CLARK COUNTY COUNTRY WATER FACILITIES

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ARKADELPHIA, ARKANSAS

OCTOBER 31, 2023

CLARK COUNTY COUNTRY WATER FACILITIES
ARKADELPHIA, ARKANSAS

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Clark County Country Water Facilities

We have performed the procedures enumerated below on the accounting records of Clark County Country Water Facilities as of and for the year ended October 31, 2023. Clark County Country Water Facilities' management is responsible for the entity's accounting records.

Clark County Country Water Facilities has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Cash and Investments

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

    We found no exceptions as a result of the procedures.

2. Receipts

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

    We found no exceptions as a result of the procedures.

3. Accounts Receivable

    a. Agree ten customer billings to the accounts receivable sub ledger.
    b. Determine that five customer adjustments were properly authorized.

    We found no exceptions as a result of the procedures.

4. Disbursements

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

    We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

    We found no exceptions as a result of the procedure.

6. Long-Term Debt

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

    We found no exceptions as a result of the procedures.

7. General

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

    We found no exceptions as a result of the procedure.

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

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

This report is intended solely for the information and use of Clark County Country Water Facilities and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
February 5, 2024

Clark County Country Water Facilities
Arkadelphia, Arkansas

Management is responsible for the accompanying financial statements of Clark County Country Water Facilities, which comprise the statements of net position as of October 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows, as of and for the years then ended, and the related notes to the financial statements, which collectively comprise the Facilities' basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule on page 19 and the Required Supplemental Information for Cost-Sharing Plans on page 22 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management.

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

The Schedules of Operating Expenses on page 18 and Schedule of Other Information on pages 20-21 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. This supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion nor provide any assurance on such information.

As discussed in Note 1, the financial statements referred to above present only Clark County Country Water Facilities and are not intended to present fairly the financial position of Clark County, Arkansas, and the results of its operations and the cash flows of its other funds in conformity with generally accepted accounting principles.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
February 5, 2024

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CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF NET POSITION
OCTOBER 31, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2023	2022
CURRENT ASSETS:		
Cash	$ 773,870	$ 791,689
Certificates of Deposit - Revenue	1,057,273	1,034,222
Accounts Receivable	54,854	60,386
Prepaid Insurance	1,796	1,823
TOTAL CURRENT ASSETS	1,887,793	1,888,120
RESTRICTED ASSETS:		
Cash - Restricted for Meter Deposits	66,866	65,317
Cash - Southfork Road Extension	12,577	12,441
Certificate of Deposit - Grant Funds	25,260	25,000
TOTAL RESTRICTED ASSETS	104,703	102,758
PLANT AND EQUIPMENT:		
Land	3,059	3,059
Plant and Buildings	1,873,534	1,871,008
Vehicles and Equipment	563,714	481,946
	2,440,307	2,356,013
Less Accumulated Depreciation	(1,737,197)	(1,653,855)
TOTAL PLANT AND EQUIPMENT	703,110	702,158
TOTAL ASSETS	2,695,606	2,693,036
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	33,811	15,418
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,729,417	$ 2,708,454

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

CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF NET POSITION
OCTOBER 31, 2023 AND 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2023	2022
CURRENT LIABILITIES:		
Accounts Payable	$ 33,120	$ 33,846
Accrued Payroll Taxes Payable	1,561	3,049
Accrued Retirement Payable	485	1,065
Accrued Sales Tax Payable	3,849	4,272
Accrued Vacation and Sick Leave	6,180	6,283
TOTAL CURRENT LIABILITIES	45,195	48,515
LIABILITIES PAYABLE FROM RESTRICTED FUNDS:		
Customers' Meter Deposits	66,866	65,317
Current Notes Payable - Arkansas Natural Resources	1,426	1,358
Accrued Interest Payable	242	270
TOTAL LIABILITIES PAYABLE FROM RESTRICTED FUNDS	68,534	66,945
LONG-TERM LIABILITIES:		
Notes Payable - Arkansas Natural Resources	10,183	11,609
Net Pension Liability	61,256	17,851
TOTAL LONG-TERM LIABILITIES	71,439	29,460
TOTAL LIABILITIES	185,168	144,920
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pension	34,979	83,348
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	220,147	228,268
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	691,501	689,191
Restricted	37,595	37,171
Unrestricted	2,471,675	2,443,015
TOTAL NET POSITION	2,509,270	2,480,186
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 2,729,417	$ 2,708,454

