

ARKADELPHIA WATER AND SEWER SYSTEM



ARKADELPHIA, ARKANSAS

DECEMBER 31, 2024

ARKADELPHIA WATER AND SEWER SYSTEM
ARKADELPHIA, ARKANSAS

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DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Directors / Advisory Committee
Arkadelphia Water and Sewer System

Opinions

We have audited the accompanying financial statements of Arkadelphia Water and Sewer System, a component unit of the City of Arkadelphia, Arkansas as of and for the year ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Arkadelphia Water and Sewer System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Arkadelphia Water and Sewer System, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Arkadelphia Water and Sewer System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Arkadelphia Water and Sewer System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Arkadelphia Water and Sewer System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Arkadelphia Water and Sewer System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arkadelphia Water and Sewer System's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

August 7, 2026

ARKADELPHIA WATER AND SEWER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

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<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 3,953,251	\$ 667,612
Certificates of Deposit	400,000	617,682
Accounts Receivable - Trade	628,289	600,281
Unbilled Revenue	102,841	96,513
Materials and Supplies	195,879	159,472
Accrued Interest Receivable	667	684
TOTAL CURRENT ASSETS	<u>5,280,927</u>	<u>2,142,244</u>
RESTRICTED ASSETS (Schedule I)	<u>2,787,474</u>	<u>959,281</u>
PLANT AND EQUIPMENT:		
Water Plant	26,595,496	26,015,125
Sewer Plant	9,121,167	9,036,687
Operating Equipment	2,325,046	2,270,034
Office Equipment	75,099	75,099
Construction in Progress	4,552,440	-
	<u>42,669,248</u>	<u>37,396,945</u>
Less: Accumulated Depreciation	<u>(23,176,137)</u>	<u>(22,305,471)</u>
TOTAL PLANT AND EQUIPMENT	<u>19,493,111</u>	<u>15,091,474</u>
OTHER ASSETS:		
Land	242,331	215,060
Water and Sewer Master Plan (Net of Amortization of \$137,339 and \$126,108)	-	11,231
TOTAL OTHER ASSETS	<u>242,331</u>	<u>226,291</u>
TOTAL ASSETS	<u>27,803,843</u>	<u>18,419,290</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	220,898	373,290
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 28,024,741</u>	<u>\$ 18,792,580</u>

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

ARKADELPHIA WATER AND SEWER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

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LIABILITIES AND NET POSITION

	2024	2023
CURRENT LIABILITIES:		
Accounts Payable	\$ 112,417	\$ 210,010
Accrued Salaries	43,745	84,027
Sales Tax Payable	13,000	13,234
Notes Payable - Current Portion	302,408	232,009
TOTAL CURRENT LIABILITIES	<u>471,570</u>	<u>539,280</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS (Schedule I)	<u>606,078</u>	<u>609,902</u>
LONG-TERM LIABILITIES:		
Notes Payable, Less Current Maturity \$339,290 (\$329,280 in 2023)	5,757,576	6,551,095
Bond Payable, Less Unamortized Bond Issue Costs of \$547,710	9,922,290	-
Net Pension Liability	1,136,120	1,283,877
TOTAL LONG-TERM LIABILITIES	<u>16,815,986</u>	<u>7,834,972</u>
TOTAL LIABILITIES	<u>17,893,634</u>	<u>8,984,154</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pension	53,755	20,516
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>17,947,389</u>	<u>9,004,670</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	5,963,997	5,963,997
Restricted	2,181,396	349,379
Unrestricted	1,931,959	3,474,534
TOTAL NET POSITION	<u>10,077,352</u>	<u>9,787,910</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 28,024,741</u>	<u>\$ 18,792,580</u>

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

ARKADELPHIA WATER AND SEWER SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

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	2024	2023
OPERATING REVENUE:		
Water Revenue	\$ 2,553,805	\$ 2,289,176
Sewer Revenue	1,047,361	991,573
Penalties	66,354	59,291
Tie-On Fees	17,000	6,675
Other Income	603,734	86,582
TOTAL OPERATING REVENUE	<u>4,288,254</u>	<u>3,433,297</u>
OPERATING EXPENSES:		
Personnel	1,366,669	1,457,471
Supplies	425,429	414,612
Maintenance	389,296	295,064
Miscellaneous	568,856	624,654
Depreciation and Amortization	881,896	740,852
TOTAL OPERATING EXPENSES	<u>3,632,146</u>	<u>3,532,653</u>
OPERATING INCOME (LOSS)	<u>656,108</u>	<u>(99,356)</u>
OTHER INCOME (EXPENSES):		
Interest Income	400,382	21,961
Interest Expense	(767,048)	(188,568)
TOTAL OTHER INCOME (EXPENSES)	<u>(366,666)</u>	<u>(166,607)</u>
NET INCOME (LOSS)	<u>289,442</u>	<u>(265,963)</u>
NET POSITION AT BEGINNING OF YEAR	9,787,910	10,062,984
CAPITAL CONTRIBUTED/(PAID) DURING THE YEAR	-	(9,111)
NET POSITION AT END OF YEAR	<u>\$ 10,077,352</u>	<u>\$ 9,787,910</u>

