



**CITY WATER & LIGHT PLANT
OF THE CITY OF
JONESBORO, ARKANSAS**

**ANNUAL REPORT
2023 and 2022**

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
December 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
City Water and Light Plant of the City of Jonesboro (Arkansas)
Jonesboro, Arkansas

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and aggregate fiduciary fund statements of City Water and Light Plant of the City of Jonesboro (Arkansas) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise City Water and Light Plant of the City of Jonesboro (Arkansas)'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and aggregate fiduciary fund statements of City Water and Light Plant of the City of Jonesboro (Arkansas), as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of City Water and Light Plant of the City of Jonesboro (Arkansas) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe 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 GAAP, 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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 GAAS and GAS 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 GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 City Water and Light Plant of the City of Jonesboro (Arkansas)'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 City Water and Light Plant of the City of Jonesboro (Arkansas)'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

GAAP requires that the management's discussion and analysis, other postemployment benefits, and pension information on pages 6 through 10 and 53 through 57 be presented to supplement the basic financial statements and pension. Such information is the responsibility of management and, 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 GAAS, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise City Water and Light Plant of the City of Jonesboro (Arkansas)'s basic financial statements. The supplementary information on pages 60 through 65 and the schedule of expenditures of federal awards on pages 85 and 86, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the statistical data (unaudited) on pages 68 through 78 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by GAS

In accordance with *GAS*, we have also issued our report on pages 79 and 80 dated March 14, 2024 on our consideration of City Water and Light Plant of the City of Jonesboro (Arkansas)'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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *GAS* in considering City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control over financial reporting and compliance.

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
March 14, 2024

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)

MANAGEMENT DISCUSSION AND ANALYSIS

2023 and 2022

The following is a narrative overview and analysis of the financial activities of City Water and Light Plant of the City of Jonesboro (CWL) for the years ended December 31, 2023 and 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any changes in the financial position. The information presented here should be read in conjunction with the financial statements taken as a whole.

FINANCIAL HIGHLIGHTS

During 2023:

- CWL's current assets increased \$19.3 million, while investments and long-term receivables decreased \$42.3 million.
- Capital assets, net of depreciation, increased \$43.9 million.
- CWL's total liabilities decreased \$3 million.
- Income before contributions increased by \$20.3 million.
- Net position increased \$24.1 million or 5.26%.

During 2022:

- CWL's current assets increased \$13 million, while investments and long-term receivables decreased \$10.8 million.
- Capital assets, net of depreciation, increased \$31.2 million.
- CWL's total liabilities increased \$38.9 million.
- Income before contributions decreased by \$16 million.
- Net position decreased \$0.6 million or -0.13%.

OVERVIEW

CWL's financial statements include five basic statements: the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, the statement of fiduciary net position and the statement of changes in fiduciary net position. The statement of net position presents CWL's assets, liabilities and net position as of December 31, 2023 and 2022.

The statement of revenues, expenses and changes in net position includes various categories that account for the change in the net position presented on the statements of net position from January 1, 2023 to December 31, 2023 and from January 1, 2022 to December 31, 2022. These include operating revenue, various categories of operating expenses, other income and expense items, such as interest income and expense, and capital contributions.

The statement of cash flows presents the cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities. Whereas, the statement of net position and statement of revenues, expenses and changes in net position are on the accrual basis, the statement of cash flows presents the actual cash flow activity for the year.

It presents to the reader the beginning of the year cash and cash equivalents balance, the cash and cash equivalents received by category during the year, the cash and cash equivalents disbursed by category during the year and the year-end cash and cash equivalents balance.

The statement of fiduciary net position presents the fiduciary assets, liabilities and net position held by CWL as of December 31, 2023 and 2022. The statement of changes in fiduciary net position reflects the additions and deductions that account for the change in net position from January 1, 2023 to December 31, 2023 and from January 1, 2022 to December 31, 2022.

The following table highlights the past three years of CWL's operating results and kilowatt-hours billed.

Operating Results (000's omitted)

<u>Category</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues	\$121,457	\$149,983	\$120,447
Operating Expenses	<u>114,557</u>	<u>143,749</u>	<u>115,112</u>
Income from Operations	6,900	6,234	5,335
Net Non-Operating Income (Loss)	9,907	(9,702)	7,236
Capital Contributions	<u>7,273</u>	<u>2,874</u>	<u>3,040</u>
Change in Net Position	<u>\$24,080</u>	<u>(\$594)</u>	<u>\$15,611</u>

Kilowatt-hours Billed (000's omitted)

<u>Type of Customer</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Residential (city & rural)	488,188	516,374	510,921
Commercial (city & rural)	317,965	329,314	323,716
Industrial	558,578	556,052	558,678
Security Lighting	<u>2,163</u>	<u>2,144</u>	<u>1,901</u>
Total Retail Sales	1,366,894	1,403,884	1,395,216
Other Utilities	<u>92,408</u>	<u>123,980</u>	<u>50,785</u>
	<u>1,459,302</u>	<u>1,527,864</u>	<u>1,446,001</u>

FINANCIAL ANALYSIS OF CWL

The analysis below highlights CWL's net position for the three most recent years.

Statement of Net Position (000's omitted)

<u>Description</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets	\$115,448	\$96,126	\$83,131
Investments and			
Long-Term Receivables	85,634	127,889	138,641
Noncurrent Assets	2,842	4,764	22,877
Capital Assets	336,676	292,761	261,581
Deferred Outflows	32,214	35,119	15,888
Total Assets and Deferred Outflows	<u>\$572,814</u>	<u>\$556,659</u>	<u>\$522,118</u>
Current Liabilities	\$21,083	\$22,735	\$19,944
Noncurrent Liabilities	59,069	60,422	24,328
Total Liabilities	<u>80,152</u>	<u>83,157</u>	<u>44,272</u>
Deferred Inflows	10,724	15,644	19,394
Net Position:			
Invested in Capital Assets	281,811	234,507	237,048
Restricted	2,005	2,306	891
Unrestricted	198,122	221,045	220,513
Total Net Position	<u>481,938</u>	<u>457,858</u>	<u>458,452</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$572,814</u>	<u>\$556,659</u>	<u>\$522,118</u>

Revenues

At December 31, 2023 and 2022, operating revenues totaled \$121.5 million and \$150.0 million, respectively. In 2023, revenues were comprised of 79% from electric sales, 11% from water sales and 10% from wastewater sales. In 2022, the composition of revenue was 85% electric, 9% water and 6% wastewater.

Electric revenue consists of both retail and wholesale sales. The decrease in retail sales was a result of lower energy costs and fewer kilowatt hours billed. In 2023, wholesale revenue was approximately 6% of total electric revenues, compared with 9% in 2022. Wholesale sales can vary from year to year and can be influenced by factors such as the availability of coal, the price of natural gas and the weather.

Expenses

Total operating expenses at December 31, 2023 were \$114.6 million, compared to \$143.7 million at December 31, 2022. Expenses in Production and Operations, as well as in Purchased Power, reflect a decrease due to both lower fuel prices and fewer kilowatt hours billed. Energy costs in both categories are passed on to customers. Production and Operations expenses were 40% of total operating expenses in 2023 and 39% in 2022. Purchased Power expenses were 21% of total operating expenses in 2023 and 32% in 2022.

Income from Operations was \$6.9 million in 2023 and \$6.2 million in 2022.

Other Income (Expenses)

At December 31, 2023, Other Income totaled \$9.9 million, compared to Other Expense of \$9.7 million in 2022. This \$19.6 million increase was primarily from unrealized gains in equities and bonds held as long-term Investments, which was the result of more favorable markets during 2023.

Total Contributions to the City of Jonesboro totaled \$0.7 million and \$0.8 million for 2023 and 2022, respectively. These contributions include payroll, inventory and utilities for special city projects, payment toward the purchase of a fire truck, payment of sales tax on free services to the city and refunds of utility bills for the City Library.

Contributions

Contributions from developers increased from \$2.9 million in 2022 to \$7.3 million in 2023. Contributions include primarily developer laid water and wastewater lines, money paid by developers for the difference in costs of underground electric lines as compared to overhead lines, and wastewater connection and inspection fees. These fluctuate from year to year based on economic and business activity within the greater Jonesboro area.

Grant Revenue

Included in 2023 contributions is \$5 million in grant funds received from the American Rescue Plan Act. City Water and Light utilizes grant revenues available to assist customers with the costs of infrastructure projects.

Kilowatt-hours and Gallons Billed

Kilowatt-hours billed to city and rural residential customers decreased 5% to approximately 488,188,000 in 2023 compared with 516,374,000 in 2022, while those billed to city and rural commercial customers decreased 3% to approximately 317,965,000 in 2023 compared with 329,314,000 in 2022. Kilowatt-hours billed to industrial customers were relatively unchanged at approximately 558,578,000 in 2023 compared to 556,052,000 in 2022.

Gallons of water billed decreased 3% to 4,847,850,000 during 2023 from 4,993,391,000 in 2022.

Assets

At December 31, 2023, total assets increased to \$572.8 million from \$556.7 million in 2022. Current assets were \$115.4 million in 2023; an increase of \$19.3 million over 2022. Investments and long-term receivables were \$85.6 million in 2023; a decrease of \$42.3 million from 2022.

Capital assets, net of depreciation, were \$336.7 million at December 31, 2023. Major capital expenditures for the CWL system included approximately \$1 million for equipment replacement at the local generating facility, \$1.5 million for electric transmission lines and equipment, \$9.1 million for electric distribution plant, including transformers and meters, \$36.1 million for the new West Wastewater Treatment facility scheduled to be completed in 2024, and \$2.3 million for wastewater lines.

At December 31, 2022, capital assets, net of depreciation, were \$292.8 million. The major capital expenditures for CWL's system included approximately \$3.9 million for the solar generating facility, \$4.5 million for electric transmission lines and equipment, \$3.7 million for electric distribution plant, \$15.9 million for the new West Wastewater Treatment facility scheduled to be completed in 2024, \$1.6 million for the large diameter gravity sewer interceptor line and \$900 thousand for the Ridgcrest Lift Station replacement.

Bond Issues

On July 21, 2020, special obligation bonds were issued in the amount of \$21,525,000 to finance construction and improvement costs of the wastewater and electric facilities. The specific projects financed include the replacement of the Main Lift Station, construction of a new sewer gravity line and the installation of a solar generating facility. Bonds payable from the 2020 Series at December 31, 2023 were \$18,370,000.

A second series of special obligation bonds were issued on May 24, 2022, in the amount of \$33,360,000 to finance construction of a new West Wastewater Treatment Plant facility. Bonds payable from the 2022 series at December 31, 2023 were \$31,815,000.

Liabilities

At December 31, 2023 and 2022, current liabilities were \$21.1 million and \$22.7 million, respectively. Noncurrent liabilities decreased to \$59.1 million from \$60.4 million in those respective years.

Summary

CWL's net position increased by \$24.1 million in 2023 as compared to a \$0.6 million decrease in 2022. CWL customers continue to benefit from rates that are among the lowest in the state and nation for electric, water and wastewater services.



Jake Rice, III
Manager



David Belk
Financial Services Director

REPORT OF MANAGEMENT ON FINANCIAL STATEMENTS

The management of City Water and Light Plant of the City of Jonesboro (Arkansas) (CWL) is responsible for the integrity and objectivity of the financial statements and other financial information contained in the Annual Report. The financial statements and related information were prepared in conformity with accounting principles generally accepted in the United States of America, based on recorded transactions and management's best judgments and estimates, in order to set forth a fair presentation of financial position and results of operations.

Management maintains a system of internal controls and procedures designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that transactions are properly recorded to permit the preparation of reliable financial records and reports, that assets are safeguarded and that accountability for assets is maintained. In designing and implementing internal controls and procedures, management recognizes that errors or irregularities may nevertheless occur. Further, estimates and judgments are necessary to evaluate the relative cost/benefit of such controls and procedures. Internal controls and procedures are regularly reviewed and revised, when appropriate, due to changing circumstances and requirements.

The Board of Directors oversees these financial statements through an audit committee comprised of members of the Board of Directors. The committee meets periodically with management to monitor the discharge of its responsibilities. The independent auditors, who are engaged to express an opinion on the financial statements, have free access to the committee members without management present to discuss internal control, audit and financial matters.

Frost, PLLC, has been engaged to audit the financial statements of CWL. Their report on CWL's financial statements is set forth on pages two through five.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
STATEMENTS OF NET POSITION
December 31, 2023 and 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 5)	\$33,050,901	\$14,794,684
Temporary investments (Note 5)	35,918,590	25,880,797
Accounts receivable, less credit losses from doubtful accounts (Note 6)	8,059,891	20,915,915
Accrued utility revenues	3,128,775	3,989,935
Accrued interest receivable	1,153,130	1,103,068
Inventories	32,558,877	28,323,857
Prepaid expenses	1,578,208	1,118,046
Total Current Assets	<u>115,448,372</u>	<u>96,126,302</u>
INVESTMENTS AND LONG-TERM RECEIVABLES		
Non-utility property	7,026,334	7,026,334
Investments (Note 4)	76,559,570	118,507,479
Restricted cash deposits	2,005,339	2,306,270
Installment receivables	42,246	48,902
Total Investments and Long-Term Receivables	<u>85,633,489</u>	<u>127,888,985</u>
NONCURRENT ASSETS		
Net OPEB Asset (Note 8)	2,841,846	4,763,905
Total Noncurrent Assets	<u>2,841,846</u>	<u>4,763,905</u>
CAPITAL ASSETS		
Construction in progress	78,251,648	35,088,658
Utility plant in service, at cost (Notes 2 and 3)	739,541,494	720,913,650
	817,793,142	756,002,308
Less accumulated depreciation	481,116,746	463,241,198
Total Capital Assets	<u>336,676,396</u>	<u>292,761,110</u>
DEFERRED OUTFLOWS		
Pension (Note 7)	20,080,768	20,932,843
OPEB (Note 8)	12,133,024	14,185,601
Total Deferred Outflows	<u>32,213,792</u>	<u>35,118,444</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$572,813,895</u>	<u>\$556,658,746</u>

See Notes to Financial Statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$3,502,420	\$3,389,089
Unearned revenue	6,057,911	0
Accounts payable	6,127,138	13,928,506
Customer deposits	3,446,383	3,209,174
Accrued interest	186,391	197,433
Accrued taxes	113,716	412,084
Accrued salaries and vacations	1,648,819	1,598,354
Total Current Liabilities	<u>21,082,778</u>	<u>22,734,640</u>
NONCURRENT LIABILITIES		
Long-term debt (Note 9)	51,362,627	54,865,047
Net Pension Liability (Note 7)	<u>7,705,909</u>	<u>5,556,576</u>
Total Noncurrent Liabilities	<u>59,068,536</u>	<u>60,421,623</u>
TOTAL LIABILITIES	<u>80,151,314</u>	<u>83,156,263</u>
DEFERRED INFLOWS		
Pension (Note 7)	3,825,794	6,099,355
OPEB (Note 8)	<u>6,897,863</u>	<u>9,545,073</u>
Total Deferred Inflows	<u>10,723,657</u>	<u>15,644,428</u>
NET POSITION		
Net Investment in Capital Assets	281,811,349	234,506,974
Restricted	2,005,339	2,306,270
Unrestricted	<u>198,122,236</u>	<u>221,044,811</u>
Total Net Position	<u>481,938,924</u>	<u>457,858,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$572,813,895</u>	<u>\$556,658,746</u>

See Notes to Financial Statements.



