

**CITY OF CLINTON WATER
AND
SEWER DEPARTMENT
Clinton, Arkansas
FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
For the Years Ended December 31, 2025 and 2024
and
INDEPENDENT AUDITOR'S REPORT**

CITY OF CLINTON WATER AND SEWER DEPARTMENT
Clinton, Arkansas
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended December 31, 2025 and 2024

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**To the Commission
City of Clinton Water & Sewer Department
Clinton, Arkansas**

INDEPENDENT AUDITOR'S REPORT

Qualified Opinion

We have audited the accompanying financial statements of the City of Clinton Water & Sewer Department, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the City of Clinton Water & Sewer Department's basic financial statements as listed on the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Clinton Water & Sewer Department as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. 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 City of Clinton Water & Sewer Department, and to meet our other ethical responsibilities, in accordance with 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 qualified opinion.

Matter Giving Rise to the Qualified Opinion

Management has not changed its method of accounting for pensions during the years ended December 31, 2025 or 2024, by not adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. Accounting principles generally accepted in the United States of America require that the method of accounting be changed for GASB Statement No. 68. The amount by which this departure would affect the assets, net position, and revenues of the City of Clinton Water & Sewer Department has not been determined.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Water & Sewer Department and do not purport to, and do not, present fairly the financial position of the City of Clinton, Arkansas as of December 31, 2025, and 2024, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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**To the Commission
City of Clinton Water & Sewer Department
Clinton, Arkansas**

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 City of Clinton Water & Sewer Department'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.

Auditor's 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 auditor's 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 and *Government 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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 City of Clinton Water & Sewer Department'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Clinton Water & Sewer Department'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.

**To the Commission
City of Clinton Water & Sewer Department
Clinton, Arkansas**

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Clinton Water & Sewer Department's basic financial statements. The Supplementary Information is presented for purposes of additional analysis and is 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. Such 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 Supplementary Information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2026 on our consideration of the City of Clinton Water & Sewer Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clinton Water & Sewer Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Clinton Water & Sewer Department's internal control over financial reporting and compliance.



Berry & Associates, P.A.
Little Rock, Arkansas
July 14, 2026

CITY OF CLINTON WATER AND SEWER DEPARTMENT
STATEMENTS OF NET POSITION
December 31, 2025 and 2024
ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,521,189	\$ 922,086
Accounts receivable (Net of allowance for doubtful accounts of \$231,427 and \$183,380, respectively)	408,973	581,085
Other receivable	7,746	20,868
Inventory	478,738	436,169
Prepaid expenses	61,389	49,986
Prepaid loan payments	-	581,506
Total current assets	<u>2,478,035</u>	<u>2,591,700</u>
NON-CURRENT ASSETS		
Restricted assets		
Cash and cash equivalents	5,819,382	4,518,862
Capital assets		
Capital assets, net of accumulated depreciation	18,189,608	7,848,432
Other assets		
Right of use asset, operating lease	3,399	5,198
Deposits	25	25
Total other assets	<u>3,424</u>	<u>5,223</u>
TOTAL ASSETS	<u>\$ 26,490,449</u>	<u>\$ 14,964,217</u>
<u>LIABILITIES AND NET POSITION</u>		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 293,736	\$ 288,910
Current maturities of operating lease payable	1,800	1,800
Accrued interest payable	7,891	8,461
Accounts payable	152,416	280,802
Sales tax payable	21,998	12,751
Retainage payable	-	26,887
Accrued compensated absences	153,055	124,903
Payroll liabilities payable	4,116	281
Other accrued expenses	21,515	17,378
Earnest money received	-	57,574
Total current liabilities	<u>656,527</u>	<u>819,747</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	9,662,471	2,765,452
Operating lease payable, net of current maturities	1,599	3,398
Total Long-Term Liabilities	<u>9,664,070</u>	<u>2,768,850</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accounts payable	1,459,113	-
Retainage payable	266,369	-
Customer service deposits	479,321	284,127
Total liabilities payable from restricted assets	<u>2,204,803</u>	<u>284,127</u>
TOTAL LIABILITIES	<u>12,525,400</u>	<u>3,872,724</u>
NET POSITION		
Net investment in capital assets	8,229,774	4,787,719
Restricted	1,598,766	1,598,766
Unrestricted	4,136,509	4,705,008
Total net position	<u>13,965,049</u>	<u>11,091,493</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 26,490,449</u>	<u>\$ 14,964,217</u>

The accompanying notes to the financial statements are an integral part of these statements