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

ARKADELPHIA WATER AND SEWER SYSTEM
COMBINED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

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	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 4,253,918	\$ 3,412,250
Cash Payments for Goods and Services	(1,479,942)	(1,131,950)
Cash Payments to Employees	(1,406,951)	(1,452,729)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,367,025</u>	<u>827,571</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Increase in Meter Deposits	<u>8,581</u>	<u>23,458</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(5,272,303)	(559,089)
Proceeds from Long-Term Debt	9,895,134	382,766
Principal Paid on Long-Term Debt	(783,509)	(319,566)
Interest Paid on Long-Term Debt	(719,064)	(190,377)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>3,120,258</u>	<u>(686,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(919,843)	(635,229)
Proceeds from Sale and Maturity of Investments	1,126,175	601,870
Interest Received on Investments	400,320	26,425
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>606,652</u>	<u>(6,934)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	<u>5,102,516</u>	<u>157,829</u>
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	1,117,657	959,828
CASH AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 6,220,173</u></u>	<u><u>\$ 1,117,657</u></u>

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

ARKADELPHIA WATER AND SEWER SYSTEM
COMBINED STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

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Reconciliation of operating income to net cash provided by operating activities:

	<u>2024</u>	<u>2023</u>
OPERATING INCOME	<u>\$ 656,108</u>	<u>\$ (99,356)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and Amortization	881,896	740,852
Pension Related Adjustments	37,873	87,336
Change in Assets and Liabilities:		
Accounts Receivable	(34,336)	(21,047)
Inventory of Supplies	(36,407)	3,552
Accounts Payable	(97,593)	111,106
Other Accrued Expenses	<u>(40,516)</u>	<u>5,128</u>
TOTAL ADJUSTMENTS	710,917	926,927
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,367,025</u></u>	<u><u>\$ 827,571</u></u>

SCHEDULE OF NONCASH INVESTING AND FINANCING
ACTIVITIES:

None

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

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 1. Significant Accounting Policies:

The Arkadelphia Water and Sewer System ("the System") is an Enterprise Fund of the City of Arkadelphia, Arkansas and is governed by the Board of Directors of the City of Arkadelphia, Arkansas. The accompanying financial statements and other information reflect the Arkadelphia Water and Sewer System fund only and do not include other funds of the City of Arkadelphia, Arkansas.

The financial statements are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. The System applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The System 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 immaterial in amount after applying customer's meter deposits, are recognized based on the direct charge-off of individual accounts considered uncollectible.

Material and supplies inventories are stated at the current costing of physical inventory counts.

Plant and equipment are stated at cost or customer cost of construction on contributed assets, and depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Water Plant and Distribution	10 - 50 Years
Sewer Plant and Collection System	25 - 40 Years
Vehicles and Equipment	4 - 10 Years

Depreciation is partially funded by transfers to the depreciation fund at the rate of 5% of gross revenues of the System.

Bond discount and expense are amortized based on the ratio of bonds outstanding at the end of the year.

The System requires every customer to pay a cash meter deposit before service is provided. Concentrations of credit risk with respect to trade receivables are limited because a large number of diverse customers make up the System's customer base, thus spreading the trade risk.

For purposes of the Statement of Cash Flows, the System considers all highly liquid investments (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.

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 1. Significant Accounting Policies: (Continued)

Management submits to the City Board of Directors, for its approval, an executive budget for operation of the System. The Board of Directors approves the budget amounts to an appropriation of funds that are lawfully applicable to items therein.

Management has evaluated subsequent events through August 7, 2026, the date the financial statements were available for issuance.

Note 2. Current Assets:

The operation and maintenance fund and other current assets are available to meet the existing current liabilities and provide working capital for the System. Ordinance No. 457 provides that any excess accumulation in the Combined Waterworks and Sewer Revenue Fund may be used for bond redemption, financing extensions or improvements to the System, or for any other lawful purpose. The balance in the Combined Waterworks and Sewer Revenue Fund is shown as a current asset since its use is not restricted. Of this amount, \$459,926 is invested in money market checking, \$16,546 in savings, and \$617,682 in certificates of deposit. Interest rates on certificates of deposit held at December 31, 2023 ranged from 0.10% – 3.76%.

An aged analysis of accounts receivable from water and sewer customers as of December 30, 2024 is as follows:

Current	\$ 414,072
Past Due	181,426
Overpayments	<u>(16,514)</u>
Total	<u>\$ 578,984</u>

Unbilled water revenue of \$102,841 was computed for water sold from the last meter reading date until the end of December. This amount is computed by allocating water used based on the last meter reading date.

Note 3. Restricted Assets:

Restricted accounts are segregated on the balance sheet in accordance with the requirements of bond obligation agreements.

Schedule I of this report shows an analysis of restricted assets and liabilities at December 31, 2024, compared with those balances at December 31, 2023. Restricted cash is invested in certificates of deposit and savings accounts that are earning interest at rates of 0.04% – 4.89%.

The System maintains cash equal to customers' meter deposits in a certificate of deposit and a meter deposit checking account. These accounts are reflected as restricted assets and the corresponding liability as a liability payable from restricted assets.