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CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
 STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE	<u>\$121,457,375</u>	<u>\$149,983,516</u>
OPERATING EXPENSES		
Production and operations	45,286,240	55,574,898
Purchased power (Note 13)	23,596,507	46,303,354
Transmission	562,676	40,083
Distribution	15,337,648	13,899,275
Customers' accounting and collection	4,006,739	4,067,312
Administrative and general	7,160,023	6,613,472
Depreciation	18,384,544	17,025,443
Contributions in lieu of taxes (Note 11)	222,672	225,319
TOTAL OPERATING EXPENSES	<u>114,557,049</u>	<u>143,749,156</u>
INCOME FROM OPERATIONS	<u>6,900,326</u>	<u>6,234,360</u>
OTHER INCOME (EXPENSES)		
Interest income	3,535,088	1,824,345
Investment income (loss)	7,477,336	(10,253,491)
Rent income (Note 12)	906,605	883,271
Miscellaneous income	274,401	246,341
Interest expense	(1,581,549)	(1,154,506)
Nonoperating Expense	(3,742)	0
Bond expense	(17,600)	(464,720)
Contributions to City of Jonesboro (Note 11)	(682,607)	(783,189)
TOTAL OTHER INCOME (EXPENSE)	<u>9,907,932</u>	<u>(9,701,949)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	16,808,258	(3,467,589)
CONTRIBUTIONS	<u>7,272,610</u>	<u>2,873,615</u>
CHANGE IN NET POSITION	24,080,868	(593,974)
NET POSITION-BEGINNING OF YEAR	457,858,055	458,452,029
NET POSITION-END OF YEAR	<u>\$481,938,923</u>	<u>\$457,858,055</u>

See Notes to Financial Statements.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$141,469,679	\$139,387,647
Payments to suppliers	(94,145,509)	(121,485,224)
Payments to employees	(11,884,099)	(11,346,895)
Other payments	<u>(549,841)</u>	<u>(680,285)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>34,890,230</u>	<u>5,875,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of utility plant	(61,536,607)	(46,859,857)
Proceeds from issuance of bonds	0	35,451,978
Principal payments on bonds issued	(2,650,000)	(1,050,000)
Bond Expense	(17,600)	(464,720)
Proceeds from sale of utility plant in service	8,426	0
Interest paid	(2,331,680)	(1,715,564)
Contributions received	<u>5,668,884</u>	<u>635,660</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(60,858,577)</u>	<u>(14,002,503)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(11,607,717)	(54,616,458)
Proceeds from sale and maturities of investments and restricted bond funds	51,443,976	59,524,684
Rent income	906,605	883,271
Nonoperating expense	(3,742)	0
Interest and dividends on investments and installment receivables	3,478,786	2,838,509
Principal collections on installment receivables	6,656	5,924
Net retirements of nonutility property	<u>0</u>	<u>2,890,254</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>44,224,564</u>	<u>11,526,184</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,256,217	3,398,924
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>14,794,684</u>	<u>11,395,760</u>
CASH AND CASH EQUIVALENTS, End of Year (Note 5)	<u>\$33,050,901</u>	<u>\$14,794,684</u>

See Notes to Financial Statements.

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from operations	\$6,900,326	\$6,234,360
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	19,216,621	17,917,639
(Provision) Recoveries for credit losses	176,100	(136,851)
Change in assets and liabilities		
Accounts receivable	12,679,924	(7,011,684)
Accrued utility revenues	861,160	(756,867)
Inventories	(4,235,020)	(8,139,477)
Prepaid expenses	(460,162)	(193,908)
Unearned revenue	6,057,911	(2,909,384)
Accounts payable	(7,801,368)	332,387
Other payments	(549,841)	(680,285)
Customer deposits	237,209	218,917
Accrued taxes	(298,368)	218,661
Accrued salaries and vacations	50,465	92,512
Deferred outflows of resources for pension	852,075	(11,713,796)
Deferred outflows of resources for OPEB	2,052,577	(7,516,973)
Deferred inflows of resources for pension	(2,273,561)	(2,273,560)
Deferred inflows of resources for OPEB	(2,647,210)	(1,476,517)
Net pension asset	0	8,327,133
Net OPEB asset	1,922,059	9,786,360
Net pension liability	2,149,333	5,556,576
Net cash provided by operating activities	<u>\$34,890,230</u>	<u>\$5,875,243</u>

**SUPPLEMENTAL DISCLOSURES
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Acquisition of developer built water and wastewater lines:		
Utility plant in service	\$1,603,726	\$2,237,955
Noncash Contributions	<u>\$1,603,726</u>	<u>\$2,237,955</u>

See Notes to Financial Statements.

CITY WATER AND LIGHT
STATEMENTS OF FIDUCIARY NET POSITION
Years Ended December 31, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Pension</u>	<u>OPEB</u>	<u>Pension</u>	<u>OPEB</u>
	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,917,226	\$ 2,272,791	\$ 4,719,963	\$ 1,916,466
Investments	62,671,811	49,184,994	56,743,687	45,266,152
Total Assets	<u>\$ 68,589,037</u>	<u>\$ 51,457,785</u>	<u>\$ 61,463,650</u>	<u>\$ 47,182,618</u>
LIABILITIES				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
NET POSITION				
Restricted for:				
Pensions	\$ 68,589,037		\$ 61,463,650	
Other Postemployment Benefits		\$ 51,457,785		\$ 47,182,618
Total Liabilities and Net Position	<u>\$ 68,589,037</u>	<u>\$ 51,457,785</u>	<u>\$ 61,463,650</u>	<u>\$ 47,182,618</u>

See Notes to Financial Statements.

CITY WATER AND LIGHT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended December 31, 2023 and 2022

	2023		2022	
	Pension Trust Fund	OPEB Trust Fund	Pension Trust Fund	OPEB Trust Fund
ADDITIONS				
Employer Contributions	\$ 3,000,000	\$0	\$ 2,820,000	\$0
Net Investment Income	7,174,423	5,569,501		
Total Additions	<u>\$ 10,174,423</u>	<u>\$5,569,501</u>	<u>\$ 2,820,000</u>	<u>\$0</u>
DEDUCTIONS				
Pension Distributions	\$ 2,971,468		\$ 2,748,157	
Net Investment Loss			8,689,367	\$ 6,925,842
Retirement Healthcare Premiums		\$ 1,236,328		1,107,450
Administrative Expenses	77,568	58,006	74,961	57,249
Total Deductions	<u>\$ 3,049,036</u>	<u>\$ 1,294,334</u>	<u>\$ 11,512,485</u>	<u>\$ 8,090,541</u>
CHANGE IN FIDUCIARY NET POSITION	\$ 7,125,387	\$ 4,275,167	\$ (8,692,485)	\$ (8,090,541)
 Net Position, Beginning of Year	 <u>\$ 61,463,650</u>	 <u>\$ 47,182,618</u>	 <u>\$ 70,156,135</u>	 <u>\$ 55,273,159</u>
Net Position, End of Year	<u>\$ 68,589,037</u>	<u>\$ 51,457,785</u>	<u>\$ 61,463,650</u>	<u>\$ 47,182,618</u>

See Notes to Financial Statements.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

City Water and Light Plant of the City of Jonesboro (Arkansas) (CWL) provides electric, water and wastewater service to its customers.

With the advice and direction of legal counsel, CWL participated in and benefited from the formation of CWL Corp. I, a non-member Arkansas nonprofit corporation formed to benefit CWL. The Articles of Incorporation and Bylaws of CWL Corp. I provide CWL exclusive authority to appoint directors of the corporation together with other rights and privileges. CWL Corp. I in turn participated in the formation of CWL Corp. III, a non-member Arkansas nonprofit corporation formed to benefit CWL Corp. I. The Articles of Incorporation and Bylaws of CWL Corp. III provide CWL Corp. I exclusive authority to appoint directors of the corporation together with other rights and privileges. Because these affiliated entities are ultimately controlled by CWL and for the benefit of CWL they are treated as subsidiaries for accounting purposes.

There were no inter-company transactions between CWL, CWL Corp. I and CWL Corp. III in 2023 or 2022.

The financial statements are presented in conformity with generally accepted accounting principles as applicable to governments. The financial statements are presented substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission (FERC).

Measurement Focus and Basis of Accounting

The accounts of CWL are accounted for in an enterprise fund, which is considered a proprietary fund type. Enterprise funds account for activities that are financed and operated in a manner similar to private business enterprises or for which periodic determination of revenues, expenses and net income is desirable. These funds render services to the general public on a user-charge basis. Enterprise funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. All intra-divisional activities have been eliminated.

Operating revenues and expenses are distinguished from other income (expense) items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. All revenues not meeting this definition are reported as other nonoperating income (expenses) but remain a major component of the overall revenues and expenses of CWL.

CWL utilizes fiduciary funds to report assets that are held in a trustee or agency capacity for others and that cannot be used to support the general operations of the utility. CWL's fiduciary funds

include the Retirement Plan and the Post Retirement Benefits Trust. The Retirement Plan for Employees of City Water and Light is an employee benefits trust fund used to report the accumulation and use of resources to pay retirement, disability and death benefits to plan members and beneficiaries. The Post Retirement Benefits Trust for Employees of City Water and Light is an employee benefits trust fund used to report the accumulation and use of resources to pay for health insurance for employees who are eligible to retire and receive 100 percent of their pension. The transactions and balances of the fiduciary funds are also reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues

CWL recognizes revenue concurrent with billings to customers on a cycle billing basis. CWL accrues services rendered but unbilled at the end of each fiscal period to match more closely revenues and expenses.

Utility Plant

Utility Plant is stated at original cost of \$739,541,494 in 2023 and \$720,913,650 in 2022. This cost includes appropriate administrative and general costs and payroll related costs such as taxes, pensions, and other benefits. The cost of maintenance, repairs, and replacement of minor items of property is charged to maintenance expense. Utility Plant in service is depreciated over the estimated useful life of each asset, which ranges from two to fifty years based upon type of asset. Annual depreciation is primarily computed using the straight-line method. Total depreciation during 2023 was \$19,216,621 and during 2022 was \$17,917,639, which is recorded in depreciation and various other accounts on the statement of revenues, expenses, and changes in net position. CWL capitalizes items with a cost greater than \$2,500.

Investment Securities

Certificates of deposit are stated at cost. Equity securities, corporate bonds and government agencies are stated at fair market value. Gains or losses on disposition are based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific method. Fair value measurements are categorized within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets, Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 are unobservable inputs. Dividends and capital gains, as well as unrealized gains and losses, are recognized as other income (expense).

Accounts Receivable

CWL's accounts receivable are primarily from customers in the greater Jonesboro area. Approximately 10% of the receivables for the year ending December 31, 2023 and 15% for the year ending December 31, 2022 represent amounts due from other utilities. Monthly bills are mailed to customers for service through the respective meter reading date.

Inventory Pricing

All inventories are stated at the lower of cost or market using the average cost method.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Income Taxes

CWL is exempt from income taxes under various provisions of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statements of cash flows, CWL considers petty cash and demand deposit accounts, which are not a part of restricted bond funds, to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. CWL used significant estimates in determining accrued utility revenue, allowance for doubtful accounts, depreciation and unearned revenue. Actual results may differ from these estimates.

Deferred Inflows/Outflows of Resources

In addition to assets, the accompanying statements of net position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. CWL has four types of items that qualify for reporting in this category that are related to pension and other post-employment benefits (OPEB) reported in the accompanying statements of net position: contributions made after the measurement date, the differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments and on other post-employment benefits plan investments, and changes in assumptions. Deferred outflows related to contributions made after measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense and to other post-retirement benefits over future periods as shown in Note 7 and Note 8, respectively.

In addition to liabilities, the accompanying statements of net position include a separate section for deferred inflow of resources. This separate element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflows or resources (revenue) until that time. CWL has two items for each plan that qualify for reporting as deferred inflow related to the pension and other post-employment benefits reported in the accompanying statements of net position: the difference between expected and actual experience and the difference between expected and actual earnings. The respective differences will be amortized to pension expense over future periods as shown in Note 7 and to OPEB expense over future periods as shown in Note 8.

Pension

For the purpose 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 Retirement Plan for Employees of City Water and Light (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they were determined by a third-party actuarial report on the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefit

For the purpose of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to other post-retirement benefits expense, information about the fiduciary net position of the Post-Retirement Benefits Trust for Employees of City Water and Light (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they were determined by a third party actuarial report on the Trust. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

CWL provides all eligible employees paid time off benefits. Paid time off benefits are accrued when earned in the financial statements.

Net Position

Net Position is comprised of three categories: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets consists of Utility Plant in Service and Construction in Progress, less Accumulated Depreciation and any related Long-term Debt. Restricted consists of funds set aside in compliance with legal requirements of specific agreements. Unrestricted consists of the remaining available assets.

Net Position Flow Assumption

At times CWL will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the accompanying statements of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is CWL's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Budgetary Comparisons

CWL is not legally required to adopt a budget for the enterprise fund. Therefore, budget comparison information is not included in CWL's financial statements.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their future use as established by a bond covenant or by external parties such as creditors.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2: UTILITY PLANT IN SERVICE

	<u>12/31/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>12/31/23</u>
CAPITAL ASSETS - NONDEPRECIABLE					
Construction in Progress	\$35,088,658	\$43,162,990			\$78,251,648
Land and Land Rights	<u>11,247,483</u>	<u>65,410</u>		<u>\$23,609</u>	<u>11,336,502</u>
	<u>46,336,141</u>	<u>43,228,400</u>		<u>23,609</u>	<u>89,588,150</u>
CAPITAL ASSETS - UTILITY PLANT IN SERVICE - DEPRECIABLE					
Intangible Plant	8,952,928	15,446			8,968,374
Production Plant	321,028,375	2,135,249			323,163,624
Transmission Plant	25,497,224	1,524,993			27,022,217
Distribution Plant	322,459,362	14,361,733	1,018,815	(23,609)	335,778,671
General Plant	20,062,107	392,850	38,287		20,416,670
Transportation	<u>11,666,171</u>	<u>1,481,662</u>	<u>292,397</u>		<u>12,855,436</u>
	<u>709,666,167</u>	<u>19,911,933</u>	<u>1,349,499</u>	<u>(23,609)</u>	<u>728,204,992</u>
ACCUMULATED DEPRECIATION	<u>463,241,198</u>	<u>19,216,621</u>	<u>1,341,073</u>		<u>481,116,746</u>
NET CAPITAL ASSETS	<u>\$292,761,110</u>	<u>\$43,923,712</u>	<u>\$8,426</u>		<u>\$336,676,396</u>

	<u>12/31/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>12/31/22</u>
CAPITAL ASSETS - NONDEPRECIABLE					
Construction in Progress	\$50,108,891	\$5,671,306		(\$20,691,539)	\$35,088,658
Land and Land Rights	<u>9,813,512</u>	<u>211,274</u>		<u>1,222,697</u>	<u>11,247,483</u>
	<u>59,922,403</u>	<u>5,882,580</u>		<u>(19,468,842)</u>	<u>46,336,141</u>
CAPITAL ASSETS - UTILITY PLANT IN SERVICE - DEPRECIABLE					
Intangible Plant	8,931,136	21,792			8,952,928
Production Plant	299,771,994	9,072,042		12,184,339	321,028,375
Transmission Plant	14,034,901	7,249,324		4,212,999	25,497,224
Distribution Plant	295,627,240	25,240,248	615,812	2,207,686	322,459,362
General Plant	18,491,945	715,509	9,165	863,818	20,062,107
Transportation	<u>10,850,144</u>	<u>916,317</u>	<u>100,290</u>		<u>11,666,171</u>
	<u>647,707,360</u>	<u>43,215,232</u>	<u>725,267</u>	<u>19,468,842</u>	<u>709,666,167</u>
ACCUMULATED DEPRECIATION	<u>446,048,826</u>	<u>17,917,639</u>	<u>725,267</u>		<u>463,241,198</u>
NET CAPITAL ASSETS	<u>\$261,580,937</u>	<u>\$31,180,173</u>	<u>\$0</u>		<u>\$292,761,110</u>

NOTE 3: OWNERSHIP AGREEMENTS

In 1977, CWL entered into an Ownership Agreement with Entergy Arkansas, Inc. ("Entergy") to purchase a five percent undivided ownership interest in "White Bluff Unit No. 1" and "White Bluff Unit No. 2" coal-fired generating plants constructed by Entergy. These units, located in Jefferson County, Arkansas, are rated at 815 megawatts and 844 megawatts, respectively. Entergy has operational control of the two generating plants.

In 1979, CWL entered into an Ownership Agreement with Entergy to purchase a five percent undivided ownership interest in "Independence Unit No. 1" and "Independence Unit No. 2" coal-fired generating plants constructed by Entergy. During 1996, CWL purchased an additional ten percent undivided ownership in "Independence Unit No. 2". These units, located in Independence County, Arkansas, are rated at 836 megawatts and 842 megawatts, respectively. Entergy has operational control of the two generating plants.