CITY OF CLINTON WATER AND SEWER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Water sales	\$ 3,637,296	\$ 3,401,139
Sewer sales	826,262	591,040
Service charges	229,352	11,387
Penalty charges	36,781	26,814
Sewage dumping	42,618	32,061
Clarifier project fees	219,212	203,336
Other revenues	106,750	89,140
Total operating revenues	<u>5,098,271</u>	<u>4,354,917</u>
OPERATING EXPENSES		
Water:		
Agent fees	44,944	26,754
Chemicals	129,400	105,037
Depreciation	547,823	524,651
Employee retirement	116,494	99,520
Insurance	168,348	148,150
Office supplies and expense	79,984	57,966
Other miscellaneous expense	16,716	8,152
Payroll taxes	57,716	49,313
Plant supplies	233,157	377,947
Professional fees	12,425	18,291
Repairs and maintenance	183,742	319,804
Salaries	788,485	677,510
Telephone and utilities	430,956	382,535
Testing	13,470	14,270
Transportation	71,910	66,493
Uniforms	11,650	11,108
Water storage fees	20,945	20,324
Total water expenses	<u>\$ 2,928,165</u>	<u>\$ 2,907,825</u>

The accompanying notes to the financial statements are an integral part of these statements

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION,
CONTINUED**

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING EXPENSES		
Sewer:		
Chemicals	\$ 116,141	\$ 115,311
Depreciation	133,276	185,419
Employee retirement	8,908	8,268
Insurance	16,878	16,548
Office supplies and expense	11,626	8,110
Other miscellaneous expense	3,297	5,436
Payroll taxes	4,462	4,133
Plant supplies	22,720	11,538
Repairs and maintenance	36,292	32,104
Salaries	58,220	38,369
Telephone and utilities	213,017	191,337
Testing	97,925	66,575
Transportation	11,706	4,896
Uniforms	709	731
Engineering	1,760	4,128
Total sewer expenses	<u>736,937</u>	<u>692,903</u>
Total operating expenses	<u>3,665,102</u>	<u>3,600,728</u>
OPERATING INCOME	1,433,169	754,189
NON-OPERATING REVENUES (EXPENSES)		
Interest income	174,546	171,770
Gain on disposal of fixed assets	19,129	-
Interest expense	(95,352)	(40,740)
Bad debt recovery (expense)	(17,247)	59,004
Bond issuance costs	(58,500)	(26,000)
Capital grants and contributions	1,417,550	-
Other income	261	130
Total non-operating income	<u>1,440,387</u>	<u>164,164</u>
CHANGE IN NET POSITION	2,873,556	918,353
NET POSITION - BEGINNING OF YEAR	<u>11,091,493</u>	<u>10,173,140</u>
NET POSITION - END OF YEAR	<u>\$ 13,965,049</u>	<u>\$ 11,091,493</u>

The accompanying notes to the financial statements are an integral part of these statements

CITY OF CLINTON WATER AND SEWER DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH:		
Cash flows from operating activities:		
Cash received from customers	\$ 5,270,383	\$ 4,077,915
Cash payments for goods and services	(1,570,805)	(2,146,297)
Cash payments to employees	(846,705)	(715,879)
Net cash provided by operating activities	<u>2,852,873</u>	<u>1,215,739</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(288,912)	(284,200)
Interest payments on long-term debt	(95,922)	(41,294)
Bond issuance costs	(58,500)	(26,000)
Proceeds from long-term debt	7,190,757	-
Proceeds from the sale of capital assets	22,676	-
Purchase of capital assets	(112,327)	(9,023)
Payments on construction in progress	(9,203,379)	(1,010,031)
Proceeds from capital grants and contributions	1,417,550	-
Proceeds from other income	261	130
Net cash used by capital and related financing activities	<u>(1,127,796)</u>	<u>(1,370,418)</u>
Cash flows from investing activities:		
Interest received	174,546	171,770
Change in restricted cash	(1,300,520)	177,807
Net cash provided (used) by investing activities	<u>(1,125,974)</u>	<u>349,577</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	599,103	194,898
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	922,086	727,188
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,521,189</u>	<u>\$ 922,086</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,433,169	\$ 754,189
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	681,099	710,070
Amortization of operating lease right of use asset	1,799	1,815
Provision for gain on the disposal of capital assets	(19,129)	-
Provision for bad debt recovery (expense)	17,247	(59,004)
(Increase) / Decrease In:		
Accounts receivable	172,112	(158,994)
Prepaid expenses	570,103	(239,762)
Inventory	(42,569)	64,275
Other current assets	13,122	207,057
Increase / (Decrease) In:		
Accounts payable	(128,385)	(102,108)
Retainage payable	(26,887)	12,226
Customer meter deposits	195,194	13,695
Earnest money	(57,574)	-
Other accrued expenses	45,371	14,095
Operating lease liability	(1,799)	(1,815)
Total adjustments	<u>1,419,704</u>	<u>461,550</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,852,873</u>	<u>\$ 1,215,739</u>