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 4. Capital Assets:

Capital Asset activity for the years ending December 31, 2024 and 2023 was as follows:

	12/31/2023 BALANCE	INCREASES	DECREASES	TRANSFERS	12/31/2024 BALANCE
Capital Assets:					
Water Plant	\$ 26,015,125	\$ 580,371	\$ -	\$ -	\$ 26,595,496
Sewer Plant	9,036,687	84,480	-	-	9,121,167
Operating Equipment	2,270,034	55,012	-	-	2,325,046
Office Equipment	75,099	-	-	-	75,099
Construction in Progress	-	4,552,440	-	-	4,552,440
Total Capital Assets	<u>37,396,945</u>	<u>5,272,303</u>	<u>-</u>	<u>-</u>	<u>42,669,248</u>
Less Accumulated Depreciation:					
Water Plant	(12,143,695)	(651,645)	-	-	(12,795,340)
Sewer Plant	(8,126,651)	(87,296)	-	-	(8,213,947)
Operating Equipment	(1,971,712)	(127,261)	-	-	(2,098,973)
Office Equipment	(63,413)	(4,464)	-	-	(67,877)
Total Accumulated Depreciation	<u>(22,305,471)</u>	<u>(870,666)</u>	<u>-</u>	<u>-</u>	<u>(23,176,137)</u>
NET	<u>\$ 15,091,474</u>	<u>\$ 4,401,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,493,111</u>
	12/31/2022 BALANCE	INCREASES	DECREASES	TRANSFERS	12/31/2023 BALANCE
Capital Assets:					
Water Plant	\$ 24,047,251	\$ 356,420	\$ -	\$ 1,611,454	\$ 26,015,125
Sewer Plant	9,036,687	-	-	-	9,036,687
Operating Equipment	2,078,197	191,837	-	-	2,270,034
Office Equipment	64,267	10,832	-	-	75,099
Construction in Progress	1,611,454	-	-	(1,611,454)	-
Total Capital Assets	<u>36,837,856</u>	<u>559,089</u>	<u>-</u>	<u>-</u>	<u>37,396,945</u>
Less Accumulated Depreciation:					
Water Plant	(11,511,460)	(632,235)	-	-	(12,143,695)
Sewer Plant	(8,040,059)	(86,592)	-	-	(8,126,651)
Operating Equipment	(1,956,442)	(15,270)	-	-	(1,971,712)
Office Equipment	(61,969)	(1,444)	-	-	(63,413)
Total Accumulated Depreciation	<u>(21,569,930)</u>	<u>(735,541)</u>	<u>-</u>	<u>-</u>	<u>(22,305,471)</u>
NET	<u>\$ 15,267,926</u>	<u>\$ (176,452)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,091,474</u>

Note 5. Current Liabilities:

Liabilities due upon demand or within one year from the balance sheet date, with the exception of liabilities payable out of special purpose funds, have been classified as current liabilities on Page 5.

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 6. Compensated Absences:

Vested or accumulated vacation and sick leave are recorded as expenses and liabilities as the benefits accrue to employees. In accordance with the provisions of Accounting Standards Codification Topic 710, Compensated Absences, no liability is recorded for nonvesting, accumulating rights to receive sick pay benefits.

Vacations are earned at twelve days per year after the first year of employment plus an additional day each year after five years of employment with a maximum of twenty days. Sick leave is earned at the rate of fifteen working days per year for a maximum of sixty-six days. Expenses related to compensated absences of \$38,712 and \$45,852 have been accrued as of December 31, 2024 and 2023, respectively.

Note 7. Liabilities Payable from Restricted Assets:

Interest accrued but unpaid and a portion of the current maturity on the outstanding revenue bond is reflected as liabilities to be liquidated with the revenue bond funds. The additional current maturity is reflected as a liability to be liquidated with current assets.

Note 8. Long-Term Debt:

Long-Term Debt consists of the following:

	<u>12/31/2024</u>	<u>12/31/2023</u>
Revenue Bond, Series 2016, semi-annual payments of \$119,349 including interest at 2.0% plus a 1% service fee, maturing in April 2049.	\$ 4,120,492	\$ 4,233,036
Revenue Bond, Series 2004, semi-annual payments of \$189,988 including interest at 2.25% plus a 1% service fee, maturing in 2027.	538,895	707,254
Revenue Bond, Series 2020, semi-annual payments of \$46,020, including interest at 1.25% plus a 1% service fee, secured by the Gum Springs Division's revenue. Maturing in 2052.	1,437,479	1,940,085
Revenue Bond, Series 2023, original amount \$10,470,000; interest rate of 5.00% through 2033; interest only payments due June 1st each year; principal and interest payments (varying amounts) due December 1st each year. Maturing December 2053.	<u>10,470,000</u> 16,566,866	<u>-</u> 6,880,375
Less portion considered current	(339,290)	(329,280)
Total long-term debt	<u><u>\$ 16,227,576</u></u>	<u><u>\$ 6,551,095</u></u>

The Water and Sewer Revenue Bonds are secured by a pledge of the funds in the combined waterworks and sewer revenue bond fund and revenues derived from the Water and Sewer System. Schedules of debt service requirements are shown on Schedules VII, VIII, IX, and X.

