

CLARK COUNTY RIVER VALLEY WATER FACILITIES

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ARKADELPHIA, ARKANSAS

JULY 31, 2023



**ECHOLS, THOMPSON & KNEEBONE<sup>LTD</sup>**  
— CERTIFIED PUBLIC ACCOUNTANTS —

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
Clark County River Valley Water Facilities

We have performed the procedures enumerated below. These procedures are provided by the Arkansas Joint Auditing Committee and agreed to by the Clark County River Valley Water Facilities and its board of directors, solely to assist you with respect to the financial information of Clark County River Valley Water Facilities for the year ended July 31, 2023. This report is prepared in accordance with Ark. Code Ann. 14-234-119 through 122. Management is responsible for the financial information of Clark County River Valley Water Facilities. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Cash and Investments:**

- 1) We performed a proof of cash for the year and reconciled year-end bank balances to book balance.
- 2) We confirmed with depository institutions the cash on deposit and investments.
- 3) We agreed the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We had no findings with respect to the procedures performed.

**Receipts:**

- 1) We agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- 2) We agreed ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- 3) For one deposit, we agreed the cash/check composition of the deposit with receipt information.

We had no findings with respect to the procedures performed.

**Accounts Receivable:**

- 1) We agreed ten customer billings to the accounts receivable sub ledger.
- 2) We determined that five customer adjustments were properly authorized.

We had no findings with respect to the procedures performed.

**Independent Accountant's Report**  
**On Applying Agreed-Upon Procedures (Continued)**  
**Page 2**

**Disbursements:**

- 1) We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- 2) We analyzed all property, plant, and equipment disbursements.
- 3) We selected ten disbursements and determined that they were adequately documented.

We had no findings with respect to the procedures performed.

**Property, Plant, and Equipment:**

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

We had no findings with respect to the procedures performed.

**Long-Term Debt:**

- 1) We scheduled long-term debt and verify changes in all balances for the year.
- 2) We confirmed loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- 3) We determined that the appropriate debt service accounts have been established and maintained.

We had no findings with respect to the procedures performed.

**General:**

- 1) We determined that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We had no findings with respect to the procedures performed.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

***Echols, Thompson & Kneebone, Ltd.***

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Echols, Thompson & Kneebone, LTD.

November 30, 2023

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
ARKADELPHIA, ARKANSAS

COMPILATION REPORT - TABLE OF CONTENTS  
JULY 31, 2023

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To the Board of Directors  
Clark County River Valley Water Facilities  
Arkadelphia, AR

Management is responsible for the accompanying financial statements of Clark County River Valley Water Facilities, which comprise the statements of net position as of July 31, 2023 and 2022, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements 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.

The Schedule of Other Information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. This supplementary information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Management has omitted the management's discussion and analysis and budgetary comparison schedule 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 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.

We are not independent with respect to Clark County River Valley Water Facilities.

*Turner, Rodgers, Manning & Plyler, PLLC*  
Arkadelphia, AR  
September 29, 2023

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
STATEMENTS OF NET POSITION  
JULY 31, 2023 AND 2022

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	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:			
Cash - Revenue		\$ 40,088	\$ 45,577
Cash - Operation and Maintenance		1,163	-
Certificates of Deposit - Revenue		308,099	307,354
Accounts Receivable		25,231	25,802
Prepaid Insurance		3,257	3,154
Accrued Interest Receivable		48	49
TOTAL CURRENT ASSETS		<u>377,886</u>	<u>381,936</u>
RESTRICTED ASSETS:			
Cash - Meter Deposits		36,515	35,117
Cash - Debt Service		41,399	41,361
Cash - Depreciation		141,263	140,282
Certificates of Deposit		195,378	194,365
Accrued Interest Receivable		20	97
TOTAL RESTRICTED ASSETS		<u>414,574</u>	<u>411,222</u>
PROPERTY, PLANT AND EQUIPMENT:			
Land		1,876	1,876
Water Plant		1,913,851	1,913,851
Equipment		<u>183,460</u>	<u>175,505</u>
		2,099,187	2,091,231
Less Accumulated Depreciation		<u>(1,400,447)</u>	<u>(1,353,442)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT		698,739	737,789
TOTAL ASSETS		<u><u>\$ 1,491,199</u></u>	<u><u>\$ 1,530,947</u></u>