The accompanying notes to the financial statements are an integral part of these statements

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The City of Clinton Water and Sewer Department is a municipal utility operated by the City of Clinton, Arkansas. The Department serves substantially all the households and businesses in the City, as well as the area around Denard and Bee Branch, Arkansas, consisting of approximately 4,552 water system customers and approximately 1,051 sewer system customers. In addition to the above water and sewer customers, the Department also supplies water wholesale to one local water association.

Basis of Presentation and Accounting

The accompanying basic financial statements present only the Department and are not intended to present the financial position of the City, and the results of its operations or, where applicable, its cash flows.

The accounts of the Department are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this Department are accounted for with a separate set of self-balancing accounts that comprise the Department's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Department is determined by its measurement focus. The transactions of the Department are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets; restricted for debt service; and unrestricted components.

Estimates

Management of the Department has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

Cash and Cash Equivalents

The Department considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. Short-term investments generally mature or are otherwise available for withdrawal in less than one year.

Allowance for Bad Debts

The Department uses the allowance method to account for uncollectible accounts receivable.

Budgets and Budgetary Accounting

Prior to the beginning of the new year, the Commission adopts an annual budget for the Department. The budget of the Department is adopted under a basis consistent with GAAP, except that certain capital expenses, and nonoperation income and expense items are not considered. All annual appropriations lapse at year-end.

CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Compensated Absences

The Department allows employees to accumulate unused sick leave to a maximum of 60 days. Employees are required to take five days vacation annually. Upon termination, up to 30 days of accumulated vacation will be paid to the employee. Sick leave is not paid upon termination, only death or retirement. At December 31, 2025 and 2024, the accrued liability for vacation and sick leave totaled \$153,055 and \$124,903, respectively.

Capital Assets

The cost of additions and major replacements of retired units of property are capitalized. The Department defines capital assets as assets with an estimated useful life in excess of two years. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on Departments borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statements of revenues, expenses and changes in net assets. The cost of current repairs, maintenance, and minor replacements is charged to expense. Construction in progress primarily relates to upgrades and extensions of existing facilities.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Asset	Years
Buildings	10-20 years
Water and Sewer System	5-40 years
Equipment	5-10 years
Vehicles	5-7 years

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Department. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Department's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net investment in capital assets- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted- This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted- This component of net position consists of net assets that do not meet the definition of "restricted."

Restricted Assets

Certain proceeds of the Department's revenue, as well as certain resources set aside for the bond repayment and bond agreement requirements, are classified as restricted assets on the Statement of Net Position, because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Customer deposits held by the Department are also considered restricted.

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:

Inventory

Inventory consists of pipe, fittings, parts, and chemicals used in normal operations of the water and sewer department. Inventory is valued at the lower of cost or market, determined using the FIFO (first-in, first-out) method.

Leases

The Department calculates operating lease using the implicit interest rate, or their incremental borrowing rate if the lease rate is not determinable. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Date of Management's Review

Subsequent events have been evaluated through July 14, 2026, which is the date the financial statements were available to be issued. Based on this evaluation, no events were identified that require disclosure or adjustment in the accompanying financial statements.

NOTE 2 - PUBLIC DEPARTMENTS: DEPOSITS WITH FINANCIAL INSTITUTIONS:

As required by law, all funds are deposited in approved banks. The deposited funds are insured by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the banks in the Department's name.

NOTE 3 - CAPITAL ASSETS:

A summary of changes in capital assets for the year ended December 31, 2025 is as follows:

	Balance 12/31/2024	Additions	Deletions/ Transfers	Balance 12/31/2025
Buildings	\$ 27,608	\$ -	\$ -	\$ 27,608
Construction in Progress	1,124,500	10,931,088	(3,373,204)	8,682,384
Land	87,031	-	-	87,031
Machinery and Equipment	587,728	14,116	-	601,844
Office Equipment	43,035	6,931	-	49,966
Transportation Equipment	478,114	51,893	(124,324)	405,683
Sewer System	11,636,395	12,931	-	11,649,326
Water System	18,175,137	3,382,069	-	21,557,206
Total	<u>32,159,548</u>	<u>\$ 14,399,028</u>	<u>\$ (3,497,528)</u>	<u>43,061,048</u>
Less: Accumulated Depreciation	(24,311,116)			(24,871,440)
Total Capital Assets	<u>\$ 7,848,432</u>			<u>\$ 18,189,608</u>

CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 3 - CAPITAL ASSETS, Continued:

A summary of changes in capital assets for the year ended December 31, 2024 is as follows:

	Balance 12/31/2023	Additions	Deletions/ Transfers	Balance 12/31/2024
Buildings	\$ 27,608	\$ -	\$ -	\$ 27,608
Construction in Progress	182,527	1,010,031	(68,058)	1,124,500
Land	87,031	-	-	87,031
Machinery and Equipment	587,728	-	-	587,728
Office Equipment	43,035	-	-	43,035
Transportation Equipment	472,514	5,600	-	478,114
Sewer System	11,636,395	-	-	11,636,395
Water System	18,103,656	71,481	-	18,175,137
Total	31,140,494	\$ 1,087,112	\$ (68,058)	32,159,548
Less: Accumulated Depreciation	(23,601,046)			(24,311,116)
Total Capital Assets	\$ 7,539,448			\$ 7,848,432

NOTE 4 - LONG-TERM DEBT:

	2025	2024
2014 Water and Sewer Revenue Bonds due in semi-annual installments of \$99,368 through April 2037 including interest at 1.9% and a service fee at 1.0% (1)	\$ 1,931,664	\$ 2,071,336
2020 Water and Sewer Revenue Bonds due in semi-annual installments of \$76,984 through April 2031 including interest at 0% and a service fee at .5% (1)	833,787	983,026
2025A Water and Sewer Revenue Bonds due in monthly installments of \$33,161, beginning July 2027 through June 2047 including interest at 3% and a service fee at 1% (2)	2,739,587	-
2025B Water and Sewer Revenue Bonds due in monthly installments of \$38,883, beginning September 2027 through August 2047 including interest at 3% and a service fee at 1% (2)	3,113,446	-
2025C Water and Sewer Revenue Bonds due in monthly installments of \$16,804 beginning April 2028 through March 2058 including interest at .5% and a service fee at 1% (2)	1,337,723	-
	9,956,207	3,054,362
Less current portion	(293,736)	(288,910)
Total Long-Term Portion	\$ 9,662,471	\$ 2,765,452

- (1) The water and sewer revenue bonds have restrictive covenants, including the requirement to accumulate a depreciation reserve in monthly installments of 3% of the total monthly revenue, until \$150,000 is reached.
- (2) The water and sewer revenue bonds have restrictive covenants, including the requirement to accumulate a depreciation reserve in monthly installments of 6% of the total monthly revenue, until \$1,938,008 is reached.

CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 4 - LONG-TERM DEBT, Continued:

Annual maturities of long-term debt at December 31, 2025 are as follows:

	Principal	Interest & Service Charges	Total
2026	\$ 293,736	\$ 58,968	\$ 352,704
2027	459,283	247,913	707,196
2028	803,429	565,022	1,368,451
2029	859,067	509,384	1,368,451
2030	883,458	484,993	1,368,451
2031-2035	4,114,296	2,035,111	6,149,407
2036-2039	2,542,938	1,119,372	3,662,310
	<u>\$ 9,956,207</u>	<u>\$ 5,020,763</u>	<u>\$ 14,976,970</u>

Long-term liability activity for the year ended December 31, 2025 is as follows:

	Balance 12/31/24	Additions	Retirements	Balance 12/31/25	Due Within One Year
Long Term Debt					
Revenue Bonds	\$ 3,054,362	\$ 7,190,757	\$ (288,912)	\$ 9,956,207	\$ 293,736

Long-term liability activity for the year ended December 31, 2024 is as follows:

	Balance 12/31/23	Additions	Retirements	Balance 12/31/24	Due Within One Year
Long Term Debt					
Revenue Bonds	\$ 3,338,562	\$ -	\$ (284,200)	\$ 3,054,362	\$ 288,910

The Department has pledged future customer revenues, net of specified operating expenses, to repay \$9,956,207 in long-term debt. Proceeds from the bonds were used for building of the Department's water and sewer systems. Principal and interest on the bonds as funded as of December 31, 2025 are payable through 2039; and when fully funded principal and interest are payable through 2058 solely from the water and sewer customer net revenues. Principal and interest paid in the year ended December 31, 2025 were \$288,912 and \$95,922, respectively. Principal and interest paid in the year ended December 31, 2024 were \$284,200 and \$41,294, respectively.