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 9. Contributed Capital:

The balance in this account represents the value of System additions paid for by customers, other outside sources, and grants received to assist in financing construction of new additions to the System.

Note 10. Retained Earnings:

Retained earnings consist of the accumulated earnings of the water and sewer system in prior years and the net income as shown by Page 6 of this report.

Reserved retained earnings are stated based on the excess of restricted assets over the related liabilities payable from the restricted assets. An analysis of restricted assets and liabilities is presented in Schedule I.

Note 11. Other:

Transfers to the Depreciation Fund exceeded the amounts required by Ordinances No. 331 and No. 457. The Ordinances state that 2% of gross revenues are to be transferred to the depreciation fund on the first business day of each month the bonds are maintained. The System is making monthly transfers equal to 5% of gross revenues.

Note 12. Public Fund Deposits and Investments:

State law generally requires that City 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 System, except bonds funds held by the trustees of prior bond issues, are deposited in accounts in the name of Arkadelphia Water and Sewer System 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. Arkadelphia Water and Sewer System does not have a policy for custodial credit risk. The carrying value of the System's accounts and investments at December 31, 2024 was \$7,057,985. On that date, deposits in financial institutions reported as components of cash, cash equivalents, and investments, had bank balances of \$7,289,907 before reduction of outstanding items. Securities with a total market value of \$1,287,999 were pledged as collateral by the depository institution and held by the pledging institution's agent in the System's name.

Federal Deposit Insurance Corporation coverage allows for \$250,000 coverage on all accounts deposited within each financial institution participating in the FDIC program. We were unable to determine the amount of FDIC coverage for Arkadelphia Water and Sewer System's accounts and investments. FDIC coverage is provided on an entity level to be shared jointly by all City of Arkadelphia accounts and investments at a financial institution.

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 12. Public Fund Deposits and Investments: (Continued)

Investment Interest Rate Risk: Arkadelphia Water and Sewer System does not have an investment interest rate risk. All investments are twelve to thirty-six-month certificates of deposit and the System is under no obligation to renew upon maturity.

Investment Credit Risk: Arkadelphia Water and Sewer System 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: Arkadelphia Water and Sewer System has no exposure to foreign currency risk.

Note 13. Fair Value of Financial Instruments:

The System's financial instruments, none of which are held for trading purposes, include cash, certificates of deposit, and revenue bonds payable. The System estimates that the fair value of all financial instruments at December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

Note 14. Risk Management:

The Arkadelphia Water and Sewer System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The System 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 System. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 15. Major Customers:

The System sells water to four wholesale customers which accounts for approximately 19.11% of total water revenue.

	Sales	Percent
Caddo Valley	\$ 197,644	7.49%
Country Water	188,716	7.15%
River Valley	117,907	4.47%
	\$ 504,268	

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 16. 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, 2015. 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 System 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 Utility contributes an actuarially determined amount to the plan, which was 15.32% of annual covered payroll for the year ended 6/30/2024. The rate remained unchanged for the fiscal year beginning 7/1/2024. Contributions made by the Utility were \$142,732 and \$149,741 for the years ended December 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%

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 16. Arkansas Public Employees Retirement System: (Continued)

Benefits Provided (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, 2024. The contribution rate was unchanged for the fiscal 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, 2024, 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.

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 16. Arkansas Public Employees Retirement System: (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions (Continued)

Actuarial Cost Method	Entry Age Normal
Discount rate	7.00%
Wage inflation rate	3.25%
Salary Increases	3.25 – 11.00%
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 rates 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 System's target asset allocation as of June 30, 2024 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	39%	5.03%
International Equity	17%	6.34%
Real Assets	16%	4.51%
Private Equity	5%	9.00%
Hedge Funds	2%	3.63%
Domestic Fixed	21%	3.38%
Total	100%	

ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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Note 16. Arkansas Public Employees Retirement System: (Continued)

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 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 December 31, 2024, the Utility reported deferred outflows of resources and deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 44,091
Changes in proportion and differences between employer contributions and proportionate share of contribution	26,355
Changes in assumptions	39,593
Utility contributions subsequent to measurement date	77,901
Net difference between projected and actual earnings on pension plan investments	32,959

Deferred Inflows of Resources:

Differences between expected and actual experience	(46,451)
Changes in proportion and differences between employer contributions and proportionate share of contribution	(7,305)
Changes in assumptions	-
Utility contributions subsequent to measurement date	-
Net difference between projected and actual earnings on pension plan investments	-

Totals	<u>\$ 167,143</u>
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ARKADELPHIA WATER AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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Note 16. Arkansas Public Employees Retirement System: (Continued)

\$77,901 reported as deferred outflows of resources related to pensions resulting from Utility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 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:

<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Total</u>
\$ 18,834	\$ 18,834	\$ 18,834	\$ 18,834	\$ 13,906	\$ 89,242

Sensitivity of the Proportionate Share of Net Position Liability to Changes in the Discount Rate:

The following presents the proportionate share of the Net Position Liability using the discount rate of 7% as well as what the Net Position Liability would be if it were calculated using a discount rate that is 1-percentage -point lower (6%) or 1-percentage-point higher (8%) than the current rate:

