

CLARK COUNTY COUNTRY WATER FACILITIES



ARKADELPHIA, ARKANSAS

OCTOBER 31, 2024

CLARK COUNTY COUNTRY WATER FACILITIES
ARKADELPHIA, ARKANSAS

TABLE OF CONTENTS
OCTOBER 31, 2024

	<u>PAGE NO.</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1 - 2
Independent Accountants' Compilation Report	3
Statements of Net Position - October 31, 2024 and 2023	4 - 5
Statements of Revenues, Expenses and Changes in Net Position - For Years Ended October 31, 2024 and 2023	6
Statements of Cash Flows - For Years Ended October 31, 2024 and 2023	7 - 8
Notes to Financial Statements	9 - 17
SUPPLEMENTARY INFORMATION	
SCHEDULE I Schedules of Operating Expenses - For Years Ended October 31, 2024 and 2023	18
SCHEDULE II Budgetary Comparison Schedule - For Year Ended October 31, 2024	19
SCHEDULE III Schedule of Other Information	20 - 21
SCHEDULE IV Required Supplemental Information for Cost-Sharing Plans	22

**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, 2024. 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 17, 2025

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, 2024 and 2023, 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. 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the 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 17, 2025

CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF NET POSITION
OCTOBER 31, 2024 AND 2023

Page 4

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash	\$ 841,930	\$ 773,870
Certificates of Deposit - Revenue	1,096,807	1,057,273
Accounts Receivable	59,335	54,854
Prepaid Insurance	1,949	1,796
TOTAL CURRENT ASSETS	<u>2,000,021</u>	<u>1,887,793</u>
RESTRICTED ASSETS:		
Cash - Restricted for Meter Deposits	69,496	66,866
Cash - Southfork Road Extension	12,961	12,577
Certificate of Deposit - Grant Funds	25,976	25,260
TOTAL RESTRICTED ASSETS	<u>108,433</u>	<u>104,703</u>
PLANT AND EQUIPMENT:		
Land	3,059	3,059
Plant and Buildings	1,876,059	1,873,534
Vehicles and Equipment	570,014	563,714
Construction in Progress	31,009	-
	<u>2,480,141</u>	<u>2,440,307</u>
Less Accumulated Depreciation	(1,823,981)	(1,737,197)
TOTAL PLANT AND EQUIPMENT	<u>656,160</u>	<u>703,110</u>
TOTAL ASSETS	<u>2,764,614</u>	<u>2,695,606</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	66,588	33,811
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,831,202</u>	<u>\$ 2,729,417</u>

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

CLARK COUNTY COUNTRY WATER FACILITIES
STATEMENTS OF NET POSITION
OCTOBER 31, 2024 AND 2023

Page 5

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 36,780	\$ 33,120
Accrued Payroll Taxes Payable	2,070	1,561
Accrued Retirement Payable	549	485
Accrued Sales Tax Payable	4,085	3,849
Accrued Vacation and Sick Leave	5,915	6,180
TOTAL CURRENT LIABILITIES	<u>49,399</u>	<u>45,195</u>
LIABILITIES PAYABLE FROM RESTRICTED FUNDS:		
Customers' Meter Deposits	69,496	66,866
Current Notes Payable - Arkansas Natural Resources	1,497	1,426
Accrued Interest Payable	212	242
TOTAL LIABILITIES PAYABLE FROM RESTRICTED FUNDS	<u>71,205</u>	<u>68,534</u>
LONG-TERM LIABILITIES:		
Notes Payable - Arkansas Natural Resources	8,686	10,183
Net Pension Liability	115,468	61,256
TOTAL LONG-TERM LIABILITIES	<u>124,154</u>	<u>71,439</u>
TOTAL LIABILITIES	<u>244,758</u>	<u>185,168</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pension	17,569	34,979
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>262,327</u>	<u>220,147</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	645,977	691,501
Restricted	38,725	37,595
Unrestricted	2,530,150	2,471,675
TOTAL NET POSITION	<u>2,568,875</u>	<u>2,509,270</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 2,831,202</u>	<u>\$ 2,729,417</u>

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, 2024 AND 2023

Page 6

	<u>2024</u>	<u>2023</u>
OPERATING REVENUE:		
Water Revenue	\$ 588,739	\$ 574,031
Penalties	6,582	7,173
Connection Fees	18,625	32,810
Water System Public Service Fees	5,128	5,066
Other Revenue	5,677	6,277
TOTAL REVENUE	<u>624,751</u>	<u>625,357</u>
 TOTAL OPERATING EXPENSES (SCHEDULE I)	 646,509	 637,621
 OPERATING INCOME (LOSS)	 <u>(21,758)</u>	 <u>(12,264)</u>
 NONOPERATING REVENUE (EXPENSES):		
Interest Earned	81,913	41,968
Interest Expense	(550)	(620)
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>81,363</u>	<u>41,348</u>
 NET INCOME	 <u>59,605</u>	 <u>29,084</u>
 NET POSITION - BEGINNING OF YEAR	 2,509,270	 2,480,186
 NET POSITION - END OF YEAR	 <u>\$ 2,568,875</u>	 <u>\$ 2,509,270</u>