Following is a summary of CWL's proportionate share of each jointly owned plant. Each participant must pay its share of expenses for the operations of the plants, which are included in the operating expenses of each participant's statements of income. Allowance for depreciation on utility plant in service is determined by each participant based on their depreciation methods and rates relating to their share of the plant.

	White Bluff Units No. 1 and 2		Independence Units No. 1 and 2	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Utility Plant in Service	\$52,846,538	\$52,507,783	\$111,241,468	\$110,642,180
Less Accumulated Depreciation	<u>46,555,535</u> <u>6,291,003</u>	<u>45,296,832</u> <u>7,210,951</u>	<u>92,481,945</u> <u>18,759,523</u>	<u>89,746,815</u> <u>20,895,365</u>
Inventories	<u>4,806,805</u>	<u>4,627,657</u>	<u>8,711,784</u>	<u>8,136,973</u>
Plant's Net Share	<u>\$11,097,808</u>	<u>\$11,838,608</u>	<u>\$27,471,307</u>	<u>\$29,032,338</u>

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4: INVESTMENTS

Under state statutes and CWL's investment policy, CWL may invest in certificates of deposit with banks in the State of Arkansas, United States securities including United States Agency, State and Local Governments and Approved Sovereign Government securities with a maximum maturity date of six years, corporate bonds with a BBB- rating or higher and a maximum maturity date of six years, convertible debentures, convertible preferred stock, perpetual preferred stock and common stock. Investments in equities are limited to 40% of assets.

Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. According to CWL's investment policy, all investments are monitored for changes in the effective yield.

All certificates of deposit classified as investments are either federally insured or collateralized with securities maintained in trust. As of December 31, 2023 and 2022, CWL had long-term investments, restricted cash deposits, temporary investments and cash of \$147,534,400 and \$161,489,230, respectively.

The following are institutions in which CWL has five percent or more of its total investments and cash:

	<u>2023</u>	<u>2022</u>
First Community Bank - Batesville, Arkansas	\$9,336,555	\$12,596,483
Signature Bank - Fayetteville, Arkansas	12,000,000	
First Horizon Bank - Memphis, Tennessee	25,624,594	
Centennial Bank - Conway, Arkansas		8,583,741
Simmons First Bank - Pine Bluff, Arkansas		8,511,302
Demand Deposit, Brokerage and Other Accounts	<u>100,573,251</u>	<u>131,797,704</u>
	<u>\$147,534,400</u>	<u>\$161,489,230</u>

At December 31, 2023 and 2022, CWL had the following investments and maturities:

<u>2023</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>Greater than 1 Year</u>
Cash and Cash Equivalents	\$33,050,901	\$33,050,901	
Restricted Deposits	2,005,339		\$2,005,339
Certificates of Deposit	28,238,000	24,248,000	3,990,000
Equity Securities	35,795,475		35,795,475
Corporate Bonds and Government Agencies	48,444,685	11,670,590	36,774,095
	<u>\$147,534,400</u>	<u>\$68,969,491</u>	<u>\$78,564,909</u>
<u>2022</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>Greater than 1 Year</u>
Cash and Cash Equivalents	\$14,794,684	\$14,794,684	
Restricted Deposits	2,306,270		\$2,306,270
Certificates of Deposit	31,299,297	16,255,297	15,044,000
Bond Funds	23,578,024		23,578,024
Equity Securities	30,686,879		30,686,879
Corporate Bonds and Government Agencies	58,824,076	9,625,500	49,198,576
	<u>\$161,489,230</u>	<u>\$40,675,481</u>	<u>\$120,813,749</u>

Investments at December 31, 2023 and 2022 are categorized as follows:

<u>2023</u>	<u>Quoted prices in Active Markets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
<u>Investment Type</u>			
Equity Securities	\$35,795,475		
Corporate Bonds		\$36,761,190	
<u>2022</u>	<u>Quoted prices in Active Markets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
<u>Investment Type</u>			
Equity Securities	\$30,686,879		
Corporate Bonds		\$49,198,576	

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Investments at December 31 for the pension and OPEB trusts, of which bonds, stocks and mutual funds are Level 1 investments and cash/cash equivalents and certificates of deposit are Level 2 investments, include the following:

<u>2023</u>	Fair Value	Less than 1 Year	Greater than 1 Year
<u>Pension:</u>			
Cash and Cash Equivalents	\$5,917,226	\$5,917,226	
Bonds	3,704,531	1,000,479	\$2,704,052
Stocks	4,511,945		4,511,945
Mutual Funds	54,455,335		54,455,335
	<u>\$68,589,037</u>	<u>\$6,917,705</u>	<u>\$61,671,332</u>
<u>OPEB:</u>			
Cash and Cash Equivalents	\$2,272,791	\$2,272,791	
Bonds	3,242,056	911,430	\$2,330,626
Stocks	3,526,209		3,526,209
Mutual Funds	42,416,729		42,416,729
	<u>\$51,457,785</u>	<u>\$3,184,221</u>	<u>\$48,273,564</u>
<u>2022</u>	Fair Value	Less than 1 Year	Greater than 1 Year
<u>Pension:</u>			
Cash and Cash Equivalents	\$4,719,963	\$4,719,963	
Bonds	3,208,156	375,362	\$2,832,794
Stocks	5,000,415		5,000,415
Mutual Funds	48,535,116		48,535,116
	<u>\$61,463,650</u>	<u>\$5,095,325</u>	<u>\$56,368,325</u>
<u>OPEB:</u>			
Cash and Cash Equivalents	\$1,916,466	\$1,916,466	
Bonds	2,342,600	325,922	\$2,016,678
Stocks	4,008,529		4,008,529
Mutual Funds	38,915,023		38,915,023
	<u>\$47,182,618</u>	<u>\$2,242,388</u>	<u>\$44,940,230</u>

NOTE 5: CASH AND CASH EQUIVALENTS

All demand deposit accounts and certificates of deposit are either federally insured or collateralized with securities maintained in trust.

Temporary investments and cash consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	
	<u>Carrying Amount</u>	<u>Approximate Market Value</u>
Petty cash	\$6,250	\$6,250
Demand deposit accounts	<u>33,044,651</u>	<u>33,044,651</u>
Total cash and cash equivalents as reflected on the Statement of Cash Flows	33,050,901	33,050,901
Certificates of deposit and Corporate Bonds maturing during 2024	<u>35,918,590</u>	<u>35,918,590</u>
Total Demand Deposits	<u>\$68,969,491</u>	<u>\$68,969,491</u>

	<u>2022</u>	
	<u>Carrying Amount</u>	<u>Approximate Market Value</u>
Petty cash	\$5,000	\$5,000
Demand deposit accounts	<u>14,789,684</u>	<u>14,789,684</u>
Total cash and cash equivalents as reflected on the Statement of Cash Flows	14,794,684	14,794,684
Certificates of deposit and Corporate Bonds maturing during 2023	<u>25,880,797</u>	<u>25,880,797</u>

NOTE 6: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accounts Receivable	\$8,401,442	\$21,433,566
Allowance for Credit Losses	<u>(341,551)</u>	<u>(517,651)</u>
	<u>\$8,059,891</u>	<u>\$20,915,915</u>

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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NOTE 7: PENSION PLAN

Plan Description. The “Retirement Plan for the Employees of City Water and Light Plant of Jonesboro, Arkansas” is a single-employer defined benefit pension plan administered by the CWL Retirement Committee. CWL provides retirement, disability and death benefits to plan members and beneficiaries. The plan provides a normal monthly retirement benefit based on 1.75% of final average monthly compensation times the number of years credited service. It provides a temporary retirement income for participants retiring prior to age 62, which is computed by multiplying the final rate of pay times 0.50% times the number of years credited service. It also provides a monthly disability benefit for employees totally and permanently disabled prior to normal retirement date and a death benefit to the participant’s beneficiary. No cost-of-living adjustments are provided to members or beneficiaries. Plan participants qualify for eligibility on the later of age 21 years or 1 year of vesting service.

CWL’s Board of Directors has the sole authority to establish and amend benefit provisions. CWL maintains publicly available financial information for “Retirement Plan for Employees of City Water and Light Plant of Jonesboro, Arkansas”. That information may be obtained by writing to City Water and Light, PO Box 1289, Jonesboro, Arkansas 72403 or by calling (870) 935-5581.

Employees Covered. As of November 1, 2023, the plan covers a total of 264 individuals. The classifications consist of 181 active employees, 81 retired employees and 2 employees vested at termination. At November 1, 2022, the plan covered a total of 262 individuals of which 187 were active employees and 75 were retired employees.

Covered Payroll. As of November 1, 2023 and 2022, the covered payroll amount was \$13,346,520 and \$12,737,816 respectively.

Assumptions. The valuation date is as of November 1, 2023. Prior to November 1, 2019, all mortality rates were determined using the RP 2014 Mortality Table. Subsequent to this date, all mortality rates were determined using the Pub-G generationally projected MP 2019 Table. The actuarial assumptions used in years prior to 2017 included (a) 7.0% investment rate of return (net of administrative expenses), (b) 7.0% discount rate and (c) projected salary increases of 5.0% per year. Changes in assumptions for valuation years 2017-2020 included (a) 6.5% investment rate of return (net of administrative expenses), (b) 6.5% discount rate and (c) projected salary increases of 4.0% per year. In 2021, changes in assumptions include (a) 6.0% investment rate of return (net of administrative expenses) and (b) 6.0% discount rate. Projected salary increases remained at 4.0% annually. The actuarial value of assets was determined using the current market value of investments. The total pension liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at November 1, 2023, is 22 years.

Contribution Requirements. CWL's Board of Directors may amend the contribution requirements. The plan is totally funded by CWL and an amount approximating the annual required contribution as determined under GASB 67 is contributed to the plan.

The annual required contribution for the current year was determined as part of the November 1, 2023, actuarial valuation using the entry age normal actuarial cost method.

Long-Term Expected Rate of Return and Single Discount Rate. The expected rate of return on pension plan investments is 6.0%. The municipal bond rate is 4.90%. Since assets are projected to be sufficient to meet benefit payments, the resulting single discount rate to measure Total Pension Liability is 6.0%. 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. The target allocation and the long-term expected rates of return are shown in the table below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	30%	3.00%
Domestic Equity	60%	5.00%
Alternatives	5%	6.00%
Cash	5%	0.00%
Subtotal	100%	4.20%
Assumed Inflation		2.25%
Total		6.45%
Rounded & Adjusted for Investment Expenses		6.00%

Regarding the sensitivity of the Net Pension Liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.0%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease	Current Single Rate Assumed	1% Increase
	5.0%	6.0%	7.0%
Total Pension Liability	\$79,267,689	\$69,910,233	\$60,716,927
Net Pension (Asset) Liability	\$17,063,365	\$7,705,909	(\$1,487,397)

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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Pension Plan Fiduciary Net Position

	Plan Year Ended	
	<u>10/31/2023</u>	<u>10/31/2022</u>
A. <u>INCOME</u>		
1. Contributions		
Employer	\$2,970,000	\$2,800,000
2. Investment Income		
Interest/Dividends	2,651,517	2,148,242
Realized Gain	173,161	2,288,157
Unrealized (Loss)	<u>(462,064)</u>	<u>(13,987,244)</u>
Net Investment Income (Loss)	<u>2,362,614</u>	<u>(9,550,845)</u>
TOTAL INCOME (LOSS)	<u>\$5,332,614</u>	<u>(\$6,750,845)</u>
B. <u>EXPENSES</u>		
1. Administrative	\$77,232	\$74,625
2. Monthly Benefits	2,520,088	2,262,691
3. Lump Sum	<u>418,533</u>	<u>430,534</u>
TOTAL EXPENSES	<u>\$3,015,853</u>	<u>\$2,767,850</u>
C. <u>ASSETS (Market)</u>		
1. Short Term		
Cash and Money Market	\$1,775,620	\$751,952
Institutional (CD's, Savings, Etc.)	4,044,849	3,918,813
2. Mutual Funds		
Equity Funds	33,819,426	32,388,010
Fixed Income Funds	12,914,734	12,929,302
3. Equities		
Common Stocks	4,319,993	4,994,103
4. Bonds	3,445,292	2,958,738
5. Real Estate Funds	<u>1,884,410</u>	<u>1,946,645</u>
TOTAL ASSETS	<u>\$62,204,324</u>	<u>\$59,887,563</u>
D. <u>RATIO OF ASSETS TO ANNUAL EXPENSES:</u>	20.6	21.6
E. <u>ANNUAL INVESTMENT RETURN:</u>	3.9%	-13.8%

	Plan Year Ended	
	10/31/2023	10/31/2022
F. <u>TOTAL PENSION LIABILITY</u>		
1. Active Lives		
Regular Retirement Benefits	\$38,661,889	\$36,186,857
Voluntary Termination Benefits	435,806	414,876
Survivors' Benefits	51,936	48,283
Disability Benefits	<u>603,644</u>	<u>567,532</u>
Total Active Lives	39,753,275	37,217,548
2. Inactive Lives		
Vested Terminations	\$101,573	\$0
Retirees & Beneficiaries	<u>30,055,385</u>	<u>28,226,591</u>
Total Inactive Lives	<u>30,156,958</u>	<u>28,226,591</u>
TOTAL LIABILITY	<u>\$69,910,233</u>	<u>\$65,444,139</u>

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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Changes in the Net Pension (Asset) Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 10/31/2021	\$61,079,125	\$69,406,258	(\$8,327,133)
Changes for the year:			
a) Service Cost	1,341,713		1,341,713
b) Interest	3,624,202		3,624,202
c) Differences between expected and actual experience	2,092,324		2,092,324
d) Employer contributions		2,800,000	(2,800,000)
e) Employee contributions			
f) Net investment income		(9,550,845)	9,550,845
g) Benefits and refunds	(2,693,225)	(2,693,225)	
h) Administrative expenses		(74,625)	74,625
i) Assumption change			0
j) Other			
Net changes	4,365,014	(9,518,695)	13,883,709
Balances at 10/31/2022	\$65,444,139	\$59,887,563	\$5,556,576
Changes for the year:			
a) Service Cost	1,430,185		1,430,185
b) Interest	3,881,395		3,881,395
c) Differences between expected and actual experience	2,093,135		2,093,135
d) Employer contributions		2,970,000	(2,970,000)
e) Employee contributions			
f) Net investment income		2,362,614	(2,362,614)
g) Benefits and refunds	(2,938,621)	(2,938,621)	
h) Administrative expenses		(77,232)	77,232
i) Assumption change			
j) Other			
Net changes	4,466,094	2,316,761	2,149,333
Balances at 10/31/2023	\$69,910,233	\$62,204,324	\$7,705,909

Pension Expense/(Income) under GASB 68

	<u>2023</u>	<u>2022</u>
1. Net Pension (Asset) Liability at beginning of year	\$5,556,576	(\$8,327,133)
2. Net Pension Liability at end of year	7,705,909	5,556,576
3. Increase in Net Pension Liability in year = (2) - (1)	2,149,333	13,883,709
4. Decrease in Net Pension Liability due to Employer Contributions during the measurement period	2,970,000	2,800,000
5. Change to reflect in Pension Expense (Income) = (3) + (4)	5,119,333	16,683,709
6. Adjust for Actual vs Expected experience		
a) Remove (loss)	(2,093,135)	(2,092,324)
b) Add amortization	1,247,829	1,038,515
7. Adjust for Actual vs Projected investment income		
a) Remove (loss)	(1,308,813)	(13,793,049)
b) Add amortization	762,633	879,502
8. Pension Expense = (5) + (6) + (7)	\$3,727,847	\$2,716,353

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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Detail of Outflow/(Inflow) of Resources