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

CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUE:		
Water Revenue	$ 574,031	$ 512,961
Penalties	7,173	7,649
Connection Fees	32,810	32,650
Water System Public Service Fees	5,066	5,001
Other Revenue	6,277	4,625
TOTAL REVENUE	625,357	562,886
TOTAL OPERATING EXPENSES (SCHEDULE I)	637,621	569,914
OPERATING INCOME (LOSS)	(12,264)	(7,028)
NONOPERATING REVENUE (EXPENSES):		
Interest Earned	41,968	10,989
Interest Expense	(620)	(686)
TOTAL NONOPERATING REVENUE (EXPENSES)	41,348	10,303
NET INCOME	29,084	3,275
NET POSITION - BEGINNING OF YEAR	2,480,186	2,476,911
NET POSITION - END OF YEAR	$ 2,509,270	$ 2,480,186

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

CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 629,927	$ 572,997
Cash Paid to Suppliers	(434,496)	(463,839)
Cash Paid to Employees	(146,433)	(93,603)
NET CASH FLOW FROM OPERATING ACTIVITIES	48,998	15,555
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	41,968	10,989
Proceeds from Maturity of Certificates of Deposit	-	575,441
Purchase of Certificate of Deposit	(22,349)	(606,398)
NET CASH FLOW FROM INVESTING ACTIVITIES	19,619	(19,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Customer Deposits (Net) Received	1,549	3,166
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(84,294)	(97,907)
Principal Payment - Debt	(1,358)	(1,293)
Interest Paid	(648)	(713)
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(86,300)	(99,913)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,134)	(101,160)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	869,447	970,607
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 853,313	$ 869,447

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

CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED OCTOBER 31, 2023 AND 2022

Reconciliation of operating income to net cash flow from operating activities:

	2023	2022
OPERATING INCOME (LOSS)	$ (12,264)	$ (7,028)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Bad Debt Expense	962	2,199
Depreciation	83,342	53,183
Pension Related Adjustments	(23,357)	(24,083)
Change in Assets and Liabilities:		
Accounts Receivable	4,570	(14,889)
Prepaid Expense	27	1,288
Accounts Payable and Accrued Expenses	(3,320)	7,084
TOTAL ADJUSTMENTS	61,262	22,583
NET CASH FLOW FROM OPERATING ACTIVITIES	$ 48,998	$ 15,555

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

None

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

Note 1. Significant Accounting Policies:

Clark County Ordinance No. 0-91-9 created the Clark County Country Water Facilities Board pursuant to the provisions of Act No. 142 of the Acts of Arkansas of 1975 for the purposes set forth in the act which include assisting in the financing of waterworks and sewage facilities within or near the county. This Board was sworn in on June 13, 1991.

Simultaneously with the issuance of water revenue refunding bonds, the assets and liabilities of the Country Water Association, Inc., an Arkansas nonprofit corporation, were transferred to the Board. The Board is a public facilities board under Arkansas law which was created to accept the assets of the Association and to operate its water storage and distribution system. The assets were transferred on October 28, 1991.

Land, plant and equipment were transferred from Country Water Association, Inc. at its book value of $1,487,602. Subsequent acquisitions are stated at cost. Depreciation has been computed using the straight-line method over the estimated useful lives as follows:

	Years
Water Plant	40
Equipment	5 - 15

The accompanying financial statements and other information reflect the Clark County Country Water Facilities only and do not include other funds of the County of Clark, Arkansas.

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Facilities applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Facilities applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

Bad debts, which are insignificant in amount, are recognized based on the direct charge-off of individual accounts considered uncollectible after application of customers' deposits.

