STAMPS WATER WORKS

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STAMPS, ARKANSAS

DECEMBER 31, 2024

STAMPS WATER WORKS
STAMPS, ARKANSAS

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— CERTIFIED PUBLIC ACCOUNTANTS —

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City Council
Stamps, Arkansas

We have performed the procedures enumerated below on the accounting records of Stamps Water Works of the City of Stamps, Arkansas as of and for the year ended December 31, 2024. Stamps Water Works' management is responsible for the accounting records.

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

The procedures and associated findings are as follows:

1. Cash and Investments

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

    We found no exceptions as a result of the procedures.

2. Receipts

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

    We found no exceptions as a result of the procedures.

3. Accounts Receivable

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

    We found no exceptions as a result of the procedures.

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4. Disbursements

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

    We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

    We found no exceptions as a result of the procedure.

6. Long-Term Debt

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

    We found no exceptions as a result of the procedures.

7. General

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

    We found no exceptions as a result of the procedure.

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

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

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

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
November 5, 2025

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the City Council
Stamps, Arkansas

Management is responsible for the accompanying financial statements of Stamps Water Works, which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and related notes to the financial statements as listed in the table contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
November 5, 2025

STAMPS WATER WORKS
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 519,092	$ 538,410
Certificate of Deposit	58,060	58,060
Accounts Receivable - Customers	53,329	49,660
Unbilled Revenue	31,900	26,356
Accounts Receivable - Other	-	-
Accrued Interest Receivable	24	24
Prepaid Insurance	9,592	8,387
TOTAL CURRENT ASSETS	671,997	680,897
TOTAL RESTRICTED ASSETS (Schedule I)	277,992	253,493
PLANT AND EQUIPMENT:		
Land - Water	14,163	14,163
Land - Sewer	22,902	22,902
Equipment - Water	423,103	423,103
Equipment - Sewer	154,527	154,527
System - Water	4,606,960	4,606,960
System - Sewer	3,402,298	3,402,298
Office Furniture and Equipment	13,011	13,011
	8,636,964	8,636,964
Less: Accumulated Depreciation	(4,528,379)	(4,358,438)
TOTAL PLANT AND EQUIPMENT	4,108,585	4,278,526
TOTAL ASSETS	5,058,574	5,212,916
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	31,146	64,723
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,089,720	$ 5,277,639

The accompanying Notes are an integral part of these Financial Statements.

STAMPS WATER WORKS
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

LIABILITIES AND NET POSITION

	2024	2023
CURRENT LIABILITIES:		
Accounts Payable	$ 3,928	$ 3,184
Accrued Taxes Payable	3,880	3,558
Accounts Payable - City of Stamps	28,793	28,825
Accrued Payroll	3,351	2,860
Accrued Interest Payable	324	351
Bonds Payable - USDA	5,750	5,608
Note Payable	-	8,881
TOTAL CURRENT LIABILITIES	46,026	53,267
LIABILITIES PAYABLE FROM RESTRICTED FUNDS:		
Customers' Meter Deposits Payable	67,762	66,297
LONG-TERM LIABILITIES:		
Bonds Payable - USDA	215,193	220,943
Note Payable	-	17,142
Net Pension Liability	169,917	234,664
LONG-TERM LIABILITIES	385,110	472,749
TOTAL LIABILITIES	498,898	592,313
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pension	29,438	16,081
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	528,336	608,394
NET POSITION:		
Contributed Capital	3,208,575	3,208,575
Restricted	210,230	187,196
Unrestricted	1,142,579	1,273,474
TOTAL NET POSITION:	4,561,384	4,669,245
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	$ 5,089,720	$ 5,277,639

The accompanying Notes are an integral part of these Financial Statements.