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
STATEMENTS OF NET POSITION  
JULY 31, 2023 AND 2022

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LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 17,559	\$ 12,448
Bank Overdraft	-	2,495
Accrued Interest Payable	273	290
Sales Tax Payable	1,412	1,490
Revenue Bond Payable - Series 1995A	21,985	21,019
Revenue Bond Payable - Series 1995B	2,869	2,743
TOTAL CURRENT LIABILITIES	<u>44,098</u>	<u>40,485</u>
LIABILITIES PAYABLE FROM RESTRICTED FUNDS:		
Customers' Meter Deposits	<u>35,097</u>	<u>33,797</u>
LONG-TERM LIABILITIES:		
Revenue Bond Payable - Series 1995A	305,062	327,043
Revenue Bond Payable - Series 1995B	38,947	41,816
TOTAL LONG-TERM LIABILITIES	<u>344,009</u>	<u>368,859</u>
TOTAL LIABILITIES	<u>423,203</u>	<u>443,141</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	329,876	345,168
Restricted	379,477	377,425
Unrestricted	358,642	365,213
TOTAL NET POSITION	<u>1,067,995</u>	<u>1,087,806</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,491,199</u>	<u>\$ 1,530,947</u>

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

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

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	<u>2023</u>	<u>2022</u>
OPERATING REVENUE:		
Water Revenue	\$ 267,844	\$ 269,969
Penalties	3,647	2,787
Water Reconnect Fees	50	3,887
Water System Public Service Fees	2,423	1,782
New Service	5,432	2,798
Miscellaneous Revenue	-	7,395
TOTAL REVENUE	<u>279,396</u>	<u>288,618</u>
OPERATING EXPENSES:		
Water Purchases	111,731	99,135
Contract Labor	70,317	79,208
Supplies	3,016	2,376
Tank Rental	20	-
Utilities and Telephone	11,429	12,861
Repairs and Maintenance	6,084	12,342
Depreciation	53,766	52,379
Diesel Fuel	682	-
Legal and Accounting	10,977	10,791
Insurance	5,480	5,184
Water System Public Service Fees	1,796	-
Dues and Subscriptions	3,438	784
Office Supplies	5,118	5,576
Meals	-	81
Miscellaneous	387	426
TOTAL OPERATING EXPENSES	<u>284,241</u>	<u>281,143</u>
OPERATING INCOME	<u>(4,845)</u>	<u>7,475</u>
NON-OPERATING REVENUE (EXPENSES):		
Interest Earned	1,916	1,503
Discounts Earned	286	314
Interest Expense	(17,168)	(18,212)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(14,966)</u>	<u>(16,395)</u>
INCREASE (DECREASE) IN NET POSITION	<u>(19,811)</u>	<u>(8,920)</u>
NET POSITION - BEGINNING OF YEAR	1,087,806	1,096,726
NET POSITION - END OF YEAR	<u>\$ 1,067,995</u>	<u>\$ 1,087,806</u>

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.



CLARK COUNTY RIVER VALLEY WATER FACILITIES  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED JULY 31, 2023 AND 2022

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	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 279,967	\$ 286,275
Cash Paid Suppliers	(225,545)	(238,235)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>54,422</u>	<u>48,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	2,281	1,813
Proceeds/(Purchase) of Time Deposits	(1,757)	(1,268)
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>524</u>	<u>545</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Bank Overdraft	(2,495)	2,495
Customer Deposits (Net) Received	1,300	905
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	<u>(1,195)</u>	<u>3,400</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Debt Payment	(23,758)	(22,715)
Interest Paid	(17,185)	(18,229)
Capital Asset Acquisitions	(14,716)	(1,112)
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(55,660)</u>	<u>(42,056)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,909)	9,929
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	262,337	252,408
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 260,428</u>	<u>\$ 262,337</u>