The Facilities requires every customer to pay a cash meter deposit before service is provided. Concentration of credit risk with respect to trade receivables is limited by these deposits.

For purposes of the Statement of Cash Flows, the Facilities considers all highly liquid debt instruments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

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

Management has evaluated subsequent events through February 5, 2024, the date the financial statements were available for issuance.

Note 2. Current Assets:

Accounts receivable at October 31, 2023 of $54,854 is for October 2023 water usage except for $4,669 in accounts in arrears. Accounts receivable at October 31, 2022 of $60,386 is for October 2022 water usage except for $6,073 in accounts in arrears.

Prepaid insurance consists of the unexpired portion of payments for insurance coverage.

Note 3. Compensated Absences:

Vested or accumulated vacation and sick leave are recorded as expenses and liabilities as the benefits accrue to employees in accordance with Accounting Standards Codification Topic 710, Compensation. Expenses related to compensated absences of $6,180 and $6,283 are included in the financial statements for the years ended October 31, 2023 and 2022, respectively.

Note 4. Major Supplier:

During the years ended October 31, 2023 and 2022, the Facilities purchased 100% of its water for resale from the City of Arkadelphia, Arkansas Water and Sewer System. At October 31, 2023, the amount due to Arkadelphia Water and Sewer was $20,147 and at October 31, 2022, $20,642.

Note 5. Public Fund Deposits and Investments:

State law generally requires that Facilities funds be deposited in federally insured banks located within the State of Arkansas. The deposits may be in the form of checking accounts, savings accounts, and/or time deposits.

Public funds may also be invested in direct obligations of the United States of America and obligations, where the principal and interest on which are fully guaranteed by the United States of America. All cash funds of the Facilities are deposited in accounts in the name of Clark County Country Water Facilities in financial institutions permitted by law.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Facilities' deposits may not be returned to it. Clark County Country Water Facilities does not have a policy for custodial credit risk. The carrying value of the Facilities' accounts and investments at October 31, 2023 was $1,935,591. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had bank balances of $1,939,741 before reduction of outstanding items.

Note 5. Public Fund Deposits and Investments: (Continued)

The securities held as collateral are classified as to credit risk under three categories, as follows:

Category 1 - Collateralized with securities held by the Facilities or by its agent in the Facilities' name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Facilities' name.

Category 3 - Uncollateralized - this includes held by the pledging financial institution's trust department or agent but not in the Facilities' name.

All Securities are classified under category 3, above.

Federal Deposit Insurance Corporation coverage allows for $250,000 of coverage on all accounts deposited within each financial institution participating in the FDIC program. The amount of the Facilities' bank balances in excess of FDIC coverage at October 31, 2023 and 2022 was $915,257 and $923,658, respectively. At October 31, 2023, securities with a total market value of $929,791 were pledged as collateral by financial institutions and held by the pledging institution's agent in the Facilities' name.

Investment Interest Rate Risk: Clark County Country Water Facilities does not have an investment interest rate risk. All investments are certificates of deposit with maturities up to 36 months and the Facilities is under no obligation to renew upon maturity.

Investment Credit Risk: Clark County Country Water Facilities does not have a formal investment policy. All investments are short-term certificates of deposit with banks authorized by state law to receive deposits of public funds and with which the Facilities has a collateral agreement.

Foreign Currency Risk: Clark County Country Water Facilities has no exposure to foreign currency risk.

Note 6. Notes Payable:

Long-term debt consists of the following:

	10/31/2023	10/31/2022
Note payable to Arkansas Natural Resources Commission, $2,006 payable annually, including interest at 5.00%, unsecured, maturing in June 2030.	$ 11,609	$ 12,967
Less portion considered current	(1,426)	(1,358)
Total long-term debt	$ 10,183	$ 11,609

Note 6. Notes Payable: (Continued)

Maturities of notes payable are as follows:

Years Ending October 31:	
2024	1,426
2025	1,497
2026	1,572
2027	1,650
2028	1,733
Thereafter	3,731
	$ 11,609