Sensitivity of Discount Rate		
1% Lower	Discount Rate	1% Higher
<u>6%</u>	<u>7%</u>	<u>8%</u>
\$ 1,938,630	\$ 1,136,120	\$ 474,510

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors / Advisory Committee
Arkadelphia Water and Sewer System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Arkadelphia Water and Sewer System as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated August 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arkadelphia Water and Sewer System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Arkadelphia Water and Sewer System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Arkadelphia Water and Sewer System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-01 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Arkadelphia Water and Sewer System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Arkadelphia Water and Sewer System's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Arkadelphia Water and Sewer System's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Arkadelphia Water and Sewer System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering an entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

August 7, 2026

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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Summary of Auditors' Results

The auditors' report expresses an unqualified opinion on the financial statements of Arkadelphia Water and Sewer System ("the System").

Findings – Financial Statement Audit

2024-01 Criteria or Specific Requirement: Management is responsible for ensuring that procedures are in place to record all activity in the general ledger (including the Gum Springs division).

Condition: The System did not utilize any accounting software for recording the activity of the Gum Springs division. Prior to proposed audit adjustments, no activity from Gum Springs was included in the financial statements.

Cause: Procedures were not in place to ensure that all activity (including Gum Springs) is properly recorded in the general ledger and reflected in the financial statements.

Effect: Activity for the Gum Springs division was not properly recorded in the general ledger.

Recommendation: Management should put procedures in place to ensure that all activity (including Gum Springs) is recorded in the general ledger. The Utilities Manager or another member of management should review the general ledger and bank reconciliations monthly to ensure that all activity is being properly recorded.

View of Responsible Officials and Planned Corrective Action: Changes are being made to ensure that all activity is properly recorded in the general ledger. The Utilities Manager will review monthly to ensure proper accounting.

Findings and Questioned Costs – Major Federal Award Programs Audit

N/A

SUPPLEMENTARY INFORMATION

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULES OF RESTRICTED ASSETS AND LIABILITIES
DECEMBER 31, 2024 AND 2023

SCHEDULE I
Page 23

	<u>2024</u>	<u>2023</u>
REVENUE BOND FUND:		
Cash and Cash Equivalents	\$ 1,982,393	\$ 128,910
Bond Escrow	<u>8,140</u>	<u>15,529</u>
TOTAL REVENUE BOND FUND	<u>1,990,533</u>	<u>144,439</u>
DEPRECIATION FUND:		
Cash and Cash Equivalents	33,430	78,397
Accrued Interest	247	736
Certificate of Deposit	<u>418,593</u>	<u>406,504</u>
TOTAL DEPRECIATION FUND	<u>452,270</u>	<u>485,637</u>
CUSTOMERS' METER DEPOSITS:		
Cash and Cash Equivalents	242,959	227,209
Accrued Interest	575	7
Certificate of Deposit	<u>101,137</u>	<u>101,989</u>
TOTAL CUSTOMERS' METER DEPOSITS	<u>344,671</u>	<u>329,205</u>
TOTAL RESTRICTED ASSETS	<u>2,787,474</u>	<u>959,281</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accrued Interest on Bonds - Combined Water and Sewer	79,623	31,639
Notes Payable - Current Maturity	36,882	97,271
Customers' Meter Deposits	<u>489,573</u>	<u>480,992</u>
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>606,078</u>	<u>609,902</u>
NET RESTRICTED ASSETS	<u><u>\$ 2,181,396</u></u>	<u><u>\$ 349,379</u></u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF OPERATING REVENUES AND
OPERATING EXPENSES - BY DIVISION
FOR YEAR ENDED DECEMBER 31, 2024

SCHEDULE II
Page 24

	Division		
	Arkadelphia	Gum Springs	Total
OPERATING REVENUES:			
Sales and Services	\$ 3,368,021	\$ 233,145	\$ 3,601,166
Penalties	61,020	5,334	66,354
Tie-on Fees	15,179	1,821	17,000
Other Income	125,614	478,120	603,734
TOTAL OPERATING REVENUES	<u>3,569,834</u>	<u>718,420</u>	<u>4,288,254</u>
OPERATING EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)	1,300,733	65,936	1,366,669
Chemicals and Supplies	304,335	21,370	325,705
Vehicle Operating	35,569	3,315	38,884
Office Expense	12,937	3,842	16,779
Postage	24,879	4,195	29,074
Uniforms	14,987	-	14,987
Insurance	17,110	-	17,110
Maintenance	377,599	11,697	389,296
Special Services	99,858	-	99,858
Utilities and Telephone	348,574	11,506	360,080
Miscellaneous	53,468	20,486	73,954
Depreciation	838,434	43,462	881,896
FSDW - Fee	17,854	-	17,854
TOTAL OPERATING EXPENSES	<u>3,446,337</u>	<u>185,809</u>	<u>3,632,146</u>
OPERATING INCOME (LOSS)	<u>\$ 123,497</u>	<u>\$ 532,611</u>	<u>\$ 656,108</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF OPERATING REVENUES AND
OPERATING EXPENSES - BY DEPARTMENT
FOR YEAR ENDED DECEMBER 31, 2024

