monthly installments of \$461 including interest, maturing 5-27-2056.	125,249		5,423	122,507
0.50% note payable to ANRC (No. 01204), payable in monthly installments of \$4,865 including interest, maturing 4-15-2031, secured by water system and revenues.	<u>425,355</u>		<u>56,979</u>	<u>368,376</u>
	<u>\$ 1,267,913</u>		<u>\$ 111,949</u>	1,156,625
Less Current Maturities				<u>113,380</u>
				<u>\$ 1,043,245</u>

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 5: LONG-TERM DEBT (continued)**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 113,380	\$ 32,420	\$ 145,800
2027	116,166	29,634	145,800
2028	119,066	26,734	145,800
2029	122,084	23,716	145,800
2030	125,227	20,573	145,800
2031-35	399,155	51,107	450,262
2036-40	35,935	18,545	54,480
2041-45	40,959	13,521	54,480
2046-50	46,702	7,881	54,480
2051-55	34,213	2,241	36,454
2056-60	3,738	32	3,770
	<u>\$ 1,156,625</u>	<u>\$ 226,404</u>	<u>\$ 1,382,926</u>

The Debt Service Requirement for the above loans at June 30, 2025 is as follows:

USDA Note 91-04	\$ 75,396
USDA Note 91-08	5,796
USDA Note 91-10	6,492
	<u>\$ 87,684</u>
Debt Service Reserve balance at 6-30-25	<u>\$ 180,998</u>

Long-term debt at June 30, 2024 consists of the following:

	<u>6-30-2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>6-30-2024</u>
4.50% note payable to USDA, Rural Development (No.91-04), payable in monthly installments of \$6,328 including interest, maturing 10-21-2034, secured by the water system and revenues.	\$ 663,693		\$ 47,029	\$ 616,664
3.00% note payable to USDA, Rural Development (No.91-08), payable in monthly installments of \$447 including interest, maturing 4-1-2053.	102,952		2,307	100,645
2.25% note payable to USDA Rural Development (No 91-10), payable in monthly installments of \$461 including interest, maturing 5-27-2056.	127,930		2,681	125,249

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 5: LONG-TERM DEBT (continued)**

	<u>6-30-2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>6-30-2024</u>
0.50% note payable to ANRC (No. 01204), payable in monthly installments of \$4,865 including interest, maturing 4-15-2031, secured by water system and revenues.	481,333		55,978	425,355
	<u>\$ 1,375,908</u>		<u>\$ 107,995</u>	1,267,913
Less Current Maturities				<u>111,283</u>
				<u>\$ 1,156,630</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 111,283	\$ 34,517	\$ 145,800
2026	113,962	31,838	145,800
2027	116,752	29,048	145,800
2028	119,654	26,146	145,800
2029	122,676	23,124	145,800
2030-34	505,863	66,757	572,620
2035-39	44,534	19,472	64,006
2040-44	39,899	14,581	54,480
2045-49	45,490	8,990	54,480
2050-54	38,668	3,047	41,715
2055-59	9,132	182	9,314
	<u>\$ 1,267,913</u>	<u>\$ 257,702</u>	<u>\$ 1,525,615</u>

The Debt Service Requirement for the above loans at June 30, 2024 is as follows:

USDA Note 91-04	\$ 75,396
USDA Note 91-08	5,880
USDA Note 91-10	4,730
	<u>\$ 86,006</u>
Debt Service Reserve balance at 6-30-24	<u>\$ 169,370</u>

**NOTE 6: NET ASSETS**

Net Assets are composed of the following:

	<u>2025</u>	<u>2024</u>
Contributed Capital		
Federal and State Agencies	\$ 5,129,600	\$ 5,129,600
Customers	82,863	82,863
	<u>5,212,463</u>	<u>5,212,463</u>
Retained Earnings Deficit	<u>(2,172,460)</u>	<u>(2,298,237)</u>
	<u>\$ 3,040,003</u>	<u>\$ 2,914,226</u>

**EAST JOHNSON COUNTY WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

**NOTE 7: CONCENTRATION OF CREDIT RISK**

The Association has concentrated its credit risk for cash by maintaining balances in excess of amounts covered by federal insurance. The Association has obtained pledged securities for all funds that exceed FDIC limits. The Association provides unsecured credit for water services to customers of East Johnson County Arkansas.

**NOTE 8: SCHEDULE OF RATES**

The water rates at June 30, 2025 were unchanged from June 30, 2024:

Monthly Water Rates:

- a. Minimum charge on first 1,000 gallons \$30.39
- b. Charge of \$7.06 per 1,000 gallons for the next 4,000 gallons
- d. Charge of \$5.67 per 1,000 gallons for the usage over 5,000 gallons

**NOTE 9: INSURANCE COVERAGE**

The Association is covered by commercial property insurance for the years ending June 30, 2025 and 2024 in the current amount of \$833,250 for buildings, storage tanks, equipment and personal property. Insurance coverage was provided by Great American Insurance Company, Republic Group Insurance Company, CNA Surety Company, and Cameron Mutual Insurance Company.

**NOTE 10: RETIREMENT PLAN**

The Association contributes 12.54% of salary for each participating employee in the SEP Retirement Plan. Contributions for the years ended June 30, 2025 and 2024 were \$25,564 and \$28,035, respectively.

**NOTE 11: BOARD OF DIRECTORS**

The Board of Directors at June 30, 2025 and 2024 were:

<u>Name of Board Member</u>	<u>Title</u>
Marty Wilkins	President
Larry Chronister	Vice-President
Darrel Wheeler	Secretary/Treasurer
William Sanderson	Board Member
Jason James	Board Member

**NOTE 12: SUBSEQUENT EVENTS**

The Association considers there to be no significant events to be reported through November 24, 2025, which is the date the financial statements were available to be issued.