	Description	Year	Original Amount	Recognition Period	Outflow (Inflow) In Current Expense	Deferred Outflow (Inflow) 11/1/2023
1.	Actual vs Expected	2014-15	\$352,112	15	\$23,474	\$140,846
2.	Actual vs Expected	2015-16	154,952	15	10,330	72,312
3.	Actual vs Expected	2016-17	(237,322)	15	(15,821)	(126,575)
4.	Assumption Change	2016-17	1,350,507	15	90,034	720,269
5.	Actual vs Expected	2017-18	599,307	12	49,942	299,655
6.	Actual vs Expected	2018-19	1,124,052	12	93,671	655,697
7.	Projected vs Actual Earnings	2018-19	(1,785,761)	5	(357,153)	0
8.	Actual vs Expected	2019-20	209,653	12	17,471	139,769
9.	Projected vs Actual Earnings	2019-20	(509,770)	5	(101,954)	(101,954)
10.	Assumption Change	2019-20	1,643,497	12	136,958	1,095,665
11.	Actual vs Expected	2020-21	802,665	11	72,970	583,755
12.	Projected vs Actual Earnings	2020-21	(8,993,164)	5	(1,798,633)	(3,597,265)
13.	Assumption Change	2020-21	4,062,023	11	369,275	2,954,198
14.	Actual vs Expected	2021-22	2,092,324	11	190,211	1,711,902
15.	Projected vs Actual Earnings	2021-22	13,793,049	5	2,758,610	8,275,829
16.	Actual vs Expected	2022-23	2,093,135	10	209,314	1,883,821
17.	Projected vs Actual Earnings	2022-23	1,308,813	5	261,763	1,047,050
	TOTAL				\$2,010,462	\$15,754,974
	Due to Liabilities				\$1,247,829	\$10,131,314
	Due to Assets				\$762,633	\$5,623,660

	2023		2022	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$5,487,757	\$126,575	\$4,062,005	\$142,396
Changes of assumptions	4,770,132		5,366,399	
Net difference between projected and actual earnings on pension plan investments	9,322,879	3,699,219	11,034,439	5,956,959
Subtotal	\$19,580,768	\$3,825,794	\$20,462,843	\$6,099,355
Contributions from CWL to Pension Fund after 10/31 but by 12/31	500,000		470,000	
Total	\$20,080,768	\$3,825,794	\$20,932,843	\$6,099,355

Amounts reported as deferred outflows of resources and related to pensions resulting from CWL contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Net Deferred Outflow Of Resources
2024	\$2,367,615
2025	2,469,570
2026	4,268,201
2027	1,509,590
2028	1,247,829
Thereafter	3,892,169
Total	\$15,754,974

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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NOTE 8: OTHER POST EMPLOYMENT BENEFITS

Plan Description. CWL provides Other Post-Employment Benefits (OPEB) in the form of a health care plan administered by the CWL Retirement Committee. This single-employer defined benefit OPEB plan provides and pays for health insurance for employees who are eligible to retire and receive 100 percent of their pension. Employees hired after January 1, 2008 must retire with a minimum of 25 years of service to be eligible. This coverage is provided for the retiree and the spouse of record at the time of retirement. CWL pays 50 percent of the premium for up to two years for employees who are on long-term disability. CWL is a secondary provider for those retirees and/or their spouses who are eligible for Medicare benefits. OPEB benefits are subject to medical inflation, which is reflected in the actuarial assumptions.

Funding Policy. CWL is currently advance-funding the benefits on an actuarially determined basis. CWL's Board of Directors has the sole authority to establish and amend benefit provisions. CWL maintains publicly available financial information for "Post-Retirement Benefits Trust for Employees of City Water and Light Plant of Jonesboro, Arkansas". That information may be obtained by writing to City Water and Light, PO Box 1289, Jonesboro, Arkansas 72403 or by calling (870) 935-5581.

Assumptions. The valuation date is as of November 1, 2023 and the entry age normal cost method was used. Valuations previous to November 1, 2017 used the projected unit credit method. Prior to November 1, 2019, all mortality rates were determined using the RP 2014 Mortality Table. Subsequent to this date, all mortality rates were determined using the Pub-G generationally projected MP-2019 Table. The actuarial assumptions used in years prior to 2021 included (a) 6.5% investment rate of return (net of administrative expenses), (b) 6.5% discount rate and (c) projected salary increases of 4.0% per year. In 2021, changes in assumptions include (a) 6.0% investment rate of return (net of administrative expenses) and (b) 6.0 % discount rate. Projected salary increases remained at 4.0% annually. The actuarial value of assets was determined using the current market value of investments.

Actuarial valuations, which reflect a long-term perspective, involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Employees Covered. As of November 1, 2023, the plan covers a total of 161 retirees and beneficiaries. Participant data for calculations include 197 active employees. At November 1, 2022, the plan covered a total of 155 retirees and beneficiaries. Participant data for those calculations included 202 active employees.

Contribution Requirements. CWL's Board of Directors may amend the contribution requirements. The plan is completely funded by CWL and an amount approximating the annual required contribution as determined under GASB 75 is contributed to the plan. The annual required contribution for the current year was determined as part of the November 1, 2023, actuarial valuation using the entry age normal actuarial cost method. There were no contributions made to the plan for the plan years ending October 31, 2023 and 2022.

Long-Term Expected Rate of Return and Single Discount Rate. The expected rate of return on OPEB plan investments is 6.0%. The municipal bond rate is 5.12%. Since assets are projected to be sufficient to meet benefit payments, the resulting single discount rate to measure Total OPEB Liability is 6.0%. The Long-Term Expected Rate of Return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation and the long-term expected rates of return are shown in the table below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	30%	3.00%
Domestic Equity	60%	5.00%
Alternatives	5%	6.00%
Cash	5%	0.00%
Subtotal	100%	4.20%
Assumed Inflation		2.25%
Total		6.45%
Rounded & Adjusted for Investment Expenses		6.00%

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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Regarding the sensitivity of the Net OPEB Liability to changes in the single discount rate, and changes in the assumed health care cost trend rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 6.0%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher, or using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease 5.0%	Current Single Rate Assumed 6.0%	1% Increase 7.0%
Total OPEB Liability	\$50,315,973	\$43,951,857	\$37,353,621
Net OPEB (Asset) Liability	\$3,522,270	(\$2,841,846)	(\$9,440,082)

	1% Decrease in HCCTR	Assumed HCCTR	1% Increase in HCCTR
Total OPEB Liability	\$36,356,674	\$43,951,857	\$51,935,046
Net OPEB (Asset) Liability	(\$10,437,029)	(\$2,841,846)	\$5,141,343

OPEB Plan Fiduciary Net Position

	<u>Plan Year Ended</u>	
	<u>10/31/2023</u>	<u>10/31/2022</u>
A. <u>INCOME</u>		
1. Contributions		
2. Investment Income		
Interest/Dividends	\$2,192,462	\$1,792,327
Realized Gain	120,204	1,955,043
Unrealized (Loss)	<u>(448,683)</u>	<u>(11,302,530)</u>
Net Investment Income (Loss)	<u>1,863,983</u>	<u>(7,555,160)</u>
TOTAL INCOME (LOSS)	<u>\$1,863,983</u>	<u>(\$7,555,160)</u>
B. <u>EXPENSES</u>		
1. Administrative	\$57,743	\$57,849
2. Benefits	<u>1,213,116</u>	<u>1,096,455</u>
TOTAL EXPENSES	<u>\$1,270,859</u>	<u>\$1,154,304</u>
C. <u>ASSETS (Market)</u>		
1. Short Term		
Cash and Money Market	\$1,598,270	\$358,329
Institutional (CD's, Savings, Etc.)	921,642	913,923
2. Mutual Funds		
Equity Funds	26,362,372	25,885,067
Fixed Income Funds	10,071,610	11,197,349
3. Equities		
Common Stocks	3,374,431	4,228,921
4. Bonds	2,998,576	2,099,054
5. Real Estate Funds	<u>1,466,802</u>	<u>1,517,936</u>
TOTAL ASSETS	<u>\$46,793,703</u>	<u>\$46,200,579</u>
D. <u>RATIO OF ASSETS TO ANNUAL EXPENSES:</u>	36.8	40
E. <u>ANNUAL INVESTMENT RETURN:</u>	4.1%	-13.9%

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Changes in the Net OPEB (Asset) Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at 10/31/2021	\$40,359,778	\$54,910,043	(\$14,550,265)
Changes for the year:			
a) Service Cost	927,525		927,525
b) Interest	2,416,519		2,416,519
c) Differences between expected and actual experience	(1,170,693)		(1,170,693)
d) Employer contributions			
e) Employee contributions			
f) Net investment income		(7,555,160)	7,555,160
g) Benefits and refunds	(1,096,455)	(1,096,455)	
h) Administrative expenses		(57,849)	57,849
i) Assumption change			0
j) Other			
Net changes	1,076,896	(8,709,464)	9,786,360
Balances at 10/31/2022	\$41,436,674	\$46,200,579	(\$4,763,905)
Changes for the year:			
a) Service Cost	964,008		964,008
b) Interest	2,478,727		2,478,727
c) Differences between expected and actual experience	285,564		285,564
d) Employer contributions			
e) Employee contributions			
f) Net investment income		1,863,983	(1,863,983)
g) Benefits and refunds	(1,213,116)	(1,213,116)	
h) Administrative expenses		(57,743)	57,743
i) Assumption change			0
j) Other			
Net changes	2,515,183	593,124	1,922,059
Balances at 10/31/2023	\$43,951,857	\$46,793,703	(\$2,841,846)

OPEB Expense/(Income) under GASB 75

	<u>2023</u>	<u>2022</u>
1. Net OPEB Asset at beginning of year	(\$4,763,905)	(\$14,550,265)
2. Net OPEB Asset at end of year	(281,846)	(4,763,905)
3. Increase in Net OPEB Liability in year = (2) - (1)	1,922,059	9,786,360
4. Decrease in Net OPEB Liability due to Employer Contributions during the measurement period	0	0
5. Change to reflect in OPEB Expense (Income) = (3) + (4)	1,922,059	9,786,360
6. Adjust for Actual vs Expected experience		
a) Remove gain/(loss)	(285,564)	1,170,693
b) Add amortization	104,533	68,837
7. Adjust for Actual vs Projected investment income		
a) Remove (loss)	(929,401)	(10,874,718)
b) Add amortization	515,799	641,698
8. OPEB Expense = (5) + (6) + (7)	\$1,327,426	\$792,870

Detail of Outflow/(Inflow) of Resources

	Description	Year	Original Amount	Recognition Period	Outflow (Inflow) In Current Expense	Deferred Outflow (Inflow) 11/1/2023
1.	Actual vs Expected	2017	(\$888,903)	14	(\$63,493)	(\$444,452)
2.	Actual vs Expected	2018	(3,330,087)	9	(370,010)	(1,110,027)
3.	Actual vs Expected	2019	487,608	9	54,179	216,713
4.	Projected vs Actual Earnings	2019	(1,546,875)	5	(309,375)	0
5.	Actual vs Expected	2020	1,580,637	9	175,626	878,133
6.	Projected vs Actual Earnings	2020	(350,407)	5	(70,081)	(70,083)
7.	Assumption Change	2020	2,946,133	9	327,348	1,636,741
8.	Actual vs Expected	2021	(2,147,441)	9	(238,605)	(1,431,626)
9.	Projected vs Actual Earnings	2021	(7,327,843)	5	(1,465,569)	(2,931,136)
10.	Assumption Change	2021	2,824,825	9	313,869	1,883,218
11.	Actual vs Expected	2022	(1,170,693)	9	(130,077)	(910,539)
12.	Projected vs Actual Earnings	2022	10,874,718	5	2,174,944	6,524,830
13.	Actual vs Expected	2023	285,564	8	35,696	249,868
14.	Projected vs Actual Earnings	2023	929,401	5	185,880	743,521
	TOTAL				\$620,332	\$5,235,161
	Due to Liabilities				\$104,533	\$968,029
	Due to Assets				\$515,799	\$4,267,132

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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	2023		2022	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	\$1,344,714	\$3,896,644	\$1,324,651	\$4,698,829
Changes of assumptions	3,519,959		4,161,176	
Net difference between projected and actual earnings on OPEB plan investments	7,268,351	3,001,219	8,699,774	4,846,244
Total	\$12,133,024	\$6,897,863	\$14,185,601	\$9,545,073

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	Net Deferred Outflow (Inflow) Of Resources
2024	\$929,705
2025	999,790
2026	2,465,358
2027	660,421
2028	420,368
Thereafter	(240,481)
Total	\$5,235,161

NOTE 9: LONG-TERM DEBT

The Series 2020 Bonds were issued on July 21, 2020 for the purpose of financing all or a portion of the costs of improvements to the wastewater and electric facilities of the system. These improvements specifically included the replacement of the Main Lift Station, construction of a new gravity sewer line and the installation of a solar generating facility. The Series 2020 Bonds are special obligations only of CWL and are payable from and secured by a pledge of revenues from the system. Bonds are due annually on June 1 beginning in 2021 and ending in 2035; interest payments are due semiannually beginning December 1, 2020 and ending June 1, 2035.

The Series 2022 Bonds were issued on May 24, 2022 for the purpose of financing a portion of the costs of improvements to the wastewater facilities of the system. These improvements specifically include the replacement of the West Wastewater Treatment Plant facility. This project is expected to be completed by December 31, 2024. The Series 2022 Bonds are special obligations only of CWL and are payable from and secured by a pledge of revenues from the system. Bonds are due annually on June 1 beginning in 2023 and ending in 2037; interest payments are due semiannually beginning December 1, 2022 and ending June 1, 2037.

Long-term debt consists of the following:

	2023	2022
Public Utility System Revenue Bonds; Series 2020; maturing at varying amounts through 2035; callable after December 1, 2030; bearing semiannual interest at rates from 4.0% to 5.0%.	\$18,370,000	\$19,475,000
Unaccreted Premium	2,977,740	3,476,536
	<u>\$21,347,740</u>	<u>\$22,951,536</u>
Less Current Maturities	1,625,535	1,603,796
	<u>\$19,722,205</u>	<u>\$21,347,740</u>
 Public Utility System Revenue Bonds; Series 2022; maturing at varying amounts through 2037; callable after December 1, 2030; bearing semiannual interest at rates from 4.0% to 5.0%.	 \$31,815,000	 \$33,360,000
Unaccreted Premium	1,702,307	1,942,600
	<u>\$33,517,307</u>	<u>\$35,302,600</u>
Less Current Maturities	1,876,885	1,785,293
	<u>\$31,640,422</u>	<u>\$33,517,307</u>
 Total Long-Term Debt	 <u><u>\$51,362,627</u></u>	 <u><u>\$54,865,047</u></u>

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Annual maturities of long-term debt and interest expense as of December 31, 2023:

	Year	Principal & Original Issue Premium	Interest	Rate
Revenue Bonds Series 2020	2024	\$1,625,535	\$795,767	5.0%
	2025	1,650,581	736,017	5.0%
	2026	1,673,871	673,267	5.0%
	2027	1,705,236	607,225	5.0%
	2028	1,729,638	537,829	5.0%
	2029-2035	12,962,879	1,740,862	4.0 to 5.0%
		<u>\$21,347,740</u>	<u>\$5,090,967</u>	
Revenue Bonds Series 2022	2024	\$1,876,885	\$1,132,090	5.0%
	2025	1,947,697	1,061,299	5.0%
	2026	2,017,800	986,967	5.0%
	2027	2,092,169	908,973	5.0%
	2028	2,175,738	826,987	5.0%
	2029-2035	23,407,018	3,577,719	4.0 to 5.0%
		<u>\$33,517,307</u>	<u>\$8,494,035</u>	

NOTE 10: LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2023 are as follows:

	Balance at 12/31/2022	Increase	Decrease	Balance at 12/31/2023	Due within One Year
Series 2020 Bonds	\$19,475,000		\$1,105,000	\$18,370,000	\$1,160,000
Series 2020 Bond Issuance Premium	3,476,536		498,796	2,977,740	465,535
Series 2022 Bonds	33,360,000		1,545,000	31,815,000	1,650,000
Series 2022 Bond Issuance Premium	1,942,600		240,293	1,702,307	226,885
	<u>\$58,254,136</u>	<u>\$0</u>	<u>\$3,389,089</u>	<u>\$54,865,047</u>	<u>\$3,502,420</u>

NOTE 11: RELATED PARTY TRANSACTIONS

The City of Jonesboro, Arkansas City Council selects seven of the sixteen members of the Board of Directors of CWL (one from each of the six wards and one from the Jonesboro Special School District.) During 2023 and 2022, CWL contributed in lieu of taxes approximately \$200,000 each year to the City's Capital Improvement and Fire Truck Funds.