SCHEDULE III
Page 25

	Department		
	Water	Sewer	Total
OPERATING REVENUES:			
Sales and Services	\$ 2,553,805	\$ 1,047,361	\$ 3,601,166
Penalties	35,844	30,510	66,354
Tie-on Fees	9,200	7,800	17,000
Other Income	123,985	479,749	603,734
TOTAL OPERATING REVENUES	<u>2,722,834</u>	<u>1,565,420</u>	<u>4,288,254</u>
OPERATING EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)	805,461	561,208	1,366,669
Chemicals and Supplies	271,026	54,679	325,705
Vehicle Operating	21,099	17,785	38,884
Office Expense	10,310	6,469	16,779
Postage	16,634	12,440	29,074
Uniforms	7,494	7,493	14,987
Insurance	8,555	8,555	17,110
Maintenance	311,899	77,397	389,296
Special Services	57,920	41,938	99,858
Utilities and Telephone	278,354	81,726	360,080
Miscellaneous	44,270	29,684	73,954
Depreciation	725,467	156,429	881,896
FSDW - Fee	17,854	-	17,854
TOTAL OPERATING EXPENSES	<u>2,576,343</u>	<u>1,055,803</u>	<u>3,632,146</u>
OPERATING INCOME (LOSS)	<u>\$ 146,491</u>	<u>\$ 509,617</u>	<u>\$ 656,108</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF OPERATING REVENUES AND
OPERATING EXPENSES - BY OPERATING AREA (WATER)
FOR YEAR ENDED DECEMBER 31, 2024

SCHEDULE IV
Page 26

	<u>Water Treatment</u>	<u>Water Distribution</u>	<u>Total Water</u>
OPERATING REVENUES:			
Sales and Services			\$ 2,553,805
Penalties			35,844
Tie-on Fees			9,200
Other Income			123,985
TOTAL OPERATING REVENUES			<u>2,722,834</u>
OPERATING EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)	\$ 339,815	\$ 260,444	600,259
Chemicals and Supplies	249,656	21,370	271,026
Maintenance	134,126	157,956	292,082
Special Services	20,673	7,629	28,302
Utilities and Telephone	217,178	56,337	273,515
Miscellaneous	21,497	-	21,497
Depreciation	409,255	261,656	670,911
FSDW - Fee	17,854	-	17,854
TOTAL OPERATING EXPENSES	<u>\$ 1,410,054</u>	<u>\$ 765,392</u>	<u>2,175,446</u>
COMMON AND ADMINISTRATIVE EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)			205,202
Vehicle Operating			21,099
Office Expense			10,310
Postage			16,634
Uniforms			7,494
Insurance			8,555
Maintenance			19,817
Special Services			29,618
Utilities and Telephone			4,839
Miscellaneous			22,773
Depreciation			54,556
TOTAL COMMON AND ADMINISTRATIVE EXPENSES			<u>400,897</u>
TOTAL EXPENSES			<u>2,576,343</u>
OPERATING INCOME (LOSS)			<u>\$ 146,491</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF OPERATING REVENUES AND
OPERATING EXPENSES - BY OPERATING AREA (SEWER)
FOR YEAR ENDED DECEMBER 31, 2024

SCHEDULE V
Page 27

	Sewer Treatment	Sewer Collection	Total Sewer
OPERATING REVENUES:			
Sales and Services			\$ 1,047,361
Penalties			30,510
Tie-on Fees			7,800
Other Income			479,749
TOTAL OPERATING REVENUES			<u>1,565,420</u>
OPERATING EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)	\$ 169,188	\$ 167,882	337,070
Chemicals and Supplies	54,679	-	54,679
Maintenance	31,170	26,410	57,580
Special Services	5,533	6,787	12,320
Utilities and Telephone	14,591	62,296	76,887
Miscellaneous	6,894	17	6,911
Depreciation	17,026	84,847	101,873
FSDW - Fee	-	-	-
TOTAL OPERATING EXPENSES	<u>\$ 299,081</u>	<u>\$ 348,239</u>	<u>647,320</u>
COMMON AND ADMINISTRATIVE EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)			224,138
Vehicle Operating			17,785
Office Expense			6,469
Postage			12,440
Uniforms			7,493
Insurance			8,555
Maintenance			19,817
Special Services			29,618
Utilities and Telephone			4,839
Miscellaneous			22,773
Depreciation			54,556
TOTAL COMMON AND ADMINISTRATIVE EXPENSES			<u>408,483</u>
TOTAL EXPENSES			<u>1,055,803</u>
OPERATING INCOME			<u>\$ 509,617</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
BUDGETARY COMPARISON SCHEDULE
FOR YEAR ENDED DECEMBER 31, 2024