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, 2024 AND 2023

Page 7

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 620,270	\$ 629,927
Cash Paid to Suppliers	(402,511)	(434,496)
Cash Paid to Employees	(149,138)	(146,433)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>68,621</u>	<u>48,998</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	81,913	41,968
Purchase of Certificate of Deposit	(40,249)	(22,349)
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>41,664</u>	<u>19,619</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Customer Deposits (Net) Received	<u>2,630</u>	<u>1,549</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(39,835)	(84,294)
Principal Payment - Debt	(1,426)	(1,358)
Interest Paid	(580)	(648)
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(41,841)</u>	<u>(86,300)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>71,074</u>	<u>(16,134)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	853,313	869,447
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 924,387</u></u>	<u><u>\$ 853,313</u></u>

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, 2024 AND 2023

Page 8

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

	<u>2024</u>	<u>2023</u>
OPERATING INCOME (LOSS)	<u>\$ (21,758)</u>	<u>\$ (12,264)</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Bad Debt Expense	-	962
Depreciation	86,784	83,342
Pension Related Adjustments	4,025	(23,357)
Change in Assets and Liabilities:		
Accounts Receivable	(4,481)	4,570
Prepaid Expense	(153)	27
Accounts Payable and Accrued Expenses	<u>4,204</u>	<u>(3,320)</u>
TOTAL ADJUSTMENTS	<u>90,379</u>	<u>61,262</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	<u><u>\$ 68,621</u></u>	<u><u>\$ 48,998</u></u>

SCHEDULE OF NONCASH INVESTING AND FINANCING
ACTIVITIES:

None

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

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 9

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:

	<u>Years</u>
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 17, 2025, the date the financial statements were available for issuance.

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 10

Note 2. Current Assets:

Accounts receivable at October 31, 2024 of \$59,335 is for October 2024 water usage except for \$6,565 in accounts in arrears. Accounts receivable at October 31, 2023 of \$54,854 is for October 2023 water usage except for \$4,669 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 \$5,915 and \$6,180 are included in the financial statements for the years ended October 31, 2024 and 2023, respectively.

Note 4. Major Supplier:

During the years ended October 31, 2024 and 2023, the Facilities purchased 100% of its water for resale from the City of Arkadelphia, Arkansas Water and Sewer System. At October 31, 2024, the amount due to Arkadelphia Water and Sewer was \$24,832 and at October 31, 2023, \$20,147.

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, 2024 was \$2,046,665. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had bank balances of \$2,050,194 before reduction of outstanding items.

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 11

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, 2024 and 2023 was \$1,009,940 and \$915,257, respectively. At October 31, 2024, securities with a total market value of \$1,118,405 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:

	<u>10/31/2024</u>	<u>10/31/2023</u>
Note payable to Arkansas Natural Resources Commission, \$2,006 payable annually, including interest at 5.00%, unsecured, maturing in June 2030.	\$ 10,183	\$ 11,609
Less portion considered current	<u>(1,497)</u>	<u>(1,426)</u>
Total long-term debt	<u><u>\$ 8,686</u></u>	<u><u>\$ 10,183</u></u>

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 12

Note 6. Notes Payable: (Continued)

Maturities of notes payable are as follows:

Years Ending October 31:

	Principal	Interest	Total
2025	\$ 1,497	\$ 509	\$ 2,006
2026	1,572	434	2,006
2027	1,650	356	2,006
2028	1,733	273	2,006
2029	1,819	187	2,006
Thereafter	1,912	96	2,008
	<u>\$ 10,183</u>	<u>\$ 1,855</u>	<u>\$ 12,038</u>

Note 7. Capital Assets:

Capital asset activity for the year ended October 31, 2024 was as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Plant and Equipment:					
Land	\$ 3,059	\$ -	\$ -	\$ -	\$ 3,059
Water Plant	1,873,534	2,525	-	-	1,876,059
Vehicles and Equipment	563,714	6,300	-	-	570,014
Construction in Progress	-	31,009	-	-	31,009
Total Plant and Equipment	<u>2,440,307</u>	<u>39,834</u>	<u>-</u>	<u>-</u>	<u>2,480,141</u>
Less Accumulated Depreciation:					
Water Plant	(1,315,463)	(51,072)	-	-	(1,366,535)
Vehicles and Equipment	(421,734)	(35,712)	-	-	(457,446)
Total Depreciation	<u>(1,737,197)</u>	<u>(86,784)</u>	<u>-</u>	<u>-</u>	<u>(1,823,981)</u>
Net Capital Assets	<u>\$ 703,110</u>	<u>\$ (46,950)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,160</u>