STAMPS WATER WORKS
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUE:		
Water Sales	$ 427,136	$ 402,039
Sewer Service Charges	90,070	90,783
Penalty Revenue	17,851	16,088
Miscellaneous Revenues	12,912	7,316
Billing Adjustments	-	(1,547)
TOTAL OPERATING REVENUE	547,969	514,679
OPERATING EXPENSES:		
Salaries	181,982	153,572
Payroll Taxes	13,180	11,133
Retirement	27,402	22,472
Contract Labor	4,889	-
GASB 68 Adjustment	(17,813)	14,569
Insurance	39,976	30,653
Legal and Professional	1,514	9,109
Sewer Analysis	1,801	1,395
Supplies	38,449	30,779
Office	15,399	14,618
Uniforms	350	400
Chemicals	5,932	7,819
Repairs and Maintenance	68,709	17,057
Vehicle	18,111	13,866
Utilities	62,992	70,826
Dues and Permits	3,725	3,578
Meetings and Seminars	2,919	1,741
Licenses	6,598	5,522
Depreciation	169,941	169,933
Miscellaneous	6,397	8,214
TOTAL OPERATING EXPENSES	652,453	587,256
OPERATING INCOME (LOSS)	(104,484)	(72,577)
NON-OPERATING INCOME (EXPENSES):		
Interest Income	2,994	3,499
Interest Expense	(6,371)	(6,816)
TOTAL NON-OPERATING INCOME (EXPENSES):	(3,377)	(3,317)
NET INCOME (LOSS)	(107,861)	(75,894)
NET POSITION, BEGINNING OF YEAR	4,669,245	4,745,139
NET POSITION, END OF YEAR	$ 4,561,384	$ 4,669,245

The accompanying Notes are an integral part of these Financial Statements.

STAMPS WATER WORKS
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 507,993	$ 494,664
Cash Received from Other Operating Revenues	30,763	21,857
Cash Paid to Suppliers	(277,932)	(216,729)
Cash Paid to Employees	(222,073)	(185,467)
NET CASH FLOWS FROM OPERATING ACTIVITIES	38,751	114,325
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	2,994	3,478
Purchase of Certificate of Deposit	-	(719)
NET CASH FLOWS FROM INVESTING ACTIVITIES	2,994	2,759
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Increase in Meter Deposits	1,465	2,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal Paid on Revenue Bonds and Notes Payable	(31,631)	(14,033)
Interest Paid on Revenue Bonds and Notes Payable	(6,398)	(6,852)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(38,029)	(20,885)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,181	98,429
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	772,395	673,966
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 777,576	$ 772,395

The accompanying Notes are an integral part of these Financial Statements.

STAMPS WATER WORKS
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2024 AND 2023

Reconciliation of operating income to net cash flow from operating activities:	2024	2023
OPERATING INCOME (LOSS)	$ (104,484)	$ (72,577)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Depreciation	169,941	169,933
Pension related adjustment	(17,813)	14,569
Change in Assets and Liabilities:		
Accounts Receivable	(9,213)	1,842
Prepaid Expenses	(1,205)	-
Accounts Payable and Accrued Expenses	1,525	558
TOTAL ADJUSTMENTS	143,235	186,902
NET CASH FLOW FROM OPERATING ACTIVITIES	$ 38,751	$ 114,325

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
None

The accompanying Notes are an integral part of these Financial Statements.

Note 1. Significant Accounting Policies:

The Stamps Water Works is an Enterprise Fund of the City of Stamps, Arkansas. The System is governed by the City Council of the City of Stamps, Arkansas. The accompanying financial statements and other information reflect the Stamps Water Works fund only and do not include other funds of the City of Stamps, Arkansas.

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Bad debts, which are insignificant in amount, are recognized based on the direct charge-off of individual accounts considered uncollectible after deduction of the customer's meter deposit.

Plant and equipment are stated at cost and are depreciated over estimated useful lives calculated on the straight-line method as follows:

	Years
Furniture and Fixtures	3 - 20
Water Plant	10 - 80
Sewer Plant	10 - 80
Vehicles and Equipment	5 - 25

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

The Utility 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 by these deposits. The Utility monitors its exposure for credit losses and maintains allowances for anticipated losses, if warranted.

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

Management has evaluated subsequent events through November 5, 2025, the date the financial statements were available for issuance.

Certain accounts in the prior-year statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 2. Restricted Assets:

Schedule I of this report shows restricted assets existing at December 31, 2024 and 2023.

Note 3. Unbilled Revenue:

Unbilled water and sewer revenue of $31,900 was computed for usage from the last meter reading date of 2024 until the end of December. This amount is computed by allocating water and sewer billed based on the last meter reading date.