NOTE 5 - EMPLOYEE BENEFITS:

Plan Description. The Department contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, AR 72201 or by calling 1-800-682-7377.

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024**

NOTE 5 - EMPLOYEE BENEFITS, Continued:

Funding Policy. APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5 % of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 6% as of July 1, 2025. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The current employer rate is 15.32% of annual covered payroll. The Department's contributions to APERS for the year ending December 31, 2025 and 2024 was \$125,402 and \$107,788, respectively, which is equal to the required contributions for the year.

Requirements. GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which establishes standards for public pension plan obligations for participating employers. 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. These financial statements do not include the disclosure related to this accounting principal.

NOTE 6 - WATER ASSOCIATION CONTRACTS:

The Department has a fourteen (14) year contract to supply water to one local water association. Rates are subject to change annually.

NOTE 7 - RESTRICTED CASH:

Restricted assets consist of cash reserves restricted by long-term debt covenants, cash deposits for meters by customers, and internally restricted funds for special purposes. The following is a list of the restricted cash at December 31:

	<u>2025</u>	<u>2024</u>
Meter deposits	\$ 479,321	\$ 284,127
Construction funds	2,173,900	2,334,450
Cash held in trust	89,595	89,996
Depreciation & debt service	1,968,190	1,096,477
Bond funds	505,199	128,066
Other restricted funds	603,177	585,746
	<u>\$ 5,819,382</u>	<u>\$ 4,518,862</u>

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024**

NOTE 8 - LEASES:

The Department leases a postage machine using an operating lease agreement. The remaining term of the lease is twenty-three months from December 31, 2025. Where the implicit interest rate of the lessor was unknown, the Department elected to use their incremental borrowing rate of 0.95%. The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2025.

Operating lease right-of-use assets	\$ <u>3,399</u>
Current portion of operating lease liabilities	\$ 1,800
Operating lease liabilities, less current portion	<u>1,599</u>
Total operating lease liabilities	\$ <u>3,399</u>

The components of operating lease expense that are included in the income statement for the year ended December 31, 2025 are as follows:

Operating expenses	
Office Expense	\$ <u>1,848</u>

The maturities of operating lease liabilities are as follows:

2026	\$ 1,848
2027	<u>1,694</u>
Total lease payments	3,542
Less: interest	<u>(143)</u>
Present value of lease liability	\$ <u>3,399</u>

NOTE 9 - COMMITMENTS:

The Department purchases water from the Greers Ferry Reservoir pursuant to a long-term contract with the United States of America dated September 8, 1970. Under the contract, the city has agreed to pay certain storage costs of the water and certain operation, maintenance and replacement costs of the water storage and supply system. Total costs for the years ended December 31, 2025 and 2024 was \$20,945 and \$20,324, respectively.

The Department has entered into three loan agreements with the Arkansas Natural Resources Commission (ANRC) to fund several water and sewer improvement projects. The first Bond is approved for \$5,472,225 and \$2,739,587 has been disbursed as of December 31, 2025. The second Bond is approved for \$6,416,494 and \$3,113,446 has been disbursed as of December 31, 2025. The third Bond is approved for \$4,869,000 and \$1,337,724 has been disbursed as of December 31, 2025. The Department recognizes that in the event the actual costs of the Projects exceed the amount of the Bond Amount, ANRC shall be under no obligation to provide any additional funds to the Department. If, for any reason, the Department does not utilize the entire Bond Amount, then in such event the Bond Amount will be reduced to the amount of actual funds disbursed.

The Department was awarded \$2,622,364 in grant funds in the form of a forgivable bond from Arkansas Natural Resources Division in September 2025. As of December 31, 2025, \$1,417,550 of the grant funds had been received by the Department.

CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 9 - COMMITMENTS, Continued:

The Department has several ongoing construction projects to improve the water and sewer system. These projects include contracts with engineering and construction companies and are outlined in the following table:

<u>Project / Contract Description</u>	<u>Contract Amount</u>	<u>Costs Incurred to Date</u>	<u>Remaining Balance</u>
River Gravity Sewer Line Relocation			
Engineering	\$ 45,000	\$ 11,000	\$ 34,000
Construction	995,000	191,977	803,023
Bee Branch Regionalization – Water Meter Replacement			
Engineering	35,000	26,250	8,750
Construction	1,155,493	698,835	456,658
Bee Branch Regionalization – Water Tank Rehabilitation			
Engineering	60,000	30,000	30,000
Construction	1,148,200	563,400	584,800
Bee Branch Regionalization – Waterline Replacement			
Engineering	48,000	36,000	12,000
Construction	848,701	723,661	125,040
Water Treatment Plant – Filter Media Replacement			
Engineering	21,000	14,700	6,300
Construction	4,324,568	2,794,969	1,529,599
Combined System Mapping			
Engineering	200,000	79,000	121,000
Wastewater Treatment Plant – Bar Screen Improvements			
Engineering	20,000	18,000	2,000
Construction	360,000	354,544	5,456
Total	<u>\$ 9,260,962</u>	<u>\$ 5,542,336</u>	<u>\$ 3,718,626</u>