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	<u>2,356,013</u>	<u>84,294</u>	<u>-</u>	<u>-</u>	<u>2,440,307</u>
Less Accumulated Depreciation:					
Water Plant	(1,265,023)	(50,440)	-	-	(1,315,463)
Vehicles and Equipment	(388,832)	(32,902)	-	-	(421,734)
Total Depreciation	<u>(1,653,855)</u>	<u>(83,342)</u>	<u>-</u>	<u>-</u>	<u>(1,737,197)</u>
Net Capital Assets	<u>\$ 702,158</u>	<u>\$ 952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,110</u>

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 13

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, 2024. Contributions made by the Facilities were \$10,476 and \$12,265 for the years ended October 31, 2024 and 2023, 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%

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 14

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, 2024.

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, 2023, 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.

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 15

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

Actuarial Assumptions

The total pension liability in the June 30, 2023 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	7.00%
Wage Inflation Rate	3.25%
Salary Increases	3.25 – 9.85%
Investment Rate of Return	7.00% (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, 2023 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Assets	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fixed	18%	1.79%
Total	100%	

Discount Rate

A single discount rate of 7.00% 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 7.00%. The projection

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 16

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, 2024, the Facilities reported deferred outflows of resources and deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	2024	2023	2022	2021	2020
Deferred Outflows of Resources:					
Differences between expected and actual experience	\$ 6,518	\$ 1,470	\$ 409	\$ 1,891	\$ 3,109
Changes in proportion and differences between employer contributions and proportionate share of contribution	25,977	1,449	3,143	7,064	5,395
Changes in assumptions	5,428	-	-	1,785	6,201
Utility contributions subsequent to measurement date	14,293	17,970	11,866	10,094	22,925
Net difference between projected and actual earnings on pension plan investments	14,372	12,922	-	15,076	-
Deferred Inflows of Resources:					
Differences between expected and actual experience	(634)	(740)	(1,145)	(94)	(170)
Changes in proportion and differences between employer contributions and proportionate share of contribution	(16,935)	(34,239)	(50,743)	(758)	(1,279)
Changes in assumptions	-	-	(125)	(2,441)	(4,392)
Utility contributions subsequent to measurement date					
Net difference between projected and actual earnings on pension plan investments	-	-	(31,335)	-	(868)
Totals	<u>\$ 49,019</u>	<u>\$ (1,168)</u>	<u>\$ (67,930)</u>	<u>\$ 32,617</u>	<u>\$ 30,921</u>

\$14,293 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, 2024. 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
2025	\$ 1,280	\$ 1,181	\$ 2,875	\$ 1,967	\$ 7,303
2026	1,280	1,181	2,875	1,967	7,303
2027	1,280	1,181	2,875	1,967	7,303
2028	1,280	1,181	2,875	1,967	7,303
2029	764	704	2,872	1,174	5,514
	<u>\$ 5,884</u>	<u>\$ 5,428</u>	<u>\$ 14,372</u>	<u>\$ 9,042</u>	<u>\$ 34,726</u>

CLARK COUNTY COUNTRY WATER FACILITIES
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024

Page 17

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, 2024 AND 2023

SCHEDULE I
Page 18

	<u>2024</u>	<u>2023</u>
OPERATING EXPENSES:		
Water Purchases	\$ 187,557	\$ 163,586
Salaries	148,873	146,330
Advertising	3,175	1,000
Supplies	26,554	68,978
Equipment Rental	-	7,731
Utilities and Telephone	20,316	20,381
Repairs and Maintenance	86,587	76,569
Depreciation	86,784	83,342
Travel	4,905	8,363
Professional Services	5,325	6,363
Insurance	16,582	17,757
Taxes and Licenses	11,724	11,143
Dues and Subscriptions	9,427	1,004
Employee Retirement	10,476	12,265
GASB 68 Adjustment	4,025	(23,357)
Office Supplies	15,383	17,194
Employee Benefits	3,671	2,600
Water System Public Service Fee	5,011	5,011
Trustee Fees	-	1,065
Bad Debts	-	962
Miscellaneous	134	9,334
TOTAL OPERATING EXPENSES	<u>\$ 646,509</u>	<u>\$ 637,621</u>