Note 4. Capital Assets:

Capital Asset activity for the year ended December 31, 2024 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFERS	ENDING BALANCE
CAPITAL ASSETS:					
Land - Water	$ 14,163	$ -	$ -	$ -	$ 14,163
Land - Sewer	22,902	-	-	-	22,902
Equipment - Water	423,103	-		-	423,103
Equipment - Sewer	154,527	-	-	-	154,527
System - Water	4,606,960	-	-	-	4,606,960
System - Sewer	3,402,298	-	-	-	3,402,298
Office Furniture and Equipment	13,011	-	-	-	13,011
TOTAL CAPITAL ASSETS AT HISTORICAL COST	8,636,964	-	-	-	8,636,964
LESS ACCUMULATED DEPRECIATION:					
Equipment - Water	(311,225)	(6,951)	-	-	(318,176)
Equipment - Sewer	(132,996)	(4,587)	-	-	(137,583)
System - Water	(1,965,334)	(109,597)	-	-	(2,074,931)
System - Sewer	(1,936,000)	(48,806)	-	-	(1,984,806)
Office Furniture and Equipment	(12,883)	-	-	-	(12,883)
TOTAL DEPRECIATION	(4,358,438)	(169,941)	-	-	(4,528,379)
NET CAPITAL ASSETS	$ 4,278,526	$ (169,941)	$ -	$ -	$ 4,108,585

Note 4. Capital Assets: (Continued)

Capital Asset activity for the year ended December 31, 2023 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFERS	ENDING BALANCE
CAPITAL ASSETS:					
Land - Water	$ 14,163	$ -	$ -	$ -	$ 14,163
Land - Sewer	22,902	-	-	-	22,902
Equipment - Water	423,103	-		-	423,103
Equipment - Sewer	154,527	-	-	-	154,527
System - Water	4,606,960	-	-	-	4,606,960
System - Sewer	3,402,298	-	-	-	3,402,298
Office Furniture and Equipment	13,011	-	-	-	13,011
TOTAL CAPITAL ASSETS AT HISTORICAL COST	8,636,964	-	-	-	8,636,964
LESS ACCUMULATED DEPRECIATION:					
Equipment - Water	(304,278)	(6,947)	-	-	(311,225)
Equipment - Sewer	(127,803)	(5,193)	-	-	(132,996)
System - Water	(1,855,737)	(109,597)	-	-	(1,965,334)
System - Sewer	(1,887,804)	(48,196)	-	-	(1,936,000)
Office Furniture and Equipment	(12,883)	-	-	-	(12,883)
TOTAL DEPRECIATION	(4,188,505)	(169,933)	-	-	(4,358,438)
NET CAPITAL ASSETS	$ 4,448,459	$ (169,933)	$ -	$ -	$ 4,278,526

Note 5. Long-Term Debt:

Long-term debt as of December 31, 2024 and 2023 was as follows:

	12/31/2024	12/31/2023
Bond payable to USDA Rural Development; original amount $283,000; due in monthly installments of $934, including interest at 2.5%; secured by the System's revenue. Matures February 2056.	$ 220,943	$ 226,551
Note payable to John Deere Equipment; original amount $44,195; due in monthly installments of $807, including interest at 3.63%; secured by equipment. Paid Off in December 2024	0	26,023
	220,943	252,574
Less portion considered current	(5,750)	(14,489)
Total long-term debt	$ 215,193	$ 238,085

Debt service requirements of long-term debt as of December 31, 2024 are as follows:

Year	Principal	Interest	Total Requirements
2025	5,750	5,458	$ 11,208
2026	5,895	5,313	11,208
2027	6,045	5,163	11,208
2028	6,197	5,011	11,208
2029	6,354	4,854	11,208
Thereafter	190,702	62,792	248,640
Total	$ 220,943	$ 83,737	$ 332,101

Note 6. 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 7. Retained Earnings:

Retained Earnings in the amount of $1,352,809 as of December 31, 2024 consists of the accumulated earnings of the water works of $1,142,579 and the excess of restricted assets over liabilities payable from restricted assets of $210,230.

Note 8. 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 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 Stamps Water Works 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. Stamps Water Works does not have a policy for custodial credit risk. The carrying value of the System's accounts and investments at December 31, 2024 was $797,004. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had bank balances of $865,330 before reduction of outstanding items. Financial institutions pledged securities with a fair market value of $2,950,000 to collateralize deposits for the Water Works and the City of Stamps.

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

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

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

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

All securities are classified under category 3, above.

Federal Deposit Insurance Corporation coverage allows for a total of $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 Stamps Water Works' accounts and investments. FDIC coverage is provided on an entity level to be shared jointly by all City of Stamps accounts and investments at a financial institution.