CWL contributed payroll, inventory and utilities for various special city projects throughout the year, payment toward the purchase of a new fire truck, payment of sales tax on free services to the city and refunds of utility bills for the City Library. The amounts contributed for the years ended December 31, 2023 and 2022, respectively, were \$682,607 and \$783,189. In addition, CWL also provided streetlights, fire hydrants and free utility service to City of Jonesboro buildings for a total value of \$2,662,953 and \$2,657,691 for the years ended December 31, 2023 and 2022, respectively.

NOTE 12: RENT INCOME

CWL has a lease agreement to rent an old wastewater treatment plant to Arkansas Rice Growers Cooperative Association. This agreement is renewable annually and has been extended through August 31, 2024. The annual rental payments of \$31,139 for the year beginning September 1, 2023 are payable in advance. This lease covers utility plant in service at a total cost of \$181,151, including \$4,939 in land, with accumulated depreciation of \$176,212 at December 31, 2023. The asset is fully depreciated.

CWL owns facilities at 310 East Street. Utility plant in service is \$3,769,252, including \$450,000 in land, with accumulated depreciation of \$1,775,099 at December 31, 2023. There are 3 separate lease agreements for 3 separate areas of the building. The first lease became effective in January 2010 for a period of 10 years with a renewal option. Tenant has renewed the lease through December 2029 at an annual amount of \$41,580. The second lease became effective in November 2012 with occupancy beginning in September 2013. It is a 12 year initial lease agreement with a three year renewable option after the initial term. Annual rental for years 1-5 is \$184,216; years 6-10 is \$202,377; and years 11 and 12 is \$222,217. Rental payments are due in monthly installments in advance. The third lease became effective in August 2015 with occupancy beginning in March 2016. It is a 10 year lease agreement. Annual rental for years 1-5 is \$55,800 and years 6-10 is \$61,380. Rental payments are due in monthly installments in advance.

CWL owns facilities at 315/317 East Street. Utility plant in service is \$793,738, including \$77,189 in land, with accumulated depreciation of \$369,656 at December 31, 2023. In July 2015, CWL entered into an initial 3 year lease agreement with occupancy beginning October 2015. The lease agreement has been extended through September 2024. Annual rental is \$96,000 with monthly installments payable in advance.

CWL owns facilities at 5601 East Nettleton. Utility plant in service is \$174,105, including \$23,500 in land, with accumulated depreciation of \$67,772 at December 31, 2023. In January 2015, CWL entered into a 6 year lease agreement with occupancy beginning February 2015. The lease has

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been extended through January 31, 2027 with an additional renewal option. Annual rental is \$15,000 and is due in monthly installments in advance. Upon exercise of the renewal option, annual rental will increase to \$16,800.

CWL owns facilities at 404 Creath Street. Utility plant in service is \$982,126 with accumulated depreciation of \$215,801 at December 31, 2023. In June 2021, CWL entered into an initial five year lease agreement with occupancy beginning June 2021. The lease is renewable for five years after the initial term. Annual rental is \$72,516 for the initial term and \$79,764 for the renewal term. Rental payments are due in monthly installments in advance.

Other sources of rental income are: leases for vacant land used for farming and leases for space on CWL water towers used for attachment of wireless communication antennas. Due to the nature of cash crop rents, farm rental income can vary from year to year. In 2023 and 2022, rental income from these other sources were \$378,518 and \$364,591. Total rental income for 2023 and 2022 is \$906,605 and \$883,271, respectively.

NOTE 13: CONTRACTS AND AGREEMENTS

CWL entered into a power sale contract dated May 28, 1986, with the United States Department of Energy Southwestern Power Administration (SPA) to purchase 80,000 kilowatts of hydroelectric power and 96,000,000 kilowatt-hours of hydro peaking energy annually through May 31, 1996. On January 27, 1995, CWL entered into a new contract with SPA that superseded the previous contract. The new contract provided for the continued purchase by CWL of federal power and energy and associated services from SPA with an original term of June 1, 1996 through May 31, 2011. On February 9, 2000, the agreement was extended to May 31, 2015. On January 13, 2006, the agreement was extended through May 31, 2020. On March 30, 2007, the end date of the agreement was modified to March 31, 2020 to facilitate a shift to a new contract year. On January 14, 2013, the agreement was extended to March 31, 2028. On June 25, 2014, the agreement was extended to March 31, 2029 and relocated CWL into the Balancing Authority Area of the Midcontinent Transmission System Operator, Inc. (MISO). Total incurred under the contract and amendatory agreements was \$6,572,227 and \$6,844,000 during 2023 and 2022, respectively.

An Amendatory Agreement was entered into on July 5, 2006 to establish a valued energy banking account. Under this agreement SPA may supply energy to CWL that is in excess of SPA's needs in exchange for energy supplied from CWL to SPA for its use at a later date. CWL determines the value of the energy to take from SPA based on then-current market values up to the dollar amount credited to the bank. The dollar amount credited to the bank as of December 31, 2022 was \$4,018,603. In August 2023, the amount due SPA was paid in full, leaving a zero balance in the account at December 31, 2023.

An Amendatory Agreement was entered into on May 11, 2022 to establish terms under which CWL will self-supply 40,000kW of its peaking energy, allowing SPA to purchase the peaking energy self-supplied and the associated peaking self-supply demand from CWL. The terms of this amendment terminate on May 31, 2026. An additional short-term agreement was entered into effective December 1, 2023 through May 31, 2024 wherein CWL will self-supply an additional 40,000kW during this term.

CWL entered into an Interconnection and Transmission Service Agreement during 1995 with SPA, which allows SPA to lease the Water Valley Transmission Line from CWL through 2045 and to take title to the line anytime from June 1, 1996, until the contract expires in 2045.

NOTE 14: ADVANCES TO JONESBORO ECONOMIC DEVELOPMENT CORPORATION

CWL entered into a contract of sale with Jonesboro Economic Development Corporation (JEDC) in November 1990, for 160 acres for development and sale as an industrial site. The agreement has been extended in five year increments with the most recent extension dated through November 20, 2025, for the west ½ of the acreage that has not already been sold. CWL has agreed to convey to JEDC title to any part of this property at \$4,000 an acre.

NOTE 15: UNBILLED RECEIVABLES AND UNEARNED REVENUE

Amounts overbilled to customers for energy costs are included as unearned revenue. Energy costs are billed to customers through the addition or subtraction of an energy adjustment to the base rate. In 1998, CWL began utilizing a twelve-month rolling average fuel cost to compute the energy adjustment. One twelfth of the cumulative over billed (or under billed) amount is subtracted (or added) to the current month's energy costs in computing the current month's energy adjustment. As of December 31, 2023, the cumulative amount over billed is \$6,057,911 and is included in unearned revenue. At December 31, 2022, the cumulative amount under billed was \$6,864,231 and was included in accounts receivable.

During 2006, CWL purchased three tracts of land totaling approximately 560 acres for future industrial development at a total cost of approximately \$4,576,182. CWL agreed to transfer title to Jonesboro Economic Development Corporation (JEDC) as funds were received and to make a good faith effort to release ownership at the request of JEDC upon acquiring reasonable surety if payments received do not equal or exceed the pro-rated purchased value of the land relinquished. At December 21, 2021, the current value of the land held by CWL for future industrial development was \$1,530,086. Annual payments of \$300,000 were made by JEDC from 2007 to 2021, with the final payment of \$154,591 made in 2022. Upon full payment, CWL conveyed all acreage to JEDC.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
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NOTE 16: RISK MANAGEMENT

CWL is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CWL purchases commercial insurance to cover these risks of loss. CWL is immune from tort liability but has chosen to provide up to \$1,000,000 of liability coverage for persons claiming to be damaged by CWL operations.

Settled claims have not exceeded this commercial coverage during the past year. No significant claims liabilities were outstanding at December 31, 2023 or December 31, 2022.

NOTE 17: RESTRICTED ASSETS

Certain assets have been set aside as restricted in compliance with legal requirements of specific agreements. The total of these assets at December 31, 2023 and 2022, is \$2,005,339 and \$2,306,270, respectively.

In December 2013, City Water and Light entered into an agreement with Midcontinent Independent System Operator (MISO). MISO provides open-access transmission service and monitoring of the high-voltage transmission system in the Midwest United States and part of Canada. Pursuant to the agreement, funds are placed in a third party escrow account as collateral for certain types of transactions between the parties. The amount required is reviewed and adjusted annually by MISO based upon the transaction level. The balance of restricted funds related to this agreement is \$550,000 at the end of both years 2023 and 2022.

In July 2020, Public Utility System Revenue Bonds were issued. The bond funds are maintained in accordance with the Trust Indenture, wherein a bond fund account was established to provide funds for payment of the bond principal and interest. At December 31, 2023 and December 31, 2022, the balance in the account was \$600,489 and \$723,705, respectively.

In May 2022, a second series of Public Utility System Revenue Bonds was issued. The bond funds are maintained in accordance with the Trust Indenture, wherein a bond fund account was established to provide funds for payment of the bond principal and interest. At December 31, 2023 and December 31, 2022, the balance in the account was \$854,850 and \$1,032,565, respectively.

NOTE 18: LEGAL PROCEEDINGS

CWL is party to various claims and legal proceedings incidental to its business. While the outcome of these matters cannot be predicted with certainty, it is the opinion of management and legal counsel of CWL, that the ultimate resolution of these matters, after consideration of insurance coverage or other indemnification arrangements, will not have a materially adverse effect on the financial position or operations of the company.

NOTE 19: CONCENTRATION

In 2023 and 2022, CWL had two suppliers that comprised greater than 10% of total operating expenses. In 2023, the first supplier was paid \$27.0 million or 23.6% of expenses, while in 2022, the amount paid was \$51.3 million or 35.7%. In 2023, the second supplier was paid \$24.4 million or 21.3% of expenses, while in 2022, the amount paid was \$27.1 million or 19%.

NOTE 20: RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 100, "Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62." The primary object of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023 with earlier application encouraged. CWL does not believe the impact will be material on the financial statements.

GASB Statement No. 101, "Compensated Absences." The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 with earlier application encouraged. CWL does not believe the impact will be material on the financial statements.

GASB Statement No. 102, "Certain Risk Disclosures." The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement will improve financial reporting by providing users of the financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this statement effective for fiscal years beginning after June 15, 2024 with earlier adoption encouraged. CWL has not determined the impact, if any, that this statement could have on its financial statements.

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Schedules of Required Supplementary Information
Schedule of Changes in the Employers' Net Pension (Asset) Liability and Related Ratios

Plan Year ending October 31	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$1,430,185	\$1,341,713	\$1,154,728	\$1,059,843	\$1,025,959	\$1,024,589	\$1,056,252	\$984,284	\$943,106	\$852,444
Interest	3,881,395	3,624,202	3,455,273	3,184,629	2,985,191	2,832,117	2,837,793	2,675,669	2,486,700	2,223,563
Difference between Actual & Expected Experience	2,093,135	2,092,324	802,665	209,653	1,124,052	599,307	(237,322)	154,952	314,793	(22,790)
Assumption changes			4,062,023	1,643,497			1,350,507			2,294,363
Benefit Payments	(2,938,621)	(2,693,225)	(1,952,503)	(2,010,116)	(2,157,612)	(2,045,816)	(1,874,726)	(1,194,941)	(936,315)	(2,331,311)
Net Change in Total Pension Liability	4,466,094	4,365,014	7,522,186	4,087,506	2,977,590	2,410,197	3,132,504	2,619,964	2,808,284	3,016,269
Total Pension Liability - Beginning	65,444,139	61,079,125	53,556,939	49,469,433	46,491,843	44,081,646	40,949,142	38,329,178	35,520,894	32,504,625
Total Pension Liability - Ending	\$69,910,233	\$65,444,139	\$61,079,125	\$53,556,939	\$49,469,433	\$46,491,843	\$44,081,646	\$40,949,142	\$38,329,178	\$35,520,894
Plan Fiduciary Net Position										
Contributions - Employer	\$2,970,000	\$2,800,000	\$2,685,000	\$2,595,000	\$2,520,000	\$2,440,000	\$2,030,000	\$1,970,000	\$1,790,000	\$1,300,150
Net Investment Income (Loss)	2,362,614	(9,550,845)	12,726,180	3,941,022	4,869,867	1,095,793	5,632,090	1,238,360	826,886	3,308,198
Benefit Payments	(2,938,621)	(2,693,225)	(1,952,503)	(2,010,116)	(2,157,612)	(2,045,816)	(1,874,726)	(1,194,941)	(936,315)	(2,331,311)
Administrative Expense	(77,232)	(74,625)	(68,185)	(61,411)	(57,833)	(54,928)	(50,067)	(46,794)	(37,319)	(20,961)
Net Change in Plan Net Position	2,316,761	(9,518,695)	13,390,492	4,464,495	5,174,422	1,435,049	5,737,297	1,966,625	1,643,252	2,256,076
Plan Fiduciary Net Position - Beginning	59,887,563	69,406,258	56,015,766	51,551,271	46,376,849	44,941,800	39,204,503	37,237,878	35,594,626	33,338,550
Plan Fiduciary Net Position - Ending	\$62,204,324	\$59,887,563	\$69,406,258	\$56,015,766	\$51,551,271	\$46,376,849	\$44,941,800	\$39,204,503	\$37,237,878	\$35,594,626
Net Pension (Asset) Liability - Ending	\$7,705,909	\$5,556,576	(\$8,327,133)	(\$2,458,827)	(\$2,081,838)	\$114,994	(\$860,154)	\$1,744,639	\$1,091,300	(\$73,732)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.98%	91.51%	113.63%	104.59%	104.21%	99.75%	101.95%	95.74%	97.15%	100.21%
Covered Employee Payroll (year end)	\$13,346,520	\$12,737,816	\$11,924,942	\$11,803,558	\$11,122,618	\$10,867,030	\$10,682,072	\$10,654,910	\$9,919,942	\$9,507,201
Net Pension Liability as a Percentage of Covered Employee Payroll	58%	44%	-70%	-21%	-19%	1%	-8%	16%	11%	-1%

Notes to Schedule:

Changes of assumptions: At 11/1/2021, assumed discount rate lowered from 6.50% to 6.00%.
At 11/1/2020, assumed mortality table changed to Pub-G with MP 2019.
At 11/1/2017, assumed discount rate lowered from 7.00% to 6.50%; assumed annual pay growth lowered from 5% to 4%.
At 11/1/2014, assumed mortality changed from the 1983 GAM Table, to the RP 2014 Table.

See Independent Auditor's Report.

Schedules of Required Supplementary Information
Schedule of City Water & Light Pension Contributions

Plan Year ending October 31	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$1,967,626	\$1,422,216	\$1,229,785	\$1,128,733	\$1,101,791	\$1,091,187	\$1,272,288	\$1,141,128	\$1,009,123	\$912,115
Contributions in relation to the actuarially determined contribution	2,970,000	2,800,000	2,685,000	2,595,000	2,520,000	2,440,000	2,030,000	1,970,000	1,790,000	1,300,150
Contribution deficiency (excess)	<u>(\$1,002,374)</u>	<u>(\$1,377,784)</u>	<u>(\$1,455,215)</u>	<u>(\$1,466,267)</u>	<u>(\$1,418,209)</u>	<u>(\$1,348,813)</u>	<u>(\$757,712)</u>	<u>(\$828,872)</u>	<u>(\$780,877)</u>	<u>(\$388,035)</u>
Covered-employee payroll	\$13,346,520	\$12,737,816	\$11,924,942	\$11,803,558	\$11,122,618	\$10,867,030	\$10,682,072	\$10,654,910	\$9,919,942	\$9,507,201
Contributions as a percentage of covered-employee payroll	22%	22%	23%	22%	23%	22%	19%	18%	18%	14%

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of October 31 after the valuation date.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over 30 years from November 1, 2015, grading to a 20 year payoff for 2025-26.
Remaining amortization period:	22 years at 11/1/2023
Asset valuation method:	Market Value
Assumed inflation:	4.00% per year.
Assumed salary increases:	4.00% per year
Assumed investment return:	6.00% (7.00% for year ended 10/31/2016 and 6.50% for years ending 2017 through 2020).
Assumed retirement age:	Retirement rate of 10% for ages 55 to 59, 15% for 60 & 61, 25% for 62, 20% for 63 & 64, and 100% for age 65 and over.
Mortality:	Pub-G with MP 2019 (RP 2014 Healthy Mortality Table before 11/1/2020. 1983 GAM Table before 11/1/2014).

