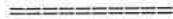


RISON WATER AND SEWER SYSTEM



RISON, ARKANSAS

DECEMBER 31, 2024

RISON WATER AND SEWER SYSTEM
RISON, ARKANSAS

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Rison, Arkansas

We have performed the procedures enumerated below on the accounting records of Rison Water and Sewer System as of and for the year ended December 31, 2024. Rison Water and Sewer System's management is responsible for the entity's accounting records.

Rison Water and Sewer System 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 the receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

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

We found no exceptions as a result of the procedures.

4. Disbursements

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

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

We found no exceptions as a result of the procedure.

6. Long-Term Debt

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

We found no exceptions as a result of the procedures.

7. General

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

We found no exceptions as a result of the procedure.

We were engaged by Rison Water and Sewer System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of Rison Water and Sewer System. 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 Rison Water and Sewer System and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Rison Water and Sewer System 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
September 25, 2025

To the Mayor and City Council
Rison Water and Sewer System
Rison, Arkansas

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule on page 18 and Required Supplemental Information for Cost-Sharing Plans on page 19 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

As discussed in Note 1, the financial statements referred to above present only Rison Water and Sewer System, which is an enterprise fund of the City of Rison, and are not intended to present fairly the financial position of the City of Rison, and the results of its operations and the cash flows of its other funds in conformity with generally accepted accounting principles.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
September 25, 2025

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

	2024	2023
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 153,592	\$ 106,465
Customer Receivables	70,183	59,376
Unbilled Revenue	19,139	16,376
TOTAL CURRENT ASSETS	242,914	182,217
 RESTRICTED ASSETS:		
Cash and Cash Equivalents	335,042	331,512
 CAPITAL ASSETS:		
Land and Land Improvements	7,905	7,905
Water System	901,984	901,984
Sewer System	2,149,485	2,149,485
Machinery and Equipment	247,639	247,639
Construction in Progress	1,942,644	-
	5,249,657	3,307,013
Less: Accumulated Depreciation	(2,193,598)	(2,107,214)
TOTAL CAPITAL ASSETS	3,056,059	1,199,799
 TOTAL ASSETS	3,634,015	1,713,528
 DEFERRED OUTFLOWS OF RESOURCES:		
Deferred Outflows of Resources Related to Pension	87,031	107,616
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,721,046	\$ 1,821,144

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

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

Page 5

	2024	2023
CURRENT LIABILITIES:		
Accounts Payable	\$ 25,427	\$ 16,499
Accrued Salaries and Vacation	19,443	17,546
Notes Payable - Current Portion	35,761	35,230
TOTAL CURRENT LIABILITIES	80,631	69,275
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Customer Deposits	46,824	45,844
Accrued Interest Payable	930	1,074
Current Portion of Bond Payable	31,875	30,382
TOTAL LIABILITIES PAYABLE FROM RESTRICTED ASSETS	79,629	77,300
TOTAL CURRENT LIABILITIES	160,260	146,575
LONG-TERM LIABILITIES:		
Water Revenue Bond	352,771	384,648
Notes Payable	380,779	146,040
Net Pension Liability	280,776	279,941
TOTAL LONG-TERM LIABILITIES	1,014,326	810,629
TOTAL LIABILITIES	1,174,586	957,204
DEFERRED INFLOWS OF RESOURCES:		
Deferred Inflows of Resources Related to Pension	11,479	7,356
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,186,065	964,560
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	2,254,873	603,499
Restricted	255,413	254,212
Unrestricted	24,695	(1,127)
TOTAL NET POSITION	2,534,981	856,584
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 3,721,046	\$ 1,821,144

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

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

	2024	2023
OPERATING REVENUE:		
Water Revenue	\$ 439,338	\$ 343,449
Sewer Revenue	325,135	255,936
Grant Income	1,672,144	-
Other Income	4,951	6,422
TOTAL OPERATING REVENUE	2,441,568	605,807
OPERATING EXPENSES:		
Salaries	249,578	209,988
GASB 68 Adjustment	25,543	9,128
Depreciation	86,384	84,681
Employee Benefits	89,883	85,138
Gas and Oil	14,663	17,833
Insurance	3,309	7,893
Office Expense	7,912	5,957
Payroll Taxes	17,651	16,524
Professional Services	5,316	4,614
Repairs and Maintenance	150,743	143,894
Sales Tax	28,787	31,688
Utilities	54,449	42,571
Transfer to General Fund	45,560	-
Miscellaneous Expense	19,715	15,297
TOTAL OPERATING EXPENSES	799,493	675,207
OPERATING INCOME (LOSS)	1,642,075	(69,400)
OTHER INCOME (EXPENSES):		
Interest Revenue	612	2,203
Interest Expense	(19,290)	(21,361)
TOTAL OTHER INCOME (EXPENSES)	(18,678)	(19,158)
NET INCOME (LOSS) BEFORE TRANSFERS	1,623,397	(88,558)
TRANSFERS IN	55,000	142,000
CHANGE IN NET POSITION	1,678,397	53,442
NET POSITION - BEGINNING OF YEAR	856,584	803,142
NET POSITION - END OF YEAR	\$ 2,534,981	\$ 856,584