SCHEDULE VI
Page 28

	Budget	Actual	Variance
OPERATING REVENUES:			
Sales and Services	\$ 3,600,000	\$ 3,601,166	\$ 1,166
Penalties	44,000	66,354	22,354
Tie-on Fees	12,500	17,000	4,500
Other Income	93,105	603,734	510,629
TOTAL OPERATING REVENUES	<u>3,749,605</u>	<u>4,288,254</u>	<u>538,649</u>
OPERATING EXPENSES:			
Personnel (Salaries/Payroll Taxes/Employee Benefits)	1,399,309	1,366,669	32,640
Chemicals and Supplies	290,500	325,705	(35,205)
Fuel	43,000	38,884	4,116
Office Expense	14,000	16,779	(2,779)
Postage	24,000	29,074	(5,074)
Uniforms	15,000	14,987	13
Insurance	65,000	17,110	47,890
Maintenance	281,300	389,296	(107,996)
Special Services	80,000	99,858	(19,858)
Utilities and Telephone	382,100	360,080	22,020
Miscellaneous	58,600	73,954	(15,354)
Depreciation	703,743	881,896	(178,153)
FSDW - Fee	25,000	17,854	7,146
TOTAL OPERATING EXPENSES	<u>3,381,552</u>	<u>3,632,146</u>	<u>(250,594)</u>
OPERATING INCOME (LOSS)	<u>368,053</u>	<u>656,108</u>	<u>288,055</u>
OTHER INCOME (EXPENSES):			
Interest Income	25,000	400,382	375,382
Interest Expense	(1,115,681) *	(767,048)	348,633
TOTAL OTHER INCOME (EXPENSES)	<u>(1,090,681)</u>	<u>(366,666)</u>	<u>724,015</u>
NET INCOME (LOSS)	<u>\$ (722,628)</u>	<u>\$ 289,442</u>	<u>\$ 1,012,070</u>

* Budgeted amount includes principal and interest payments on bonds outstanding.

Note: Not included above, is \$10,260,000 budgeted for capital expenditures in the current year.

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
 SCHEDULE OF DEBT SERVICE REQUIREMENTS
 2.25% PLUS 1% SERVICE FEE WATER AND SEWER
 REVENUE BOND, SERIES 2004
 DECEMBER 31, 2024

SCHEDULE VII
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For The Year Ended December 31	April 15		October 15		Total Principal and Interest
	Principal	Interest	Principal	Interest	
2025	86,236	8,758	87,639	7,355	189,988
2026	89,062	5,932	90,509	4,485	189,988
2027	91,982	3,012	93,467	1,520	189,981
TOTALS	<u>\$ 267,280</u>	<u>\$ 17,702</u>	<u>\$ 271,615</u>	<u>\$ 13,360</u>	<u>\$ 569,957</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
 SCHEDULE OF DEBT SERVICE REQUIREMENTS
 2.00% PLUS 1% SERVICE FEE WATER AND SEWER
 REVENUE BOND, SERIES 2016
 DECEMBER 31, 2024

SCHEDULE VIII
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For The Year Ended December 31	April 15		October 15		Total Principal and Interest
	Principal	Interest / Servicing Fee	Principal	Interest / Servicing Fee	
2025	57,542	61,807	58,404	60,945	238,698
2026	59,281	60,068	60,170	59,179	238,698
2027	61,073	58,276	61,989	57,360	238,698
2028	62,919	56,430	63,862	55,487	238,698
2029	64,820	54,529	65,793	53,556	238,698
2030	66,780	52,569	67,781	51,568	238,698
2031	68,798	50,551	69,830	49,519	238,698
2032	70,877	48,472	71,940	47,409	238,698
2033	73,020	46,329	74,115	45,234	238,698
2034	75,227	44,122	76,355	42,994	238,698
2035	77,500	41,849	78,663	40,686	238,698
2036	79,842	39,507	81,040	38,309	238,698
2037	82,256	37,093	83,490	35,859	238,698
2038	84,742	34,607	86,013	33,336	238,698
2039	87,303	32,046	88,613	30,736	238,698
2040	89,942	29,407	91,291	28,058	238,698
2041	92,661	26,688	94,050	25,299	238,698
2042	95,461	23,888	96,894	22,455	238,698
2043	98,346	21,003	99,822	19,527	238,698
2044	101,319	18,030	102,839	16,510	238,698
2045	104,382	14,967	105,948	13,401	238,698
2046	107,537	11,812	109,149	10,200	238,698
2047	110,787	8,562	112,449	6,900	238,698
2048	114,135	5,214	115,847	3,501	238,697
2049	117,594	1,764			119,358
TOTALS	<u>\$ 2,104,144</u>	<u>\$ 879,590</u>	<u>\$ 2,016,347</u>	<u>\$ 848,028</u>	<u>\$ 5,848,109</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF DEBT SERVICE REQUIREMENTS
1.25% PLUS 1% SERVICE FEE WATER AND SEWER
REVENUE BOND, SERIES 2020
DECEMBER 31, 2024