See Independent Auditor's Report.

Schedules of Required Supplementary Information
Schedule of Changes in the Employers' Net OPEB (Asset) Liability and Related Ratios

Plan Year ending October 31	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total OPEB Liability										
Service Cost	\$964,008	\$927,525	\$763,842	\$713,876	\$662,100	\$639,296	\$603,506			
Interest	2,478,727	2,416,519	2,428,172	2,015,139	1,872,679	1,968,610	1,906,950			
Difference between Actual & Expected Experience	285,564	(1,170,693)	(2,147,441)	1,580,637	487,608	(3,330,087)	(888,903)			
Assumption changes			2,824,825	2,946,133						
Benefit Payments	(1,213,116)	(1,096,455)	(968,369)	(884,480)	(828,671)	(701,492)	(680,173)			
Net Change in Total OPEB Liability	2,515,183	1,076,896	2,901,029	6,371,305	2,193,716	(1,423,673)	941,380			
Total OPEB Liability - Beginning	41,436,674	40,359,778	37,458,749	31,087,444	28,893,728	30,317,401	29,376,021			
Total OPEB Liability - Ending	\$43,951,857	\$41,436,674	\$40,359,778	\$37,458,749	\$31,087,444	\$28,893,728	\$30,317,401	\$29,376,021	\$0	\$0
Plan Fiduciary Net Position										
Contributions - Employer									\$30,000	\$161,920
Net Investment Income (Loss)	\$1,863,983	(\$7,555,160)	\$10,318,201	\$3,191,728	\$4,174,718	\$1,051,626	\$5,060,786	\$1,098,052	763,470	3,139,995
Benefit Payments	(1,213,116)	(1,096,455)	(968,369)	(884,480)	(828,671)	(701,492)	(680,173)	(668,627)	(538,504)	0
Administrative Expense	(57,743)	(57,849)	(56,729)	(51,584)	(50,502)	(48,648)	(45,183)	(42,854)	(33,648)	(17,265)
Net Change in Plan Net Position	593,124	(8,709,464)	9,293,103	2,255,664	3,295,545	301,486	4,335,430	386,571	221,318	3,284,650
Plan Fiduciary Net Position - Beginning	46,200,579	54,910,043	45,616,940	43,361,276	40,065,731	39,764,245	35,428,815	35,042,244	34,820,926	31,536,276
Plan Fiduciary Net Position - Ending	\$46,793,703	\$46,200,579	\$54,910,043	\$45,616,940	\$43,361,276	\$40,065,731	\$39,764,245	\$35,428,815	\$35,042,244	\$34,820,926
Net OPEB (Asset) - Ending	(\$2,841,846)	(\$4,763,905)	(\$14,550,265)	(\$8,158,191)	(\$12,273,832)	(\$11,172,003)	(\$9,446,844)	(\$6,052,794)		
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	106.47%	111.50%	136.05%	121.78%	139.48%	138.67%	131.16%	120.60%		
Covered Employee Payroll (year end)	\$13,346,520	\$12,737,816	\$11,924,942	\$11,803,558	\$11,122,618	\$10,867,030	\$10,682,072	\$10,654,910	\$9,919,942	\$9,507,201
Net OPEB Liability as a Percentage of Covered Employee Payroll	-21%	-37%	-122%	-69%	-110%	-103%	-88%	-57%		

See Independent Auditor's Report.

Schedules of Required Supplementary Information
Schedule of City Water & Light OPEB Contributions

Plan Year ending October 31	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$218,560	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions in relation to the actuarially determined contribution	0	0	0	0	0	0	0	0	30,000	161,920
Contribution deficiency (excess)	<u>\$218,560</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$30,000)</u>	<u>(\$161,920)</u>
Covered-employee payroll	\$13,346,520	\$12,737,816	\$11,924,942	\$11,803,558	\$11,122,618	\$10,867,030	\$10,682,072	\$10,654,910	\$9,919,942	\$9,507,201
Contributions as a percentage of covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%

Notes to Schedule:

Plan Years ending prior to 11/1/2018:

The actuarially determined contribution shown above is the OPEB Annual Pension Cost under GASB 45.

Valuation date:

Actuarially determined contributions are calculated as of October 31 after the valuation date.

Actuarial cost method:

Entry Age Normal

Amortization method:

Level Dollar over remaining work life

Remaining amortization period:

8 years as of 11/1/2023

Asset valuation method:

Market Value

Assumed inflation:

2.25% per year.

Assumed single discount rate:

6.00%

Assumed retirement age:

Retirement rate of 10% for ages 55 to 59, 15% for 60 & 61, 25% for 62, 20% for 63 & 64, and 100% for age 65 and over.

Mortality:

Pub-G projected generationally with MP 2019.
(RP 2014 Healthy Mortality Table before 11/1/2020.)

See Independent Auditor's Report.

Components of Net OPEB (Benefit)

The components of the net OPEB benefit at October 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Total OPEB Liability	\$43,951,857	\$41,436,674
Plan's Fiduciary Net Position	<u>46,793,703</u>	<u>46,200,579</u>
Net OPEB (Benefit)	<u>(\$2,841,846)</u>	<u>(\$4,763,905)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Benefit	106.5%	111.5%

See Independent Auditor's Report.



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SUPPLEMENTARY INFORMATION

CWL
COMBINING STATEMENT OF NET POSITION - ALL DEPARTMENTS
December 31, 2023

ASSETS

	<u>Electric Department</u>	<u>Water Department</u>	<u>Wastewater Department</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$33,050,901			\$33,050,901
Temporary investments	35,918,590			35,918,590
Accounts receivable, less credit losses from doubtful accounts	6,545,109	\$831,659	\$683,123	8,059,891
Accrued utility revenues	2,224,928	509,913	393,934	3,128,775
Accrued interest receivable	1,135,310	10,587	7,233	1,153,130
Inventories	26,317,780	5,159,577	1,081,520	32,558,877
Prepaid expenses	1,578,208			1,578,208
Total Current Assets	<u>106,770,826</u>	<u>6,511,736</u>	<u>2,165,810</u>	<u>115,448,372</u>
INVESTMENTS AND LONG-TERM RECEIVABLES				
Non-utility property	7,026,334			7,026,334
Investments	72,562,570	1,997,000	2,000,000	76,559,570
Restricted cash deposits	2,005,339			2,005,339
Installment receivables		862	41,384	42,246
Total Investments and Long-Term Receivables	<u>81,594,243</u>	<u>1,997,862</u>	<u>2,041,384</u>	<u>85,633,489</u>
NONCURRENT ASSETS				
Net OPEB Asset	2,841,846			2,841,846
Total Noncurrent Assets	<u>2,841,846</u>			<u>2,841,846</u>
CAPITAL ASSETS				
Construction in progress	10,510,582	3,997,461	63,743,605	78,251,648
Utility plant in service	502,010,490	93,899,912	143,631,092	739,541,494
	512,521,072	97,897,373	207,374,697	817,793,142
Less accumulated depreciation	362,030,948	54,800,196	64,285,602	481,116,746
Total Capital Assets	<u>150,490,124</u>	<u>43,097,177</u>	<u>143,089,095</u>	<u>336,676,396</u>
DEFERRED OUTFLOWS				
Pension	20,080,768			20,080,768
OPEB	12,133,024			12,133,024
Total Deferred Outflows	<u>32,213,792</u>			<u>32,213,792</u>
INTERDEPARTMENT RECEIVABLE (PAYABLE)	<u>56,585,803</u>	<u>10,920,538</u>	<u>(67,506,341)</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$430,496,634</u>	<u>\$62,527,313</u>	<u>\$79,789,948</u>	<u>\$572,813,895</u>

See Independent Auditor's Report

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	<u>Electric Department</u>	<u>Water Department</u>	<u>Wastewater Department</u>	<u>Total</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	\$3,502,420			\$3,502,420
Unearned revenue	6,057,911			6,057,911
Accounts payable	6,127,138			6,127,138
Customer deposits	3,446,383			3,446,383
Accrued interest	186,391			186,391
Accrued taxes	113,716			113,716
Accrued salaries and vacations	911,487	\$432,351	\$304,981	1,648,819
Total Current Liabilities	<u>20,345,446</u>	<u>432,351</u>	<u>304,981</u>	<u>21,082,778</u>
NONCURRENT LIABILITIES				
Long-term debt	35,542,416		15,820,211	51,362,627
Net Pension Liability	7,705,909			7,705,909
Total Noncurrent Liabilities	<u>43,248,325</u>		<u>15,820,211</u>	<u>59,068,536</u>
TOTAL LIABILITIES	<u>63,593,771</u>	<u>432,351</u>	<u>16,125,192</u>	<u>80,151,314</u>
DEFERRED INFLOWS				
Pension	3,825,794			3,825,794
OPEB	6,897,863			6,897,863
Total Deferred Inflows	<u>10,723,657</u>			<u>10,723,657</u>
NET POSITION				
Net Capital Assets	111,445,288	43,097,177	127,268,884	281,811,349
Restricted	2,005,339			2,005,339
Unrestricted	242,728,579	18,997,785	(63,604,128)	198,122,236
Total Net Position	<u>356,179,206</u>	<u>62,094,962</u>	<u>63,664,756</u>	<u>481,938,924</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$430,496,634</u>	<u>\$62,527,313</u>	<u>\$79,789,948</u>	<u>\$572,813,895</u>

See Independent Auditor's Report

CWL
COMBINING STATEMENT OF NET POSITION - ALL DEPARTMENTS
December 31, 2022

ASSETS

	<u>Electric Department</u>	<u>Water Department</u>	<u>Wastewater Department</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$14,794,684			\$14,794,684
Temporary investments	25,880,797			25,880,797
Accounts receivable, less credit losses from doubtful accounts	19,781,865	\$638,412	\$495,638	20,915,915
Accrued utility revenues	3,205,423	453,530	330,982	3,989,935
Accrued interest receivable	1,085,232	10,603	7,233	1,103,068
Inventories	23,888,038	4,123,240	312,579	28,323,857
Prepaid expenses	1,118,046			1,118,046
Total Current Assets	<u>89,754,085</u>	<u>5,225,785</u>	<u>1,146,432</u>	<u>96,126,302</u>
INVESTMENTS AND LONG-TERM RECEIVABLES				
Non-utility property	7,026,334			7,026,334
Investments	114,507,479	2,000,000	2,000,000	118,507,479
Restricted cash deposits	2,306,270			2,306,270
Installment receivables		1,249	47,653	48,902
Total Investments and Long-Term Receivables	<u>123,840,083</u>	<u>2,001,249</u>	<u>2,047,653</u>	<u>127,888,985</u>
NONCURRENT ASSETS				
Net OPEB Asset	<u>4,763,905</u>			<u>4,763,905</u>
Total Noncurrent Assets	<u>4,763,905</u>			<u>4,763,905</u>
CAPITAL ASSETS				
Construction in progress	5,092,860	3,535,739	26,460,059	35,088,658
Utility plant in service	<u>489,829,321</u>	<u>90,349,903</u>	<u>140,734,426</u>	<u>720,913,650</u>
	494,922,181	93,885,642	167,194,485	756,002,308
Less accumulated depreciation	<u>350,004,565</u>	<u>52,591,459</u>	<u>60,645,174</u>	<u>463,241,198</u>
Total Capital Assets	<u>144,917,616</u>	<u>41,294,183</u>	<u>106,549,311</u>	<u>292,761,110</u>
DEFERRED OUTFLOWS				
Pension	20,932,843			20,932,843
OPEB	<u>14,185,601</u>			<u>14,185,601</u>
Total Deferred Outflows	<u>35,118,444</u>			<u>35,118,444</u>
INTERDEPARTMENT RECEIVABLE (PAYABLE)	<u>24,230,842</u>	<u>10,646,477</u>	<u>(34,877,319)</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$422,624,975</u>	<u>\$59,167,694</u>	<u>\$74,866,077</u>	<u>\$556,658,746</u>

See Independent Auditor's Report

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	<u>Electric Department</u>	<u>Water Department</u>	<u>Wastewater Department</u>	<u>Total</u>
CURRENT LIABILITIES				
Current maturities of long-term debt	\$3,389,089			\$3,389,089
Accounts payable	13,928,506			13,928,506
Customer deposits	3,209,174			3,209,174
Accrued interest	197,433			197,433
Accrued taxes	412,084			412,084
Accrued salaries and vacations	<u>888,273</u>	<u>\$417,487</u>	<u>\$292,594</u>	<u>1,598,354</u>
Total Current Liabilities	<u>22,024,559</u>	<u>417,487</u>	<u>292,594</u>	<u>22,734,640</u>
NONCURRENT LIABILITIES				
Long-term debt	38,106,394		16,758,653	54,865,047
Net Pension Liability	<u>5,556,576</u>			<u>5,556,576</u>
Total Noncurrent Liabilities	<u>43,662,970</u>		<u>16,758,653</u>	<u>60,421,623</u>
TOTAL LIABILITIES	<u>65,687,529</u>	<u>417,487</u>	<u>17,051,247</u>	<u>83,156,263</u>
DEFERRED INFLOWS				
Pension	6,099,355			6,099,355
OPEB	<u>9,545,073</u>			<u>9,545,073</u>
Total Deferred Inflows	<u>15,644,428</u>			<u>15,644,428</u>
NET POSITION				
Net Capital Assets	103,422,133	41,294,183	89,790,658	234,506,974
Restricted	2,306,270			2,306,270
Unrestricted	<u>235,564,615</u>	<u>17,456,024</u>	<u>(31,975,828)</u>	<u>221,044,811</u>
Total Net Position	<u>341,293,018</u>	<u>58,750,207</u>	<u>57,814,830</u>	<u>457,858,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$422,624,975</u>	<u>\$59,167,694</u>	<u>\$74,866,077</u>	<u>\$556,658,746</u>

See Independent Auditor's Report

CWL
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2023

	Electric Department	Water Department	Wastewater Department	Total
OPERATING REVENUE	<u>\$96,427,781</u>	<u>\$13,575,567</u>	<u>\$11,454,027</u>	<u>\$121,457,375</u>
OPERATING EXPENSES				
Production and operations	39,332,523	2,431,921	3,521,796	45,286,240
Purchased power	23,596,507			23,596,507
Transmission	562,676			562,676
Distribution	9,229,596	3,532,617	2,575,435	15,337,648
Customers' accounting and collection	2,013,910	1,538,738	454,091	4,006,739
Administrative and general	5,120,236	989,297	1,050,490	7,160,023
Depreciation (not provided elsewhere)	12,446,127	2,333,448	3,604,969	18,384,544
Contributions in lieu of taxes	222,672			222,672
	<u>92,524,247</u>	<u>10,826,021</u>	<u>11,206,781</u>	<u>114,557,049</u>
INCOME (LOSS) FROM OPERATIONS	<u>3,903,534</u>	<u>2,749,546</u>	<u>247,246</u>	<u>6,900,326</u>
OTHER INCOME (EXPENSE)				
Interest income	3,533,448	16	1,624	3,535,088
Investment income	7,477,336			7,477,336
Rent income	602,675	125,792	178,138	906,605
Miscellaneous income	227,357	47,044		274,401
Interest expense	(982,051)		(599,498)	(1,581,549)
Nonoperating expense	(3,742)			(3,742)
Bond expense	(17,600)			(17,600)
Contributions to City of Jonesboro	(182,607)	(500,000)		(682,607)
	<u>10,654,816</u>	<u>(327,148)</u>	<u>(419,736)</u>	<u>9,907,932</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	14,558,350	2,422,398	(172,490)	16,808,258
CONTRIBUTIONS	<u>327,837</u>	<u>922,357</u>	<u>6,022,416</u>	<u>7,272,610</u>
CHANGE IN NET POSITION	14,886,187	3,344,755	5,849,926	24,080,868
NET POSITION-BEGINNING OF YEAR	<u>341,293,018</u>	<u>58,750,207</u>	<u>57,814,830</u>	<u>457,858,055</u>
NET POSITION-END OF YEAR	<u>\$356,179,205</u>	<u>\$62,094,962</u>	<u>\$63,664,756</u>	<u>\$481,938,923</u>