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

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,427,998	\$ 591,885
Cash Payments for Goods and Services	(429,060)	(360,588)
Cash Payments to Employees	(247,681)	(207,013)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,751,257	24,284
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers	55,000	142,000
Increase (Decrease) in Meter Deposits	980	1,745
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	55,980	143,745
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(1,942,644)	(23,824)
Principal Paid on Debt	204,886	(63,669)
Interest Paid on Debt	(19,434)	(21,502)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,757,192)	(108,995)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received on Investments	612	2,203
NET INCREASE IN CASH AND RESTRICTED CASH	50,657	61,237
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	437,977	376,740
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 488,634	\$ 437,977

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

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

Reconciliation of operating income (loss) to net cash provided by operating activities:

	2024	2023
OPERATING INCOME (LOSS)	\$ 1,642,075	\$ (69,400)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Depreciation	86,384	84,681
Pension Related Adjustment	25,543	9,128
Change in Assets and Liabilities:		
Accounts Receivable	(13,570)	(13,922)
Accounts Payable	8,928	10,822
Payroll Liabilities	1,897	2,975
TOTAL ADJUSTMENTS	109,182	93,684
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 1,751,257	\$ 24,284

SCHEDULE OF NONCASH INVESTING AND FINANCING
 ACTIVITIES:

None

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

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

Note 1. Significant Accounting Policies:

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

Capital assets are stated at cost, and depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Water System	10 - 50 Years
Sewer System	35 - 50 Years
Equipment	5 - 10 Years

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.

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

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

Management has evaluated subsequent events through September 25, 2025, the date the financial statements were available for issuance.

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

Note 2. Restricted Assets:

Restricted accounts are segregated on the balance sheet in accordance with the requirements of bond obligation agreements and internally designed restrictions. Restricted assets as of December 31, 2024 and 2023, were as follows:

	12/31/2024	12/31/2023
Debt Service Reserve Fund	\$ 198,608	\$ 200,136
Depreciation Fund	89,610	85,532
Meter Deposit Fund	46,824	45,844
	\$ 335,042	\$ 331,512

Note 3. Unbilled Revenue:

Unbilled water and sewer revenue of \$19,139 was computed from usage from the last meter reading date of 2024 until the end of December. This amount is computed by allocating water usage based on the last meter reading date.

Note 4. 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 are fully guaranteed by the United States of America. All cash funds of the System are deposited in accounts in the name of the Rison 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. The carrying value of the System's accounts and investments at December 31, 2024 was \$488,633. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments had bank balances of \$747,446 before reduction of outstanding items.

Federal Deposit Insurance Corporation (FDIC) coverage allows for \$250,000 of 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 Rison Water and Sewer System's accounts and investments. FDIC coverage is provided on an entity level to be shared jointly by all City of Rison accounts and investments at a financial institution.

Investment Credit Risk: The Rison Water and Sewer System does not have a formal investment policy. Investments consist of certificates of deposit with banks authorized by state law to receive deposits of public funds.

Foreign Currency Risk: The Rison Water and Sewer System has no exposure to foreign currency risk.

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

Note 5. Capital Assets:

Capital asset activity for the years ended December 31, 2024 and 2023 was as follows:

	12/31/2023 BALANCE	INCREASES	DECREASES	12/31/2024 BALANCE
Capital Assets:				
Land and Oxidation Pond	\$ 7,905	\$ -	\$ -	\$ 7,905
Water System	901,984	-	-	901,984
Sewer System	2,149,485	-	-	2,149,485
Machinery and Equipment	247,639	-	-	247,639
Construction in Progress	-	1,942,644	-	1,942,644
Total Capital Assets	<u>3,307,013</u>	<u>1,942,644</u>	<u>-</u>	<u>5,249,657</u>
Less Accumulated Depreciation:				
Water System	(603,250)	(21,228)	-	(624,478)
Sewer System	(1,295,857)	(51,493)	-	(1,347,350)
Machinery and Equipment	(208,107)	(13,663)	-	(221,770)
Total Accumulated Depreciation	<u>(2,107,214)</u>	<u>(86,384)</u>	<u>-</u>	<u>(2,193,598)</u>
NET	<u><u>\$ 1,199,799</u></u>	<u><u>\$ 1,856,260</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,056,059</u></u>