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CLARK COUNTY COUNTRY WATER FACILITIES
BUDGETARY COMPARISON SCHEDULE
FOR YEAR ENDED OCTOBER 31, 2024

SCHEDULE II
Page 19

	Budget	Actual	Variance
OPERATING REVENUES:			
Water Revenue	\$ 570,000	\$ 588,739	\$ 18,739
Penalties	7,000	6,582	(418)
Connection Fees	16,800	18,625	1,825
Water System Public Service Fees	5,066	5,128	62
Other Revenue	5,500	5,677	177
TOTAL OPERATING REVENUES	<u>604,366</u>	<u>624,751</u>	<u>20,385</u>
OPERATING EXPENSES:			
Water Purchases	170,000	187,557	(17,557)
Salaries	120,913	148,873	(27,960)
Advertising	2,150	3,175	(1,025)
Supplies	50,000	26,554	23,446
Utilities and Telephone	21,000	20,316	684
Repairs and Maintenance	85,000	86,587	(1,587)
Depreciation	70,000	86,784	(16,784)
Travel	5,750	4,905	845
Professional Services	6,300	5,325	975
Insurance	18,000	16,582	1,418
Taxes and Licenses	11,100	11,724	(624)
Dues and Subscriptions	1,000	9,427	(8,427)
Employee Retirement	13,000	10,476	2,524
GASB 68 Adjustment	-	4,025	(4,025)
Office Supplies	16,500	15,383	1,117
Employee Benefits	2,050	3,671	(1,621)
Water System Public Service Fee	5,050	5,011	39
Miscellaneous	2,000	134	1,866
TOTAL OPERATING EXPENSES	<u>599,813</u>	<u>646,509</u>	<u>(46,696)</u>
OPERATING INCOME (LOSS)	<u>4,553</u>	<u>(21,758)</u>	<u>(26,311)</u>
OTHER INCOME (EXPENSES):			
Interest Revenue	18,872	81,913	63,041
Interest Expense	(2,006) *	(550)	1,456
TOTAL OTHER INCOME (EXPENSES)	<u>16,866</u>	<u>81,363</u>	<u>64,497</u>
NET INCOME	<u>\$ 21,419</u>	<u>\$ 59,605</u>	<u>\$ 38,186</u>

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* Budgeted amount includes total principal and interest payment.

CLARK COUNTY COUNTRY WATER FACILITIES
SCHEDULE OF OTHER INFORMATION
OCTOBER 31, 2024

SCHEDULE III
Page 20

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

Customer Base

Water Customers at October 31, 2024 1,070

INSURANCE COVERAGE AS OF OCTOBER 31, 2024

<u>Type of Coverage</u>	<u>Coverage Period</u>	<u>Amount</u>
Real Property and Equipment/Liability	03/22/2024 - 03/22/2025	\$ 1,642,553
Workers Compensation	09/19/2024 - 09/19/2025	
Each Accident		\$ 100,000
Policy		\$ 500,000
Employee		\$ 100,000
Directors and Officers Liability	07/13/2024 - 07/13/2025	\$ 1,000,000

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CLARK COUNTY COUNTRY WATER FACILITIES
SCHEDULE OF OTHER INFORMATION (Continued)
OCTOBER 31, 2024

SCHEDULE III
Page 21

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, 2029
Board Member	Randall Quillin 668 Mt Zion Rd Arkadelphia, AR 71923	December, 2026
Board Member	Troy Garlin 87 Central Rd Arkadelphia, AR 71923	December, 2028
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, 2024

SCHEDULE IV
Page 22

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

	2024	2023	2022	2021	2020
Facilities' proportion of the net pension liability (asset) per APERS	0.0039623%	0.0022718%	0.0023219%	0.0049756%	0.0047358%
Facilities' proportionate share of the net pension liability - per APERS	\$ 115,468	\$ 61,256	\$ 17,851	\$ 142,481	\$ 114,251
Facilities' covered-employee payroll	\$ 68,381	\$ 80,059	\$ 62,187	\$ 46,678	\$ 83,414
Facilities' proportionate share of the net pension liability as a percentage of its covered-employee payroll	168.86%	76.51%	28.71%	305.24%	136.97%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.55%	78.55%	78.55%	78.55%

Schedule of Required Contributions Last Fiscal Year

Contractually required contribution	\$ 10,476	\$ 12,265	\$ 9,527	\$ 7,151	\$ 12,779
Contributions in relation to the contractually required contribution	(10,476)	(12,265)	(9,527)	(7,151)	(12,779)
Contribution deficiency (excess)	-	-	-	-	-
Facilities' covered-employee payroll	\$ 68,381	\$ 80,059	\$ 62,187	\$ 46,678	\$ 83,414
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	15.32%

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