See Independent Auditor's Report

CWL
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2022

	Electric Department	Water Department	Wastewater Department	Total
OPERATING REVENUE	\$126,943,036	\$12,853,678	\$10,186,802	\$149,983,516
OPERATING EXPENSES				
Production and operations	49,810,989	2,482,757	3,281,152	55,574,898
Purchased power	46,303,354			46,303,354
Transmission	40,083			40,083
Distribution	8,342,476	3,265,189	2,291,610	13,899,275
Customers' accounting and collection	2,194,535	1,443,044	429,733	4,067,312
Administrative and general	4,970,286	774,085	869,101	6,613,472
Depreciation (not provided elsewhere)	11,416,857	2,222,170	3,386,416	17,025,443
Contributions in lieu of taxes	225,319			225,319
	<u>123,303,899</u>	<u>10,187,245</u>	<u>10,258,012</u>	<u>143,749,156</u>
INCOME (LOSS) FROM OPERATIONS	<u>3,639,137</u>	<u>2,666,433</u>	<u>(71,210)</u>	<u>6,234,360</u>
OTHER INCOME (EXPENSE)				
Interest income	1,675,790	84,059	64,496	1,824,345
Investment (loss)	(10,253,491)			(10,253,491)
Rent income	615,349	128,476	139,446	883,271
Miscellaneous income	233,033	13,308		246,341
Interest expense	(781,828)		(372,678)	(1,154,506)
Bond expense	(239,610)		(225,110)	(464,720)
Contributions to City of Jonesboro	(283,189)	(500,000)		(783,189)
	<u>(9,033,946)</u>	<u>(274,157)</u>	<u>(393,846)</u>	<u>(9,701,949)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(5,394,809)	2,392,276	(465,056)	(3,467,589)
CONTRIBUTIONS	<u>653,171</u>	<u>671,473</u>	<u>1,548,971</u>	<u>2,873,615</u>
CHANGE IN NET POSITION	(4,741,638)	3,063,749	1,083,915	(593,974)
NET POSITION-BEGINNING OF YEAR	<u>346,034,656</u>	<u>55,686,458</u>	<u>56,730,915</u>	<u>458,452,029</u>
NET POSITION-END OF YEAR	<u>\$341,293,018</u>	<u>\$58,750,207</u>	<u>\$57,814,830</u>	<u>\$457,858,055</u>

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OTHER INFORMATION

CWL ELECTRIC DEPARTMENT
SCHEDULES OF ENERGY SOURCES AND USES (UNAUDITED)
Years Ended December 31, 2023 and 2022

	(In Kilowatt-Hours)		Increase (Decrease)
	2023	2022	
Production			
Plant output	738,032,700	757,614,100	(19,581,400)
Purchased power	807,235,500	873,866,770	(66,631,270)
Energy Available	<u>1,545,268,200</u>	<u>1,631,480,870</u>	<u>(86,212,670)</u>
Less sales to other utilities	<u>92,407,900</u>	<u>123,980,300</u>	<u>(31,572,400)</u>
Total for Distribution	<u>1,452,860,300</u>	<u>1,507,500,570</u>	<u>(54,640,270)</u>
Sales to Customers			
City			
Residential	488,129,317	516,334,381	(28,205,064)
Commercial	317,491,944	328,991,431	(11,499,487)
Industrial	558,577,780	556,052,126	2,525,654
Security lighting	2,163,137	2,143,661	19,476
	<u>1,366,362,178</u>	<u>1,403,521,599</u>	<u>(37,159,421)</u>
Rural			
Residential	58,827	39,570	19,257
Commercial	473,233	322,669	150,564
	<u>532,060</u>	<u>362,239</u>	<u>169,821</u>
Total Sales to Customers	<u>1,366,894,238</u>	<u>1,403,883,838</u>	<u>(36,989,600)</u>
Interdepartment Sales	<u>28,040,857</u>	<u>28,182,006</u>	<u>(141,149)</u>
Total Sales	<u>1,394,935,095</u>	<u>1,432,065,844</u>	<u>(37,130,749)</u>
Contributions to City of Jonesboro			
Street lighting	3,117,887	3,169,999	(52,112)
City department	<u>11,180,984</u>	<u>10,710,937</u>	<u>470,047</u>
Total Free Service	<u>14,298,871</u>	<u>13,880,936</u>	<u>417,935</u>
Total Usage	<u>1,409,233,966</u>	<u>1,445,946,780</u>	<u>(36,712,814)</u>
Distribution losses	<u>43,626,334</u>	<u>61,553,790</u>	<u>(17,927,456)</u>
Total for Distribution	<u>1,452,860,300</u>	<u>1,507,500,570</u>	<u>(54,640,270)</u>

See independent auditor's report.

See Independent Auditor's Report.

CWL ELECTRIC DEPARTMENT
SCHEDULES OF CUSTOMER DATA (UNAUDITED)
Years Ended December 2023, 2022, 2021, 2020 and 2019

Electric Customers. The following table sets forth by customer classification the average number of customers for the years indicated and average price per kWh for 2023 for electric service:

<u>Classifications</u>	<u>Average Number of Customers</u>					<u>2023 Average</u>	<u>2023 Average Price</u>
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Bill</u>	<u>Per kWh (cents)</u>
Residential	34,591	34,116	33,670	33,019	32,535	\$92.92	7.90
Commercial	5,595	5,569	5,472	5,399	5,356	381.93	8.01
Industrial	38	35	34	34	34	77,951.50	6.36

Charges for electric service consist of a fixed monthly charge for residential and small commercial customers and a demand charge for industrial and large commercial customers, plus, in each case, charges for actual usage.

The energy sales to customers by retail customer classes for 2019 through 2023 are shown below.

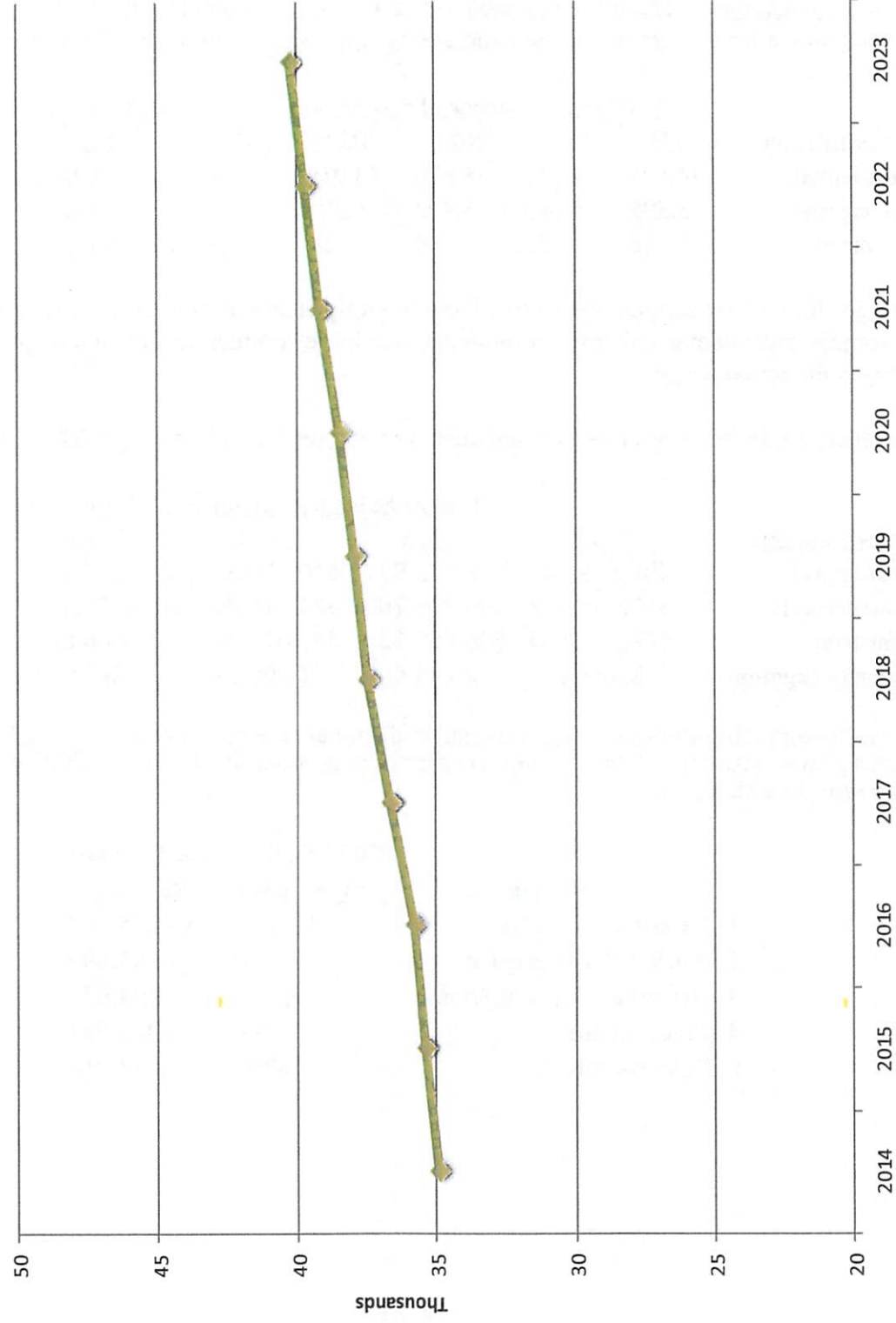
<u>Classifications</u>	<u>Energy Sales to Customers (in kWh)</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential	488,188,144	516,373,951	510,920,553	476,632,592	502,889,268
Commercial	317,965,177	329,314,100	323,716,028	309,938,883	338,154,984
Industrial	558,577,780	556,052,126	558,678,220	533,466,020	525,531,720
Security Lighting	2,163,137	2,143,661	1,900,924	5,268,051	5,335,445

The following table shows the peak demand and annual revenues for the year 2023 for CWL's five largest power customers. These customers represent approximately 18% of 2023 electric revenues from sales to customers.

<u>Customer</u>	<u>2023 Peak</u>	<u>2023 Annual</u>
	<u>Demand (kW)</u>	<u>Revenue</u>
1. Riceland Foods Inc.	12,440	\$4,255,364
2. Anchor Packaging Inc.	9,887	4,184,693
3. Arkansas State University	9,643	3,394,032
4. Frito Lay Inc.	8,159	3,060,581
5. Post Food LLC	7,405	3,022,214

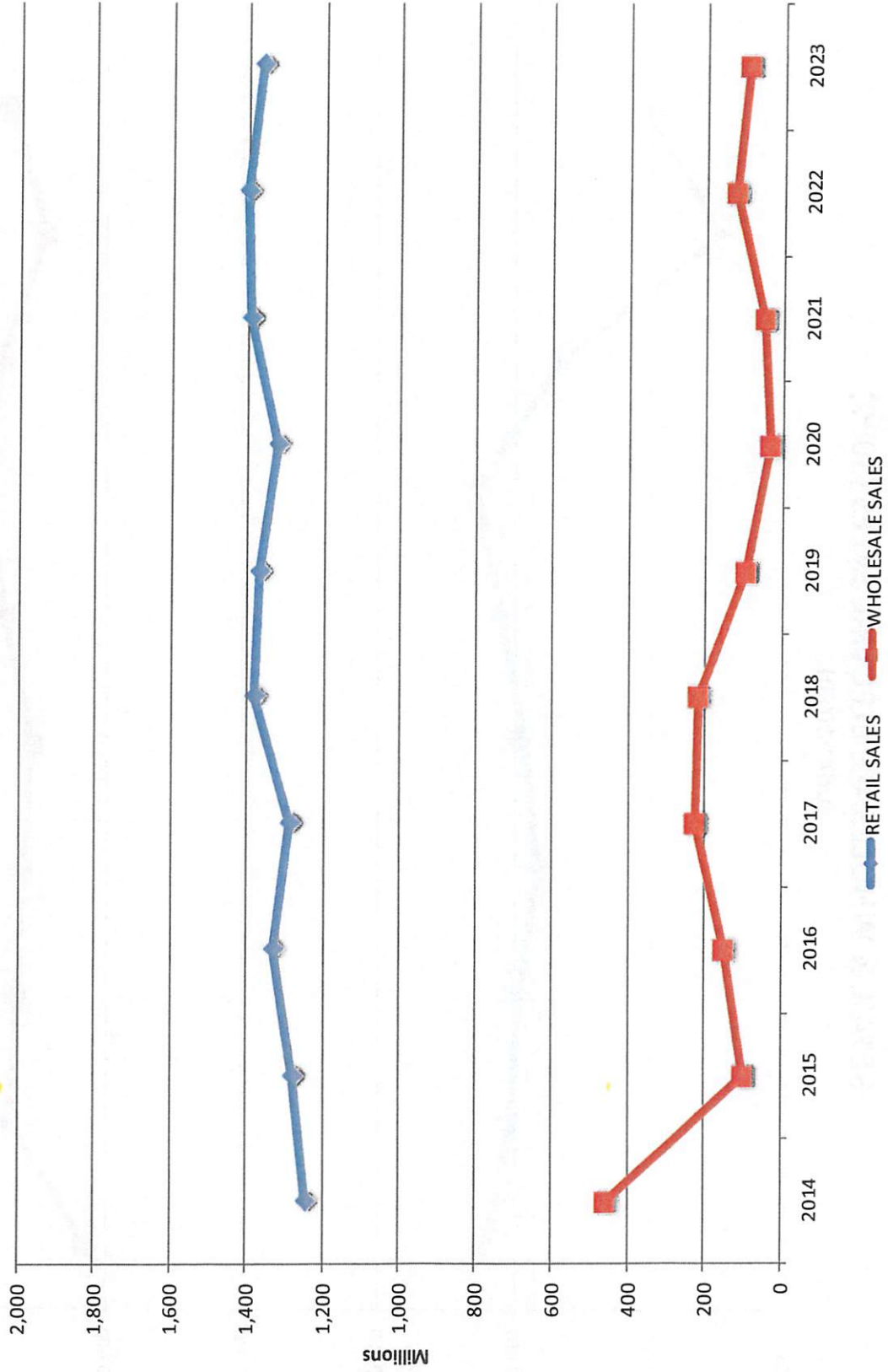
See Independent Auditor's Report.

AVERAGE NUMBER OF ELECTRIC CUSTOMERS (UNAUDITED)



See independent auditor's report.