Note 7. Capital Assets:

Capital asset activity for the year ended October 31, 2023 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Plant and Equipment:					
Land	$ 3,059	$ -	$ -	$ -	$ 3,059
Water Plant	1,871,008	2,526	-	-	1,873,534
Vehicles and Equipment	481,946	81,768	-	-	563,714
Total Plant and Equipment	2,356,013	84,294	-	-	2,440,307
Less Accumulated Depreciation:					
Water Plant	(1,265,023)	(50,440)	-	-	(1,315,463)
Vehicles and Equipment	(388,832)	(32,902)	-	-	(421,734)
Total Depreciation	(1,653,855)	(83,342)	-	-	(1,737,197)
Net Capital Assets	$ 702,158	$ 952	$ -	$ -	$ 703,110

Capital asset activity for the year ended October 31, 2022 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Plant and Equipment:					
Land	$ 3,059	$ -	$ -	$ -	$ 3,059
Water Plant	1,864,641	6,367	-	-	1,871,008
Vehicles and Equipment	390,406	91,540	-	-	481,946
Total Plant and Equipment	2,258,106	97,907	-	-	2,356,013
Less Accumulated Depreciation:					
Water Plant	(1,214,736)	(50,287)	-	-	(1,265,023)
Vehicles and Equipment	(385,936)	(2,896)	-	-	(388,832)
Total Depreciation	(1,600,672)	(53,183)	-	-	(1,653,855)
Net Capital Assets	$ 657,434	$ 44,724	$ -	$ -	$ 702,158

Note 8. Arkansas Public Employees Retirement System:

Implementation of GASB 68 – Restatement of Prior Year Ending Net Position

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, which became effective for fiscal years beginning after June 15, 2014. The Statement establishes standards for public pension plan obligations for participating employers.

Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report in the financial statements a net pension liability, deferred outflows or inflows of resources related to pensions, and pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and the actual investment return.

Plan Description

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

The state of Arkansas issues an annual report that includes financial statements and required supplementary information for the APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201.

Funding Policy: The Facilities contributes an actuarially determined amount to the plan, which was 15.32% of annual covered payroll as of October 31, 2023. Contributions made by the Facilities were $12,265 and $9,527 for the years ended October 31, 2023 and 2022, respectively.

Benefits Provided

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

Contributory, prior to 07/01/2005	2.07%
Contributory, on or after 07/01/2005, but prior to 07/01/2007	2.03%
Contributory, on or after 07/01/2007	2.00%
Non-Contributory	1.72%

Note 8. Arkansas Public Employees Retirement System: (Continued)

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

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

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

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

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-703(c)(3). Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2023. This percentage was unchanged for the year beginning July 1, 2023.

APERS Fiduciary Net Position

Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at http://www.apers.org/annualreports.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

The collective Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

Note 8. Arkansas Public Employees Retirement System: (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Wage Inflation Rate	3.25%
Salary Increases	3.25 – 9.85%
Investment Rate of Return	7.15% (net of investment and administrative expenses)
Mortality Table	RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2017.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Facilities' target asset allocation as of June 30, 2022 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
Total	100%	

Discount Rate

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection

Note 8. Arkansas Public Employees Retirement System: (Continued)

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

At October 31, 2023, the Facilities reported deferred outflows of resources and deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	2023	2022	2021	2020	2019
Deferred Outflows of Resources:					
Differences between expected and actual experience	$ 1,470	$ 409	$ 1,891	$ 3,109	$ 1,684
Changes in proportion and differences between employer contributions and proportionate share of contribution	1,449	3,143	7,064	5,395	7,959
Changes in assumptions	-	-	1,785	6,201	12,046
Utility contributions subsequent to measurement date	17,970	11,866	10,094	22,925	20,246
Net difference between projected and actual earnings on pension plan investments	12,922	-	15,076	-	-
Deferred Inflows of Resources:					
Differences between expected and actual experience	(740)	(1,145)	(94)	(170)	(1,111)
Changes in proportion and differences between employer contributions and proportionate share of contribution	(34,239)	(50,743)	(758)	(1,279)	(494)
Changes in assumptions	-	(125)	(2,441)	(4,392)	(6,547)
Utility contributions subsequent to measurement date					-
Net difference between projected and actual earnings on pension plan investments	-	(31,335)	-	(868)	(2,679)
Totals	$ (1,168)	$ (67,930)	$ 32,617	$ 30,921	$ 31,104