SCHEDULE IX
Page 31

For The Year Ended December 31	April 15		October 15		Total Principal and Interest
	Principal	Interest / Servicing Fee	Principal	Interest / Servicing Fee	
2025	24,596	21,222	24,873	21,061	91,752
2026	25,153	20,667	25,436	20,496	91,752
2027	25,722	20,099	26,011	19,919	91,751
2028	26,304	19,626	26,600	19,329	91,859
2029	26,899	18,925	27,201	18,726	91,751
2030	27,507	18,318	27,817	18,108	91,750
2031	28,130	17,697	28,447	17,477	91,751
2032	28,767	17,156	29,091	16,832	91,846
2033	29,417	16,414	29,748	16,172	91,751
2034	30,083	15,750	30,421	15,497	91,751
2035	30,764	15,071	31,110	14,807	91,752
2036	31,460	14,456	31,814	14,101	91,831
2037	32,172	13,667	32,534	13,379	91,752
2038	32,900	12,941	33,270	12,641	91,752
2039	33,645	12,199	34,023	11,886	91,753
2040	34,405	11,502	34,793	11,114	91,814
2041	35,184	10,663	35,580	10,325	91,752
2042	35,980	9,869	36,385	9,517	91,751
2043	36,795	9,057	37,208	8,692	91,752
2044	37,627	8,272	38,050	7,848	91,797
2045	38,478	7,378	38,911	6,984	91,751
2046	39,349	6,510	39,792	6,102	91,753
2047	40,239	5,622	40,692	5,199	91,752
2048	41,149	4,740	41,612	4,276	91,777
2049	42,080	3,785	42,554	3,331	91,750
2050	43,032	2,836	43,516	2,366	91,750
2051	44,006	1,865	44,501	1,379	91,751
2052	45,002	877	32,710	369	78,958
TOTALS	<u>\$ 946,845</u>	<u>\$ 337,183</u>	<u>\$ 944,700</u>	<u>\$ 327,933</u>	<u>\$ 2,556,661</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
SCHEDULE OF DEBT SERVICE REQUIREMENTS
5.00% WATER AND SEWER
REVENUE BOND, SERIES 2023
DECEMBER 31, 2024

SCHEDULE X
Page 32

For The Year Ended December 31	June 1		December 1		Total Principal and Interest
	Principal	Interest	Principal	Interest	
2025	-	255,500	-	255,500	511,000
2026	-	255,500	-	255,500	511,000
2027	-	255,500	-	255,500	511,000
2028	-	255,500	210,000	255,500	721,000
2029	-	250,250	220,000	250,250	720,500
2030	-	244,750	230,000	244,750	719,500
2031	-	239,000	245,000	239,000	723,000
2032	-	232,875	255,000	232,875	720,750
2033	-	226,500	270,000	226,500	723,000
2034	-	219,750	280,000	219,750	719,500
2035	-	213,450	295,000	213,450	721,900
2036	-	206,813	305,000	206,813	718,625
2037	-	199,950	320,000	199,950	719,900
2038	-	192,750	335,000	192,750	720,500
2039	-	185,213	350,000	185,213	720,425
2040	-	176,900	370,000	176,900	723,800
2041	-	168,113	385,000	168,113	721,225
2042	-	158,969	405,000	158,969	722,938
2043	-	149,350	420,000	149,350	718,700
2044	-	139,375	445,000	139,375	723,750
2045	-	128,250	465,000	128,250	721,500
2046	-	116,625	490,000	116,625	723,250
2047	-	104,375	510,000	104,375	718,750
2048	-	91,625	540,000	91,625	723,250
2049	-	78,125	565,000	78,125	721,250
2050	-	64,000	595,000	64,000	723,000
2051	-	49,125	625,000	49,125	723,250
2052	-	33,500	655,000	33,500	722,000
2053	-	17,125	685,000	17,125	719,250
TOTALS	<u>\$ -</u>	<u>\$ 4,908,756</u>	<u>\$ 10,470,000</u>	<u>\$ 4,908,756</u>	<u>\$ 20,287,513</u>

See Independent Auditors' Report.

ARKADELPHIA WATER AND SEWER SYSTEM
REQUIRED SUPPLEMENTAL INFORMATION
FOR COST-SHARING PLANS
FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE XI
Page 33

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
System's proportion of the net pension liability (asset) per APERS	0.0456617%	0.0440561%	0.0445141%	0.0451453%	0.0440473%	0.0401235%	0.0447101%	0.0425317%	0.0409519%	0.0408079%
System's proportionate share of the net pension liability - per APERS	\$ 1,136,120	\$ 1,283,877	\$ 1,200,272	\$ 347,092	\$ 1,261,333	\$ 967,992	\$ 986,275	\$ 1,090,287	\$ 996,537	\$ 751,573
System's covered-employee payroll	\$ 931,671	\$ 977,422	\$ 851,508	\$ 827,141	\$ 796,351	827,644	808,117	780,782	768,703	775,026
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	121.94%	131.35%	140.96%	41.96%	158.39%	116.96%	122.05%	139.64%	129.64%	96.97%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	84.15%

Schedule of Required Contributions Last Fiscal Year

Contractually required contribution	\$ 142,732	\$ 149,741	\$ 130,451	\$ 126,718	\$ 122,001	\$ 126,795	\$ 121,328	\$ 114,188	\$ 111,462	\$ 109,306
Contributions in relation to the contractually required contribution	(142,732)	(149,741)	(130,451)	(126,718)	(122,001)	(126,795)	(121,328)	(114,188)	(111,462)	(109,306)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
System's covered-employee payroll	\$ 931,671	\$ 977,422	\$ 851,508	\$ 827,141	\$ 796,351	\$ 827,644	\$ 808,117	\$ 780,782	\$ 768,703	\$ 775,026
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%	15.01%	14.62%	14.50%	14.10%

See Independent Auditors' Report.