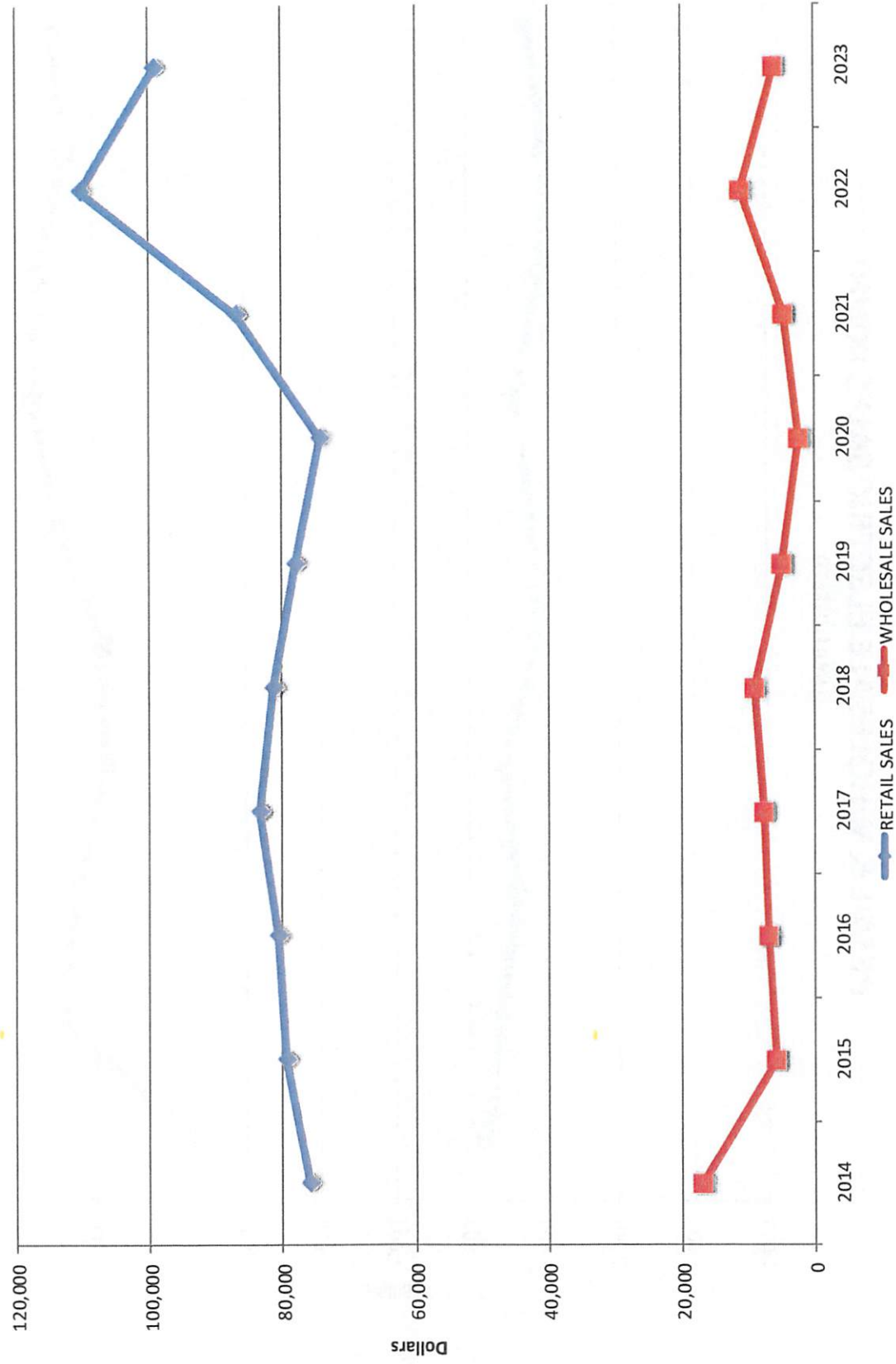
RETAIL & WHOLESALE ELECTRIC SALES (KWH) (UNAUDITED)



See independent auditor's report.

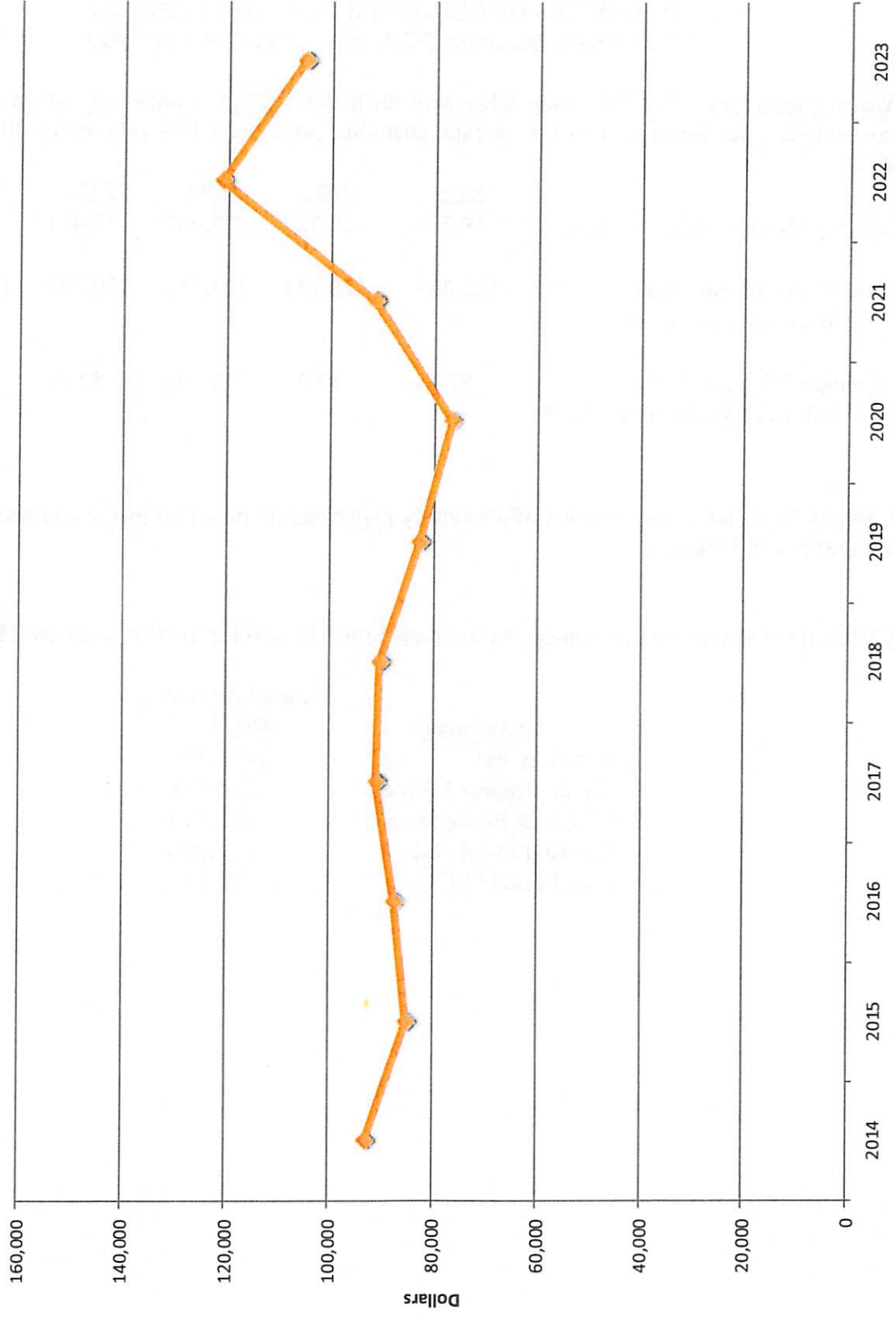
RETAIL & WHOLESALE ELECTRIC SALES (\$'000)

(UNAUDITED)



See independent auditor's report.

TOTAL ELECTRIC SALES (\$'000)
(UNAUDITED)



See independent auditor's report.

CWL WATER DEPARTMENT
SCHEDULES OF CUSTOMER DATA (UNAUDITED)
Years Ended December 2023, 2022, 2021, 2020 and 2019

Water Customers. The following table sets forth the average number of customers, annual consumption per customer and the average customer price per 1,000 gallons for 2019 through 2023:

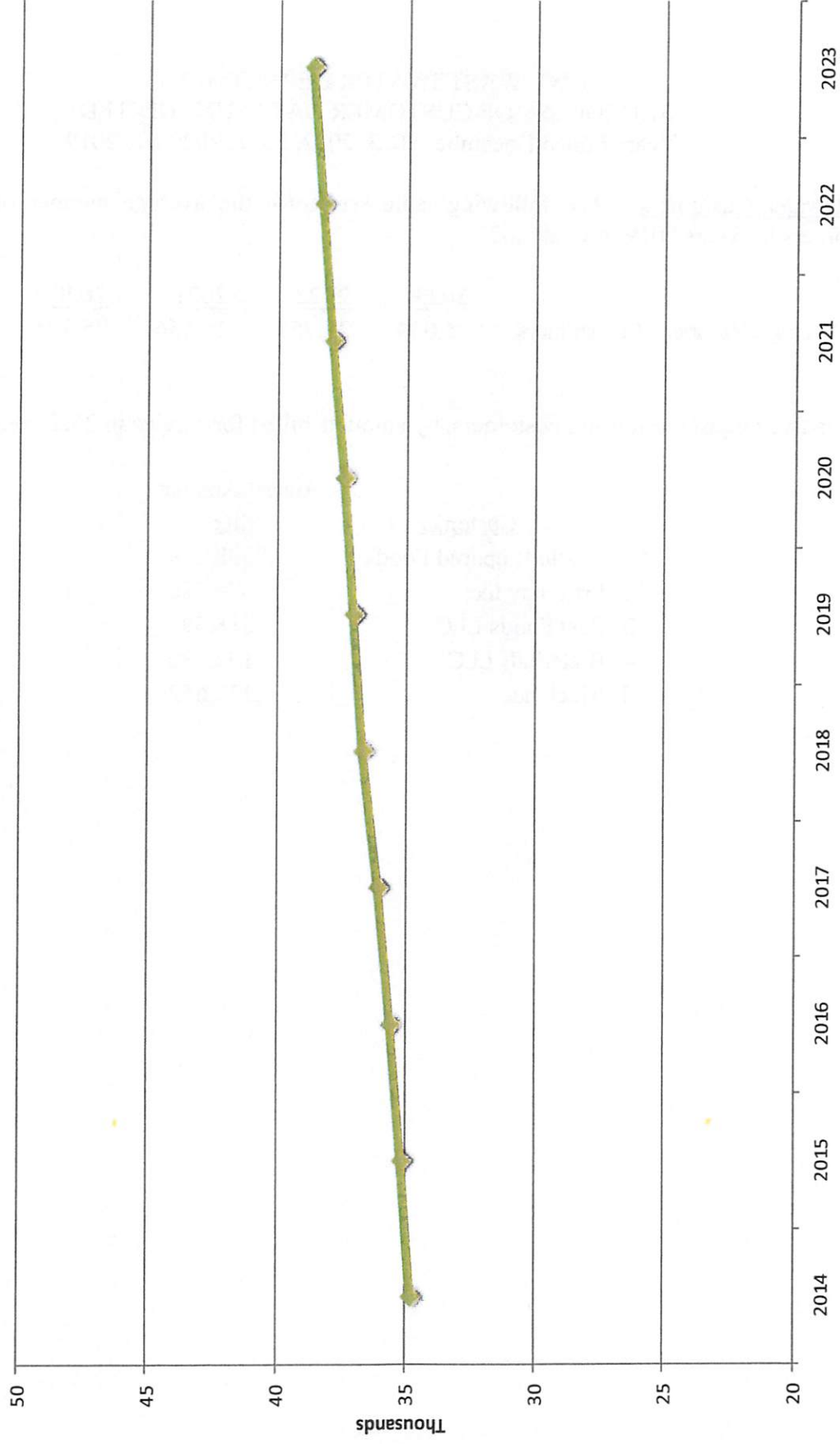
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Average Number of Customers	38,704	38,320	37,902	37,421	37,043
Annual Consumption per Customer (in gallons)	125,254	128,742	123,452	120,897	117,065
Average Price per 1,000 Gallons of Water (in dollars)	\$2.78	\$2.59	\$2.46	\$2.42	\$2.38

Charges for water service consist of a monthly meter charge based on meter size and additional charges based on usage.

CWL's five largest water customers, by amounts billed for service in 2023, were as follows:

<u>Customer</u>	<u>Annual Amount Billed</u>
1. Frito Lay Inc.	\$493,894
2. Nestle Prepared Foods	270,538
3. Nice Pak Products Inc.	153,114
4. Riceland Foods Inc.	151,396
5. Post Foods LLC	122,777

AVERAGE WATER CUSTOMERS (UNAUDITED)



See independent auditor's report.

CWL WASTEWATER DEPARTMENT
SCHEDULES OF CUSTOMER DATA (UNAUDITED)
Years Ended December 2023, 2022, 2021, 2020 and 2019

Wastewater Customers. The following table sets forth the average number of wastewater customers for years 2019 through 2023:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Average Number of Customers	26,034	25,753	25,456	25,101	24,818

CWL's five largest wastewater customers, by amounts billed for service in 2023 were as follows:

<u>Customer</u>	<u>Annual Amount Billed</u>
1. Nestle Prepared Foods	\$898,279
2. Frito Lay Inc.	670,386
3. Post Foods LLC	518,594
4. Butterball LLC	192,980
5. Riceland	177,652

AVERAGE WASTEWATER CUSTOMERS (UNAUDITED)



See independent auditor's report.

CWL
SCHEDULE OF FINANCIAL AND OPERATING RATIOS (UNAUDITED)
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
1. Debt to Equity Ratio	15.90%	17.70%
2. Current Ratio	5.48	4.23
3. Return on Investment	3.58%	-0.76%
4. Operating Margin	5.68%	4.16%
5. Plant In Service Per Retail Customer	\$3,208	\$2,821

1. **DEBT TO EQUITY RATIO** – Total liabilities divided by total assets. A financial leverage ratio that indicates the proportion of a company's assets that are being funded through debt.
2. **CURRENT RATIO** – Total current assets divided by total current liabilities. A liquidity ratio that measures a company's ability to cover its short-term obligations with its current assets.
3. **RETURN ON INVESTMENT** – Income before contributions divided by average net position. A performance measure used to evaluate the efficiency of investments.
4. **OPERATING MARGIN** – Income from operations divided by operating revenues. A profitability ratio that measures the profit a company makes on a dollar of sales after accounting for the direct costs involved in earning those revenues.
5. **PLANT IN SERVICE PER RETAIL CUSTOMER** – Undepreciated cost of utility plant divided by the average number of customers.

See Independent Auditor's Report.



**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
City Water and Light Plant of the City of Jonesboro (Arkansas)
Jonesboro, 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 ("GAS"), the financial statements of the business-type activities and aggregate fiduciary fund statements of City Water and Light Plant of the City of Jonesboro (Arkansas) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City Water and Light Plant of the City of Jonesboro (Arkansas)'s basic financial statements, and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City Water and Light Plant of the City of Jonesboro (Arkansas)'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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control. Accordingly, we do not express an opinion on the effectiveness of City Water and Light Plant of the City of Jonesboro (Arkansas)'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 City Water and Light Plant of the City of Jonesboro (Arkansas)'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 City Water and Light Plant of the City of Jonesboro (Arkansas)'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 GAS.

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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control or on compliance. This report is an integral part of an audit performed in accordance with GAS in considering City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
March 14, 2024



**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance**

Board of Directors
City Water and Light Plant of the City of Jonesboro (Arkansas)
Jonesboro, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City Water and Light Plant of the City of Jonesboro (Arkansas)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City Water and Light Plant of the City of Jonesboro (Arkansas)'s major federal program for the year ended December 31, 2023. City Water and Light Plant of the City of Jonesboro (Arkansas)'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City Water and Light Plant of the City of Jonesboro (Arkansas)'s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("GAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City Water and Light Plant of the City of Jonesboro (Arkansas) and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City Water and Light Plant of the City of Jonesboro (Arkansas)'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City Water and Light Plant of the City of Jonesboro (Arkansas)'s federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City Water and Light Plant of the City of Jonesboro (Arkansas)'s compliance based on our audit. 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 GAAS, GAS, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City Water and Light Plant of the City of Jonesboro (Arkansas)'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Fraser, PLLC

Certified Public Accountants

Little Rock, Arkansas
March 14, 2024

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section 1 – Summary of Auditor’s Results

Combined Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to combined financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor’s report issued on compliance for major federal programs: Unqualified

Are any audit findings disclosed that are required to be reported in accordance
with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

Federal Assistance Listing (“FAL”) Numbers(s) and Name of Federal Program or Cluster

American Rescue Plan Act Funding	21.027
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021**

Reference Number	Summary of Finding	Status
No matters are reportable.		

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	FAL Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of the Treasury passed through to the Arkansas Department of Agriculture Arkansas Natural Resources Commision	21.027	<u>\$ 0</u>	<u>\$ 5,000,000</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

1. The accompanying schedule of expenditures of federal awards ("SEFA") includes the federal award activity of City Water and Light Plant of Jonesboro, Arkansas under programs of the federal government for the year ended December 31, 2023. The information in the SEFA 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"). Because the SEFA presents only a selected portion of the operations of City Water and Light, it is not intended to and does not present the financial position, changes in net assets or cash flows of City Water and Light.
2. Expenditures reported on the SEFA are reported on the accrual basis of accounting. Disbursements are recognized following, as applicable, the cost principles in U.S. Office of Management and Budget's Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. City Water and Light has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.