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED JULY 31, 2023 AND 2022

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

	<u>2023</u>	<u>2022</u>
OPERATING INCOME	<u>\$ (4,845)</u>	<u>\$ 7,475</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Depreciation	53,766	52,379
Change in Assets and Liabilities:		
Accounts Receivable	570	(2,343)
Prepaid Expense	(103)	(372)
Accounts Payable	5,112	(9,224)
Accrued Expenses	(78)	125
TOTAL ADJUSTMENTS	<u>59,267</u>	<u>40,565</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	<u><u>\$ 54,422</u></u>	<u><u>\$ 48,040</u></u>

SCHEDULE OF NONCASH INVESTING AND FINANCING  
ACTIVITIES:  
None

See Accountants' Compilation Report and Accompanying Notes to Financial Statements.

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2023

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Note 1. Significant Accounting Policies:

Clark County Ordinance No. 0-93-10 created the Clark County River Valley 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. The Board was sworn in on November 12, 1993. Construction of the water distribution system was completed in 1995.

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.

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

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with generally accepted accounting principles under which revenues are recognized when earned, and expenses are recorded when incurred. The Facilities applies all relevant Government 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.

Plant and equipment are stated on the basis of cost, and depreciation is calculated using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Water Plant	40
Equipment	5 – 7

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 investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Management has evaluated subsequent events through September 29, 2023 the date the financial statements were available for issuance.

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2023

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Note 2. Current Assets:

Accounts receivable at July 31, 2023 of \$25,231 is for July water usage except for \$1,757 in accounts in arrears.

Accounts receivable at July 31, 2022 amounting to \$25,802 is for July water usage, except for \$108 in accounts in arrears.

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

Note 3. Restricted Assets:

The Letter of Conditions agreement with USDA/Rural Development required the Facilities to establish a Debt Service Reserve Fund account with required monthly transfers of \$343 until a balance of \$40,944 was reached. Transfers were not required until final inspection was made on September 12, 1996. The System made no transfers during the year ended July 31, 2023. The balance in the Debt Reserve Fund as of July 31, 2023 was \$41,399.

Note 4. Public Fund Deposits and Investments:

State law generally requires that Public 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 the principal and interest on which are fully guaranteed by the United States of America. All cash funds of the System, except bonds funds held by the trustees of prior bond issues, are deposited in accounts in the name of Clark County River Valley 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, a government's deposits may not be returned to it. Clark County River Valley Water Facilities does not have a policy for custodial credit risk. The carrying value of the Systems' accounts and investments at July 31, 2023 was \$763,905. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had bank balances of \$768,861 with no reduction of outstanding items. Financial institutions pledged securities with a fair market value of \$490,920 to collateralize deposits.

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

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

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

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

All securities are classified under category 3, above.

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2023

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Note 4. Public Fund Deposits and Investments: (Continued)

Federal Deposit Insurance Corporation coverage allows for \$250,000 of coverage on all accounts deposited within each financial institution participating in the FDIC program. Deposits totaling \$156,033 are in excess of FDIC coverage at Southern Bancorp Bank and deposits totaling \$112,828 are in excess of FDIC coverage at Bank OZK.

Investment Interest Rate Risk: Clark County River Valley Water Facilities does not have an investment interest rate risk. All investments are six-month certificates of deposit and the System is under no obligation to renew upon maturity.

Investment Credit Risk: Clark County River Valley 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 System has a collateral agreement.

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

Note 5. Major Supplier:

During the years ended July 31, 2023 and 2022, the Facilities purchased 100% of its water for resale from Arkadelphia Water and Sewer System. At July 31, 2023, the amount due to Arkadelphia Water and Sewer System was \$9,818 and at July 31, 2022 was \$8,940.

Note 6. Liabilities:

Accounts payable, reported as a current liability, is composed of operating expenses for July. These amounts were paid subsequent to July 31, 2023.