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

Investment Credit Risk: Stamps Water Works 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: Stamps Water Works has no exposure to foreign currency risk.

Note 9. Risk Management:

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The 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.

Note 10. Arkansas Public Employees Retirement System:

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

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

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

Plan Description

The general administration and responsibility for the proper operation of the 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% up to June 30, 2043, and 15.32% thereafter of annual covered payroll for the year ending December 31, 2024. Contributions made by the Utility were $27,402 and $22,472 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:

Note 10. Arkansas Public Employees Retirement System: (Continued)

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

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, 2021. Effective July 1, 2021, state law requires employers to contribute 15.32% of annual covered payroll.

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

Note 10. Arkansas Public Employees Retirement System: (Continued)

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.

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.00%
Wage Inflation Rate	3.25%
Salary Increases	3.25-9.85%
Investment Rate of Return	7.15% (net of investment and administrative expenses)
Mortality Table	RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were fully 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:

Note 10. Arkansas Public Employees Retirement System: (Continued)

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

Discount Rate

A single discount rate of 7.00% 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 7.15%. 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:

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Deferred Outflows of Resources:									
Differences between expected and actual experience	$ 6,594	$ 13,246	$ 5,272	$ 1,463	$ 3,550	$ 6,381	$ 3,905	$ 5,555	$ 287
Changes in Proportion and differences between employer contributions and proportionate share of contribution	-	-	1	165	1,614	3,630	7,133	4,350	6,951
Changes in assumptions	5,922	11,032	-	-	3,351	12,728	27,937	46,103	23,258
Utility contributions subsequent to measurement date	13,701	11,237	12,351	11,648	9,585	9,934	12,887	10,426	11,758
Net difference between projected and actual earnings on pension plan investments	4,929	29,208	46,336	-	28,300	-	-	12,005	52,990
Deferred Inflows of Resources:									
Differences between expected and actual experience	(6,947)	(1,289)	(2,652)	(4,098)	(177)	(348)	(2,577)	(5,635)	(10,887)
Changes in Proportion and differences between employer contributions and proportionate share of contribution	(22,491)	(14,792)	(13,108)	(8,846)	(12,257)	(13,121)	(5,298)	(7,727)	(148)
Changes in assumptions	-	-	-	(448)	(4,582)	(9,014)	(15,184)	-	-
Utility contributions subsequent to measurement date	-	-	-	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	(112,163)	-	(1,781)	(6,213)	-	-
Totals	$ 1,708	$ 48,642	$ 48,200	$(112,279)	$ 29,384	$ 8,409	$ 22,590	$ 65,077	$ 84,209

Note 10. Arkansas Public Employees Retirement System: (Continued)

$11,237 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, 2023, any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Differences in Experience	Changes in Assumptions	Differences in Earnings	Changes in Contribution Proportion	Net Reduction in Pension Expense
2025	$ (78)	$ 1,303	$ 986	$ (4,948)	$ (2,737)
2026	(78)	1,303	986	(4,948)	(2,737)
2027	(78)	1,303	986	(4,948)	(2,737)
2028	(78)	1,303	986	(4,948)	(2,737)
2029	(41)	710	985	(2,699)	(1,045)
	$ (353)	$ 5,922	$ 4,929	$ (22,491)	$ (11,993)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Stamps Water Works' net pension liability, calculated using the current discount rate, as well as what the water works' net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate:

	1% Lower than Current Rate (6.00%)	Current Rate (7.00%)	1% Higher than Current Rate (8.00%)
Net Pension Liability	$ 289,939	$ 169,917	$ 70,967

SUPPLEMENTARY INFORMATION

STAMPS WATER WORKS
SCHEDULES OF RESTRICTED ASSETS
DECEMBER 31, 2024 AND 2023

	2024	2023
CUSTOMERS' METER DEPOSIT FUND:		
Cash	46,299	44,727
Certificates of Deposit	19,508	19,508
TOTAL CUSTOMERS' METER DEPOSIT FUND	65,807	64,235
DEBT SERVICE FUND:		
USDA Bond Payment Account	985	985
USDA Debt Service	11,405	11,381
USDA Short Lived Asset Fund	199,795	176,892
TOTAL DEBT SERVICE FUND	212,185	189,258
TOTAL RESTRICTED ASSETS	$ 277,992	$ 253,493

See Independent Auditors' Report.