	12/31/2022 BALANCE	INCREASES	DECREASES	12/31/2023 BALANCE
Capital Assets:				
Land and Oxidation Pond	\$ 7,905	\$ -	\$ -	\$ 7,905
Water System	901,984	-	-	901,984
Sewer System	2,149,485	-	-	2,149,485
Machinery and Equipment	223,815	23,824	-	247,639
Total Capital Assets	<u>3,283,189</u>	<u>23,824</u>	<u>-</u>	<u>3,307,013</u>
Less Accumulated Depreciation:				
Water System	(582,022)	(21,228)	-	(603,250)
Sewer System	(1,244,364)	(51,493)	-	(1,295,857)
Machinery and Equipment	(196,147)	(11,960)	-	(208,107)
Total Accumulated Depreciation	<u>(2,022,533)</u>	<u>(84,681)</u>	<u>-</u>	<u>(2,107,214)</u>
NET	<u><u>\$ 1,260,656</u></u>	<u><u>\$ (60,857)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,199,799</u></u>

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

Note 6. 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 \$705,000; due in monthly installments of \$3,462, including interest at 5.0%; secured by the System's revenue; current portion is \$29,158, maturing 2032.	\$ 260,963	\$ 288,703
Bond payable to USDA Rural Development; original amount \$145,000; due in monthly installments of \$507, including interest at 2.75%; secured by the System's revenue; current portion is \$2,717, maturing 2055.	123,683	126,327
Note payable to AR Natural Resource Commission; due in semi-annual installments (beginning 4/15/2019) of \$18,911, including interest at 0.50% and a service fee of 1.00%; secured by the System's revenue; current portion is \$35,761, maturing in October 2028.	146,040	181,270
Note payable to AR Natural Resource Commission; due in monthly installments (beginning 7/1/2027) of \$2,226.52, including interest at 0.75% and a service fee of 1.00%; secured by the System's revenue; current portion is \$0, maturing in June 2047.	67,625	-
Note payable to AR Natural Resource Commission; due in monthly installments (beginning 7/1/2027) of \$6,680, including interest at 0.75% and a service fee of 1.00%; secured by the System's revenue; current portion is \$0, maturing in June 2047.	202,875	-
	801,186	596,300
Less portion considered current	(67,636)	(65,612)
Total Long-Term debt	\$ 733,550	\$ 530,688

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

Year	Principal	Interest	Total Requirements
2025	\$ 67,636	\$ 17,814	\$ 85,450
2026	69,742	15,708	85,450
2027	109,737	29,150	138,887
2028	150,554	41,501	192,055
2029	116,588	37,913	154,501
Thereafter	286,929	77,059	363,988
Total	\$ 801,186	\$ 219,145	\$ 1,020,331

Note 7. 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 8. Risk Management:

The Rison 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.

Note 9. Arkansas Public Employees Retirement System:

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* establishes standards for public pension plan obligations for participating employers.

Under the 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.

Note 9. Arkansas Public Employees Retirement System: (Continued)

Plan Description (Continued)

Funding Policy: The Utility contributes an actuarially determined amount to the plan, which was 15.32% of annual covered payroll through June 30, 2024. The rate remained unchanged for the fiscal year beginning July 1, 2024. Contributions made by the Utility were \$40,347 and \$42,539 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%

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

Note 9. Arkansas Public Employees Retirement System: (Continued)

Contributions (Continued)

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 <https://apers.org/publications/>.

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.

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 Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.15% (net of investment and administrative expenses)
Wage Inflation Rate	3.25%
Salary Increases	3.25 - 9.85% including inflation
Mortality Table	RP-2014 weighted generational mortality tables for healthy annuited, 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.