$17,970 reported as deferred outflows of resources related to pensions resulting from Facilities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended October 31, 2023. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended October 31,	Differences in Experience	Changes in Assumptions	Differences in Earnings	Changes in Proportion	Net Reduction in Pension Expense
2024	$ 159	$ -	$ 2,585	$ (7,132)	$ (4,388)
2025	159	-	2,585	(7,132)	(4,388)
2026	159	-	2,584	(7,132)	(4,389)
2027	159	-	2,584	(7,132)	(4,389)
2028	94	-	2,584	(4,262)	(1,584)
	$ 730	$ -	$ 12,922	$ (32,790)	$ (19,138)

Note 9. Risk Management:

The Facilities is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Facilities maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Facility.

SUPPLEMENTARY INFORMATION

CLARK COUNTY COUNTRY WATER FACILITIES
SCHEDULES OF OPERATING EXPENSES
FOR YEARS ENDED OCTOBER 31, 2023 AND 2022

	2023	2022
OPERATING EXPENSES:		
Water Purchases	$ 163,586	$ 165,596
Salaries	146,330	95,180
Management Fees	-	54,167
Advertising	1,000	3,297
Supplies	68,978	78,175
Equipment Rental	7,731	5,894
Utilities and Telephone	20,381	18,652
Repairs and Maintenance	76,569	46,641
Depreciation	83,342	53,183
Travel	8,363	8,432
Professional Services	6,363	6,873
Insurance	17,757	8,849
Taxes and Licenses	11,143	6,042
Dues and Subscriptions	1,004	4,650
Employee Retirement	12,265	9,527
GASB 68 Adustment	(23,357)	(24,083)
Office Supplies	17,194	16,930
Employee Benefits	2,600	3,050
Water System Public Service Fee	5,011	4,997
Trustee Fees	1,065	-
Bad Debts	962	2,199
Miscellaneous	9,334	1,663
TOTAL OPERATING EXPENSES	$ 637,621	$ 569,914

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CLARK COUNTY COUNTRY WATER FACILITIES
BUDGETARY COMPARISON SCHEDULE
FOR YEAR ENDED OCTOBER 31, 2023

	Budget	Actual	Variance
OPERATING REVENUES:			
Water Revenue	$ 584,898	$ 574,031	$ (10,867)
Penalties	7,500	7,173	(327)
Connection Fees	32,650	32,810	160
Water System Public Service Fees	5,059	5,066	7
Other Revenue	4,875	6,277	1,402
TOTAL OPERATING REVENUES	634,982	625,357	(9,625)
OPERATING EXPENSES:			
Water Purchases	165,000	163,586	1,414
Salaries	145,705	146,330	(625)
Advertising	2,150	1,000	1,150
Supplies	70,000	68,978	1,022
Equipment Rental	20,580	7,731	12,849
Utilities and Telephone	21,750	20,381	1,369
Repairs and Maintenance	30,000	76,569	(46,569)
Depreciation	51,400	83,342	(31,942)
Travel	8,200	8,363	(163)
Professional Services	6,000	6,363	(363)
Insurance	14,500	17,757	(3,257)
Taxes and Licenses	10,040	11,143	(1,103)
Dues and Subscriptions	4,500	1,004	3,496
Employee Retirement	20,724	12,265	8,459
GASB 68 Adustment	-	(23,357)	23,357
Office Supplies	16,000	17,194	(1,194)
Employee Benefits	3,050	2,600	450
Water System Public Service Fee	5,059	5,011	48
Trustee Fees	-	1,065	(1,065)
Bad Debts	500	962	(462)
Miscellaneous	1,850	9,334	(7,484)
TOTAL OPERATING EXPENSES	597,008	637,621	(40,613)
OPERATING INCOME (LOSS)	37,974	(12,264)	(50,238)
OTHER INCOME (EXPENSES):			
Interest Revenue	2,500	41,968	39,468
Interest Expense	(2,006) *	(620)	1,386
TOTAL OTHER INCOME (EXPENSES)	494	41,348	40,854
NET INCOME	$ 38,468	$ 29,084	$ (9,384)

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* Budgeted amount includes total principal and interest payment.