Note 7. Revenue Bonds and Notes Payable:

	July 31, 2023	July 31, 2022
USDA/Rural Development Revenue Bond, Series 1995 A (Payable \$3,021 Monthly, Including 4.5% Interest), Secured by System Revenue Maturity Date 4/25/2035, Current Portion \$21,985	\$ 327,047	\$ 348,062
USDA/Rural Development Revenue Bond, Series 1995 B (Payable \$391 Monthly, Including 4.5% Interest), Secured by System Revenue Maturity Date 1/25/2035, Current Portion \$2,869	41,816	44,559
	368,863	392,621
Less Portion Considered Current	(24,854)	(23,762)
Total	\$ 344,009	\$ 368,859

CLARK COUNTY RIVER VALLEY WATER FACILITIES  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2023

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Note 7. Revenue Bonds and Notes Payable: (Continued)

The aggregate bond debt matures as follows:

Year Ending July 31	Principal	Interest	Total
2024	\$ 24,854	\$ 16,090	\$ 40,944
2025	25,995	14,949	40,944
2026	27,190	13,754	40,944
2027	28,439	12,505	40,944
2028	29,745	11,199	40,944
Thereafter	232,640	36,540	269,180
Total	<u>\$ 368,863</u>	<u>\$ 105,037</u>	<u>\$ 473,900</u>

Note 8. Contributed Capital and Net Position:

Contributed Capital represents a grant received from the Arkansas Industrial Development Commission and passed through Clark County, Arkansas to assist in financing construction of the Facility. The amounts received in prior years totaled \$996,651.

Contributed Capital also includes \$19,000 of construction costs paid by customers.

Net position is composed of \$329,876 (amount invested in capital assets, net of related debt), \$379,477 restricted funds and \$358,642 unrestricted funds as of July 31, 2023.

Note 9. Risk Management:

The Facility 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 Facility 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 RIVER VALLEY WATER FACILITIES  
SCHEDULE OF OTHER INFORMATION  
JULY 31, 2023

SCHEDULE I  
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Water Rates

<u>Usage - Gallons</u>		
0 - 2,000	\$21.00	Minimum
2,001 - 4,000	6.75	Per 1,000 Gallons
4,001 - 6,000	6.00	Per 1,000 Gallons
6,001 - 10,000	4.50	Per 1,000 Gallons
Over - 10,000	3.25	Per 1,000 Gallons

Customer Base

Water Customers at July 31, 2023: 512

Insurance Coverage as of July 31, 2023

<u>TYPE OF COVERAGE</u>	<u>COVERAGE PERIOD</u>	<u>AMOUNT</u>
License and Permit Bond	7/29/2022 - 7/29/2025	\$ 2,000
Real Property and Equipment	3/01/2023- 3/01/2024	461,588
Liability	3/01/2023 - 3/01/2024	1,000,000
Data Processing	3/01/2022 - 3/01/2023	5,000
Auto - Non-Owner	3/01/2023- 3/01/2024	1,000,000
Fidelity Bond - Limit 3 Employees	3/01/2022 - 3/01/2023	41,000



CLARK COUNTY RIVER VALLEY WATER FACILITIES  
SCHEDULE OF OTHER INFORMATION  
JULY 31, 2023

SCHEDULE I  
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CLARK COUNTY RIVER VALLEY WATER BOARD MEMBERS

PRESENT TERM EXPIRES:

President:	Ola Vandiver 93 Open Banks Road Arkadelphia, AR 71923	November, 2025
Vice President:	Linda Jones 1722 Manchester Arkadelphia, AR 71923	November, 2024
Secretary / Treasurer:	Amy Simpson 2757 Hwy 51 North Arkadelphia, AR 71923	November, 2026
Board Member:	Alec Hunter 3042 Hwy 7 South Arkadelphia, AR 71923	November, 2023
Board Member:	Randy Quarles 44 Dallas 307 Arkadelphia, AR 71923	November, 2023
Operator / Manager:	Wes Lemons 252 Dallas 311 Arkadelphia, AR 71923	