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

Note 9. Arkansas Public Employees Retirement System: (Continued)

Actuarial Assumptions (Continued)

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%	

Discount Rate

A single discount rate of 7.15% 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:

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

Note 9. Arkansas Public Employees Retirement System: (Continued)

Discount Rate (Continued)

Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 10,896
Changes in proportion and differences between employer contributions and proportionate share of contribution	40,214
Changes in assumptions	9,785
Utility contributions subsequent to measurement date	17,990
Net difference between projected and actual earnings on pension plan investments	8,146
Deferred Inflows of Resources:	
Differences between expected and actual experience	(11,479)
Changes in proportion and differences between employer contributions and proportionate share of contribution	-
Changes in assumptions	-
Utility contributions subsequent to measurement date	-
Net difference between projected and actual earnings on pension plan investments	-
Totals	\$ 75,552

\$17,990 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:

2025	2026	2027	2028	2029	Total
\$ 12,377	\$ 12,377	\$ 12,377	\$ 12,377	\$ 8,054	\$ 57,562

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

The following presents the proportionate share of the Net Pension Liability using the discount rate of 7%, as well as what the Net Pension 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
6%	7%	8%
\$ 479,106	\$ 280,776	\$ 117,269

SUPPLEMENTARY INFORMATION

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

SCHEDULE I
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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES:			
Water Revenue	\$ 455,000	\$ 439,338	\$ (15,662)
Sewer Revenue	350,000	325,135	(24,865)
Grant Income	-	1,672,144	1,672,144
Other Income	45,000	4,951	(40,049)
TOTAL OPERATING REVENUES	<u>850,000</u>	<u>2,441,568</u>	<u>1,591,568</u>
OPERATING EXPENSES:			
Salaries	250,000	249,578	422
GASB 68 Adjustment	-	25,543	(25,543)
Depreciation	-	86,384	(86,384)
Employee Benefits	90,000	89,883	117
Gas and Oil	20,000	14,663	5,337
Insurance	9,000	3,309	5,691
Office Expense	14,000	7,912	6,088
Payroll Taxes	22,000	17,651	4,349
Professional Services	6,000	5,316	684
Repairs and Maintenance	233,000	150,743	82,257
Sales Tax	41,000	28,787	12,213
Utilities	54,000	54,449	(449)
Transfer to General Fund	-	45,560	(45,560)
Miscellaneous Expense	25,000	19,715	5,285
TOTAL OPERATING EXPENSES	<u>764,000</u>	<u>799,493</u>	<u>(35,493)</u>
OPERATING INCOME (LOSS)	<u>86,000</u>	<u>1,642,075</u>	<u>1,556,075</u>
OTHER INCOME (EXPENSES):			
Interest Revenue	-	612	612
Interest Expense	(86,000) *	(19,290)	66,710
TOTAL OTHER INCOME (EXPENSES)	<u>(86,000)</u>	<u>(18,678)</u>	<u>67,322</u>
NET INCOME (LOSS)	<u>\$ -</u>	<u>\$ 1,623,397</u>	<u>\$ 1,623,397</u>

See Independent Accountants' Compilation Report.

* Budgeted amount includes total principal and interest payments.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>Schedule of Proportionate Share of the Net Pension Liability and Related Ratios</u>										
System's proportion of the net pension liability (asset) per APERS	0.0112847%	0.0096061%	0.0086918%	0.0007855%	0.0103010%	0.0113324%	0.0122966%	0.0129978%	0.0128072%	0.0096292%
System's proportionate share of the net pension liability - per APERS	\$ 280,776	\$ 279,941	\$ 234,364	\$ 60,392	\$ 250,730	\$ 235,122	\$ 257,692	\$ 268,974	\$ 272,086	\$ 187,027
System's covered-employee payroll	\$ 263,362	\$ 277,670	\$ 181,195	\$ 176,688	\$ 184,589	\$ 191,272	\$ 197,269	\$ 188,774	\$ 185,338	\$ 186,233
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	106.61%	100.82%	129.34%	34.18%	135.83%	122.93%	130.63%	142.48%	146.81%	100.43%
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%
<u>Schedule of Required Contributions Last Fiscal Year</u>										
Contractually required contribution	\$ 40,347	\$ 42,539	\$ 27,759	\$ 27,068	\$ 28,279	\$ 29,302	\$ 29,669	\$ 27,850	\$ 26,874	\$ 28,033
Contributions in relation to the contractually required contribution	(40,347)	(42,539)	(27,759)	(27,068)	(28,279)	(29,302)	(29,669)	(27,850)	(26,874)	(28,033)
System's covered-employee payroll	\$ 263,362	\$ 277,670	\$ 181,195	\$ 176,688	\$ 184,589	\$ 191,272	\$ 197,269	\$ 188,774	\$ 185,338	\$ 186,233
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	15.32%	15.32%	15.04%	14.75%	14.50%	15.05%

See Independent Accountants' Compilation Report.