NOTE 10 - SOURCES AND USES OF FUNDS:

In February 2025, the Department issued new debt of \$5,472,225 with the Water and Sewer Revenue Bond, Series 2025A.

The sources and uses of funds required for the transaction are shown below.

<u>Sources</u>	
Principal Amount of 2025A Water & Sewer Bond	\$ <u>5,472,225</u>
<u>Uses</u>	
Project Construction Fund	\$ 5,320,000
Capitalized Interest	126,225
Costs of Issuance	26,000
	<u>\$ 5,472,225</u>

CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 10 - SOURCES AND USES OF FUNDS, Continued:

In February 2025, the Department issued new debt of \$6,416,494 with the Water and Sewer Revenue Bond, Series 2025B.

The sources and uses of funds required for the transaction are shown below.

<u>Sources</u>	
Principal Amount of 2025B Water & Sewer Bond	\$ <u>6,416,494</u>
<u>Uses</u>	
Project Construction Fund	\$ 6,280,651
Capitalized Interest	108,343
Costs of Issuance	<u>27,500</u>
	\$ <u>6,416,494</u>

In September 2025, the Department issued new debt of \$4,869,000 with the Water and Sewer Revenue Bond, Series 2025C.

The sources and uses of funds required for the transaction are shown below.

<u>Sources</u>	
Principal Amount of 2025C Water & Sewer Bond	\$ <u>4,869,000</u>
<u>Uses</u>	
Project Construction Fund	\$ 4,739,335
Capitalized Interest	98,665
Costs of Issuance	<u>31,000</u>
	\$ <u>4,869,000</u>

In September 2025, the Department received a forgivable loan of \$1,417,550 designated as the Water and Sewer Revenue Bond, Series 2025D, recorded as a capital grant and contribution in accordance with GASB Statement No. 33.

The sources and uses of funds required for the transaction are shown below.

<u>Sources</u>	
Principal Amount of 2025D Water & Sewer Bond	\$ <u>1,417,550</u>
<u>Uses</u>	
Project Construction Fund	\$ <u>1,417,550</u>

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024**

NOTE 11 - ACQUISITION OF WATER SYSTEMS

During the fiscal year, the City of Clinton, Arkansas (the "City") completed the acquisition of two additional water systems, expanding the service area of the City's Water and Sewer Fund.

Dennard Water System. Effective December 2025, the City acquired substantially all assets of Dennard Water Association, Inc. ("Dennard"), an Arkansas nonprofit corporation, pursuant to a Buy-Sell Agreement, together with a related Bill of Sale, Assignment, Indemnification and Hold Harmless Agreement, Warranty Deed, and Easement Deed executed by the parties. Under the terms of the agreement, the City assumed Dennard's outstanding debt with the United States Department of Agriculture, Rural Development, and paid nominal cash consideration of \$10. The acquired capital assets; including water system infrastructure, equipment, easements, and related property; were recorded at a cost of approximately \$1,040,429, representing the net amount of Dennard's outstanding debt paid off by the City on Dennard's behalf. The Bill of Sale and Easement Deed were recorded with the Van Buren County Circuit Clerk on December 29, 2025.

Bee Branch Water System. Effective August 2025, the City acquired the entire water supply distribution system and service area of Bee Branch Public Water Authority of the State of Arkansas ("Bee Branch") pursuant to a Water System Acquisition Agreement, authorized by City Council Resolution No. 2025-10. Under the terms of the agreement, the City assumed and paid off Bee Branch's outstanding debt to First Security Bank/USDA Rural Development, totaling approximately \$1,235,599, plus incidental recording costs, and paid nominal cash consideration of \$10. The acquired capital assets; including water system infrastructure, equipment, easements, and related property; were recorded at a cost of approximately \$1,328,339, representing the net amount of Bee Branch's outstanding debt paid off by the City on Bee Branch's behalf. Conveyance was affected through a Quitclaim Deed and Warranty Deed, recorded with the Van Buren County Circuit Clerk on August 12, 2025, and an Assignment of easements, recorded September 12, 2025.