STAMPS WATER WORKS
BUDGETARY COMPARISON SCHEDULE
FOR YEAR ENDED DECEMBER 31, 2024

	BUDGET	ACTUAL	VARIANCE
OPERATING REVENUE:			
Water Sales	$ 415,000	$ 427,136	$ 12,136
Sewer Service Charges	102,000	90,070	(11,930)
Penalty Revenue	17,500	17,851	351
Miscellaneous Revenues	29,875	12,912	(16,963)
Billing Adjustments	5,000	-	(5,000)
TOTAL OPERATING REVENUE	569,375	547,969	(21,406)
OPERATING EXPENSES:			
Salaries	187,000	181,982	(5,018)
Payroll Taxes	13,750	13,180	(570)
Retirement	27,500	27,402	(98)
Contract Labor	4,200	4,889	
GASB 68 Adjustment	-	(17,813)	(17,813)
Insurance	33,640	39,976	6,336
Legal and Professional	14,305	1,514	(12,791)
Sewer Analysis	2,500	1,801	(699)
Supplies	19,500	38,449	18,949
Office	10,000	15,399	5,399
Uniforms	-	350	350
Chemicals	8,500	5,932	(2,568)
Repairs and Maintenance	23,500	68,709	45,209
Vehicle	12,500	18,111	5,611
Utilities	68,600	62,992	(5,608)
Travel	2,000	-	(2,000)
Dues and Permits	3,580	3,725	145
Meetings and Seminars	2,900	2,919	19
Licenses	7,200	6,598	(602)
Depreciation/Capital Outlay	36,000	169,941	133,941
Miscellaneous	1,500	6,397	4,897
TOTAL OPERATING EXPENSES	478,675	652,453	173,089
OPERATING INCOME (LOSS)	90,700	(104,484)	(194,495)
NON-OPERATING INCOME (EXPENSES):			
Interest Income	2,000	2,994	994
Interest Expense	-	(6,371)	(6,371)
TOTAL NON-OPERATING INCOME (EXPENSES):	2,000	(3,377)	(5,377)
NET INCOME (LOSS)	$ 92,700	$ (107,861)	$ (199,872)

See Independent Auditors' Report.

STAMPS WATER WORKS
REQUIRED SUPPLEMENTAL INFORMATION
FOR COST-SHARING PLANS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

	2024	2023	2022	2021	2020	2019
System's proportion of the net pension liability (asset) per APERS	0.0152435%	0.0173173%	0.0183680%	0.0196851%	0.0200250%	0.0205832%
System's proportionate share of the net pension liability - per APERS	$ 169,917	$ 234,664	$ 219,653	$ 63,897	$ 267,449	$ 240,144
System's covered-employee payroll	$ 158,159	$ 142,883	$ 180,263	$ 177,588	$ 169,125	$ 166,717
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	107.43%	164.24%	121.85%	35.98%	158.14%	144.04%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	77.94%	78.31%	93.57%	75.39%	78.55%

Schedule of Required Contributions Last Fiscal Year

Contractually required contribution	$ 27,402	$ 22,472	$ 25,563	$ 28,221	$ 25,910	$ 25,541
Contributions in relation to the contractually required contribution	(27,402)	(22,472)	(25,563)	(28,221)	(25,910)	(25,541)
Contribution deficiency (excess)	-	-	-	-	-	-
System's covered-employee payroll	$ 158,159	$ 142,883	$ 180,263	$ 177,588	$ 169,125	$ 166,717
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%

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

	2018	2017	2016
System's proportion of the net pension liability (asset) per APERS	0.0219270%	0.0213148%	0.0223290%
System's proportionate share of the net pension liability - per APERS	$ 245,524	$ 286,528	$ 303,508
System's covered-employee payroll	$ 195,272	$ 190,178	$ 204,653
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	125.73%	150.66%	148.30%
Plan fiduciary net position as a percentage of the total pension liability	79.59%	75.65%	75.50%

Schedule of Required Contributions Last Fiscal Year

Contractually required contribution	$ 29,359	$ 27,861	$ 28,498
Contributions in relation to the contractually required contribution	(29,359)	(27,861)	(28,498)
Contribution deficiency (excess)	-	-	-
System's covered-employee payroll	$ 195,272	$ 190,178	$ 204,653
Contributions as a percentage of covered-employee payroll	15.03%	14.65%	13.93%

See Independent Auditors' Report.