CLARK COUNTY COUNTRY WATER FACILITIES
SCHEDULE OF OTHER INFORMATION
OCTOBER 31, 2023

Water Rates

Usage - Gallons			
0 - 2,000	$	30.00	Minimum
2,001 - 5,000		6.00	Per 1,000 Gallons
5,001 - 8,000		4.75	Per 1,000 Gallons
8,001 - 10,000		4.25	Per 1,000 Gallons
10,001 - 20,000		4.00	Per 1,000 Gallons
Over - 20,000		3.75	Per 1,000 Gallons

Water Rates for Shady Grove, Southfork & Bateman Road

Usage - Gallons			
0 - 2,000	$	30.80	Minimum
2,001 - 5,000		10.50	Per 1,000 Gallons
5,001 - 8,000		7.00	Per 1,000 Gallons
8,001 - 10,000		3.50	Per 1,000 Gallons
Over - 10,000		3.50	Per 1,000 Gallons

Customer Base

Water Customers at October 31, 2023 1,058

INSURANCE COVERAGE AS OF OCTOBER 31, 2023

Type of Coverage	Coverage Period	Amount
Real Property and Equipment/Liability	03/22/2023 - 03/22/2024	$ 1,422,657
Workers Compensation	09/19/2023 - 09/19/2024	
Each Accident		$ 100,000
Policy		$ 500,000
Employee		$ 100,000
Directors and Officers Liability	07/13/2023 - 07/13/2024	$ 1,000,000

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Board Members:		Present Term Expires:
President	Donald Hatley 163 Mosley Rd Arkadelphia, AR 71923	December, 2025
Vice-President	Debbie Manning 2379 Central Road Arkadelphia, AR 71923	December, 2027
Secretary-Treasurer	Donna Lee 3592 Highway 26 West Arkadelphia, AR 71923	December, 2024
Board Member	Randall Quillin 668 Mt Zion Rd Arkadelphia, AR 71923	December, 2026
Board Member	Troy Garlin 87 Central Rd Arkadelphia, AR 71923	December, 2023
Operator/Manager	David Green 199 Banks Rd Arkadelphia, AR 71923	

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CLARK COUNTY COUNTRY WATER FACILITIES
REQUIRED SUPPLEMENTAL INFORMATION
FOR COST-SHARING PLANS
FOR THE YEAR ENDED OCTOBER 31, 2023

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

	2023	2022	2021	2020	2019
Facilities' proportion of the net pension liability (asset) per APERS	0.0022718%	0.0023219%	0.0049756%	0.0047358%	0.0047992%
Facilities' proportionate share of the net pension liability - per APERS	$ 61,256	$ 17,851	$ 142,481	$ 114,251	$ 105,868
Facilities' covered-employee payroll	$ 80,059	$ 62,187	$ 46,678	$ 83,414	$ 95,465
Facilities' proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.51%	28.71%	305.24%	136.97%	110.90%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	78.55%	78.55%	78.55%	79.59%

Schedule of Required Contributions Last Fiscal Year

	2023	2022	2021	2020	2019
Contractually required contribution	$ 12,265	$ 9,527	$ 7,151	$ 12,779	$ 14,500
Contributions in relation to the contractually required contribution	(12,265)	(9,527)	(7,151)	(12,779)	(14,500)
Contribution deficiency (excess)	-	-	-	-	-
Facilities' covered-employee payroll	$ 80,059	$ 62,187	$ 46,678	$ 83,414	$ 95,465
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	15.19%

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