Both acquisitions were accounted for at the cost of liabilities assumed by the City, in the absence of significant cash consideration, and are reflected as additions to capital assets, net, within the Water and Sewer Fund.

SUPPLEMENTARY INFORMATION



Berry & Associates
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**To the Commission
City of Clinton Water & Sewer Department
Clinton, Arkansas**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Clinton Water and Sewer Department ("Department") as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise the Department's financial statements and have issued our report thereon dated July 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 that we consider to be significant deficiencies.

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**To the Commission
City of Clinton Water & Sewer Department
Clinton, Arkansas**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Department'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 it.

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 Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Berry & Associates, P.A.
Little Rock, Arkansas
July 14, 2026

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2025**

2025-001 Internal Control – Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals or custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently the same individual that is responsible for service billing and adjustment, posts payments to the subsidiary accounts receivable ledger. The same individual that is responsible for the general ledger activity, also reconciles the bank accounts, writes the checks and is one of the authorized check signers. This finding was also noted in 2024.

Cause: The Department's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to utility billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: We recommend that management and the members of the Commission should consider a formal evaluation of their risks associated with this lack of duties segregation over utility cash and receivables. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts.

View of Responsible Officials: The Department concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the Department has made certain changes in procedures that will improve the overall lack of segregation of duties and has implemented compensating procedures as appropriate.

CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 1
SCHEDULE OF WATER AND SEWER RATES
DECEMBER 31, 2025

SCHEDULE OF WATER AND SEWER RATES:

<u>Water Rates:</u>	<u>Per Thousand Gallons</u>
Residential:	
Inside City Limits:	
First 1,000 Gallons	\$ 24.12
Excess Over 1,000 Gallons	8.05
Outside City Limits:	
First 1,000 Gallons	32.16
Excess Over 1,000 Gallons	8.05
Burnt Ridge, Dennard Area and Oil & Gas Customers:	
First 1,000 Gallons	32.16
Excess Over 1,000 Gallons	8.05
Bee Branch Customers:	
First 1,000 Gallons	34.83
Excess Over 1,000 Gallons	12.54
Industrial:	
First 100,000 Gallons	610.51
Excess Over 100,000 Gallons	5.10
Commercial:	
Inside City Limits:	
First 1,000 Gallons	28.15
Excess Over 1,000 Gallons	8.05
Outside City Limits:	
First 1,000 Gallons	37.52
Excess Over 1,000 Gallons	8.05
Bee Branch Customers:	
First 1,000 Gallons	39.83
Excess Over 1,000 Gallons	12.54
Other Meter Sizes:	
1" Meters	
First 1,000 Gallons	58.60
Excess Over 1,000 Gallons	8.05

CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 1, CONTINUED
SCHEDULE OF WATER AND SEWER RATES
DECEMBER 31, 2025

SCHEDULE OF WATER AND SEWER RATES, Continued:

<u>Water Rates:</u>	<u>Per Thousand Gallons</u>
2" Meters	
First 1,000 Gallons	\$ 103.33
Excess Over 1,000 Gallons	8.05
3" Meters	
First 1,000 Gallons	148.07
Excess Over 1,000 Gallons	8.05
4" Meters	
First 1,000 Gallons	214.64
Excess Over 1,000 Gallons	8.05
6" Meters	
First 1,000 Gallons	282.30
Excess Over 1,000 Gallons	8.05
<u>Sewer Rates:</u>	
Residential:	
First 1,000 Gallons	\$ 23.96
Excess over 1,000 Gallons	8.05
Commercial:	
First 1,000 Gallons	55.02
Excess over 1,000 Gallons	8.05
Industrial:	
First 100,000 Gallons	1,010.51
Excess Over 100,000 Gallons	5.10

The sewer rates above apply to customers within the city limits who are connected to the sewer system.

Upon approval by the Clinton, Arkansas Water Commission, a customer outside the city limits may connect to the sewer system provided that sewer service is available. These customers are billed double the standard rates listed above.

CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 2
SCHEDULE OF FUTURE ANNUAL DEBT SERVICE REQUIREMENT
2014 WATER AND SEWER REFUNDING REVENUE BOND
DECEMBER 31, 2025

Schedule of Future Annual Debt Service Requirement
2014 Water and Sewer Revenue Bond

Year	Principal April 1	Principal October 1	1.9% Interest April 1	1.9% Interest October 1	1% Service Fees April 1	1% Service Fees October 1	Total
2026	\$ 71,359	\$ 72,393	\$ 18,351	\$ 17,673	\$ 9,658	\$ 9,302	\$ 198,736
2027	73,443	74,509	16,985	16,287	8,940	8,572	198,736
2028	75,588	76,684	15,580	14,862	8,190	7,822	198,726
2029	77,797	78,925	14,133	13,394	7,438	7,049	198,736
2030	80,069	81,230	12,644	11,883	6,655	6,254	198,735
2031	82,408	83,603	11,112	10,329	5,848	5,436	198,736
2032	84,815	86,045	9,535	8,729	5,018	4,594	198,736
2033	87,292	88,558	7,912	7,089	4,164	3,728	198,743
2034	89,842	91,145	6,241	5,387	3,285	2,836	198,736
2035	92,466	93,808	4,522	3,643	2,380	1,917	198,736
2036	95,168	96,546	2,752	1,848	1,448	973	198,735
2037	97,971	-	931	-	490	-	99,392
	<u>\$ 1,008,218</u>	<u>\$ 923,446</u>	<u>\$ 120,698</u>	<u>\$ 111,124</u>	<u>\$ 63,514</u>	<u>\$ 58,483</u>	<u>\$ 2,285,483</u>

CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 3
SCHEDULE OF FUTURE ANNUAL DEBT SERVICE REQUIREMENT
2020 WATER AND SEWER REVENUE BOND
DECEMBER 31, 2025

Schedule of Future Annual Debt Service Requirement
2020 Water and Sewer Revenue Bond

Year	Principal April 1	Principal October 1	.5% Service Fees April 1	.5% Service Fees October 1	Total
2026 \$	74,898	\$ 75,086	\$ 2,086	\$ 1,898	\$ 153,968
2027	75,273	75,461	1,711	1,523	153,968
2028	75,650	75,839	1,334	1,145	153,968
2029	76,029	76,219	955	765	153,968
2030	76,409	76,600	575	384	153,968
2031	76,323	-	192	-	76,515
\$	<u>454,582</u>	<u>\$ 379,205</u>	<u>\$ 6,853</u>	<u>\$ 5,715</u>	<u>\$ 846,355</u>

CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 4
SCHEDULE OF FUTURE ANNUAL DEBT SERVICE REQUIREMENT
2025 WATER AND SEWER REVENUE BONDS
DECEMBER 31, 2025

Schedule of Future Annual Debt Service Requirement
2025A, 2025B, and 2025C Water and Sewer Revenue Bonds - Combined

Year	Principal	0.5-3% Interest	1% Service Fees	Total
2027 \$	160,597 \$	193,895 \$	48,474 \$	402,966
2028	499,668	516,079	151,644	1,167,391
2029	550,097	465,650	158,469	1,174,216
2030	569,150	446,597	152,881	1,168,628
2031	588,929	426,818	147,100	1,162,847
2032	609,464	406,283	141,117	1,156,864
2033	630,784	384,963	134,923	1,150,670
2034	652,916	362,831	128,516	1,144,263
2035	675,898	339,849	121,882	1,137,629
2036	699,762	315,985	115,014	1,130,761
2037	712,873	291,174	107,904	1,111,951
2038	600,395	264,116	100,541	965,052
2039	240,223	239,654	92,916	572,793
\$	<u>7,190,756</u> \$	<u>4,653,894</u> \$	<u>1,601,381</u> \$	<u>13,446,031</u>

CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 5
SURETY BOND AND INSURANCE SCHEDULE
DECEMBER 31, 2025

	Surety Bond and Insurance in Force Amount of Coverage	Policy Period
Nationwide Insurance		July 24, 2025 to July 24, 2026
Blanket Building and Contents	\$ 31,885,092	
Elected Officials and Employees	50,000	
Business Income/Extra Expense	250,000	
Money and Securities	25,000	
Arkansas Municipal League		July 7, 2025 to July 6, 2026
Bodily Injury	50,000	
Property Damage	25,000	
Comprehensive (\$1,000 Deductible)	Actual Cash Value	
Collision (\$1,000 Deductible)	Actual Cash Value	
Arkansas Municipal League:		
Workers Compensation	Statutory	January 1, 2025 to December 31, 2025

**CITY OF CLINTON WATER AND SEWER DEPARTMENT
SCHEDULE 6
WATER AND SEWER COMMISSION MEMBERS
DECEMBER 31, 2025**

<u>Name</u>	<u>Title</u>
Adam McJunkins	Chairman
T.J. Pate	Commissioner
Randy Ward	Commissioner
Richard McCormac	Commissioner