



**City of Carlisle  
Water and Sewer Department**

**Financial Statements  
December 31, 2024**

**(With Independent Auditor's Report Thereon)**

**City of Carlisle  
Water and Sewer Department**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council  
and Mayor Jon Plafcan  
City of Carlisle, Arkansas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the **City of Carlisle Water and Sewer Department** (the Department) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Department as of December 31, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter – Other***

As discussed in Note 1, the financial statements present only the Department and do not purport to, and do not present fairly the financial position of the City of Carlisle, Arkansas as of December 31, 2024, the changes in its financial position or its cash flows for the year then ended in accordance with U.S. GAAP. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

The Honorable Members of the City Council  
and Mayor Jon Plafcan  
City of Carlisle, Arkansas

## **Report on the Audit of the Financial Statements (Continued)**

### ***Responsibilities of Management for the Financial Statements (Continued)***

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 Department's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***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 opinion. 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 U.S. GAAS 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

The Honorable Members of the City Council  
and Mayor Jon Plafcan  
City of Carlisle, Arkansas

**Report on the Audit of the Financial Statements (Continued)**

***Required Supplementary Information***

Management has omitted management’s discussion and analysis that U.S. GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion is not modified with respect to this matter.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the Department’s basic financial statements. The schedule of water and sewer rates and users is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule 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 U.S. GAAS. In our opinion, the information in this schedule 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 February 10, 2026, on our consideration of the Department’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 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 Department’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Landmark PLC". The signature is written in black ink and is positioned above the typed name and date.

Little Rock, Arkansas  
February 10, 2026

## **Financial Statements**

# City of Carlisle

## Water and Sewer Department

### Statement of Net Position December 31, 2024

#### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

##### Current Assets

Cash	\$ 176,553
Accounts receivables, net	146,216
Prepaid expenses	2,222
<b>Total Current Assets</b>	<b>324,991</b>

##### Restricted Assets

Cash	176,512
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##### Property, Plant and Equipment, Net

2,631,876

##### Total Assets

3,133,379

##### Deferred Outflows of Resources

50,856

#### TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

**\$ 3,184,235**

#### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

##### Current Liabilities

Accrued payroll and expenses	\$ 11,678
Accrued vacation	3,988
Other liabilities	6,662
Due to City of Carlisle	187,191
<b>Total Current Liabilities</b>	<b>209,519</b>

##### Current Liabilities Payable from Restricted Assets

Current portion of long-term debt	66,902
Accrued interest payable	1,505
Customer deposits	72,400
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>140,807</b>

##### Long-term Debt, Less Current Portion

1,315,301

##### Net Pension Liability

159,800

##### Total Liabilities

1,825,427

##### Deferred Inflows of Resources

6,533

##### Total Liabilities and Deferred Inflows of Resources

1,831,960

##### Net Position

Net investment in property, plant and equipment	1,249,673
Restricted for capital activity, customer deposits and debt service	102,607
Unrestricted	(5)
<b>Total Net Position</b>	<b>1,352,275</b>

#### TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

**\$ 3,184,235**

See accompanying notes to financial statements.

# City of Carlisle

## Water and Sewer Department

### Statement of Revenues, Expenses and Changes in Net Position Year Ended December 31, 2024

<b>OPERATING REVENUES</b>	
Water sales	\$ 475,996
Sewer sales	300,527
Miscellaneous	49,953
<b>Total Operating Revenues</b>	<u>826,476</u>
<b>OPERATING EXPENSES</b>	
Salaries and related taxes	295,380
Equipment rental	8,127
Materials and operating supplies	64,794
Utilities and telephone	78,964
Depreciation	312,665
Legal and professional fees	20,526
Retirement	48,907
Insurance	34,995
Lab analysis	3,973
Repairs and chemicals	79,389
Vehicles	10,376
Miscellaneous	55,364
<b>Total Operating Expenses</b>	<u>1,013,460</u>
<b>Operating Loss</b>	<u>(186,984)</u>
<b>OTHER REVENUES (EXPENSES)</b>	
Interest income	13,621
Interest expense	(34,591)
<b>TOTAL OTHER REVENUES (EXPENSES)</b>	<u>(20,970)</u>
<b>Loss Before Transfers</b>	(207,954)
<b>NET TRANSFERS FROM THE CITY OF CARLISLE</b>	<u>13,417</u>
<b>DECREASE IN NET POSITION</b>	(194,537)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,546,812</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 1,352,275</u></u>

See accompanying notes to financial statements.

# City of Carlisle

## Water and Sewer Department

### Statement of Cash Flows Year Ended December 31, 2024

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Receipts from:</b>	
Water and sewer sales	\$ 750,376
Miscellaneous	47,060
<b>Total Operating Receipts</b>	<u>797,436</u>
<b>Disbursements for:</b>	
Salaries and related benefits	324,255
Goods and services	309,568
<b>Total Operating Disbursements</b>	<u>633,823</u>
<b>Net Cash Provided by Operating Activities</b>	<u>163,613</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Net transfers from the City of Carlisle	13,417
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>13,417</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of property, plant and equipment	(50,219)
Proceeds from sale of property, plant and equipment	8,956
Principal payments of long-term debt	(194,002)
Interest paid	(34,420)
<b>Net Cash Used from Capital and Related Financing Activities</b>	<u>(269,685)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income received	13,621
<b>Net Cash Provided by Investing Activities</b>	<u>13,621</u>
<b>NET DECREASE IN CASH</b>	(79,034)
<b>CASH, BEGINNING OF YEAR</b>	<u>432,099</u>
<b>CASH, END OF YEAR</b>	<u>\$ 353,065</u>
<b>RECONCILIATION OF CASH TO STATEMENT OF NET POSITION</b>	
Cash	\$ 176,553
Restricted cash	176,512
<b>Total Cash</b>	<u>\$ 353,065</u>

*(Continued)*

See accompanying notes to financial statements.

**City of Carlisle**  
**Water and Sewer Department**

**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2024**

**RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

<b>Operating Loss</b>	\$ (186,984)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</b>	
Depreciation	312,665
Gain on disposal of property, plant and equipment	(8,956)
Changes in operating assets and liabilities:	
Account receivable, net	(26,147)
Accrued payroll and expenses	7,490
Accrued vacation	50
Other liabilities	3,269
Due to City of Carlisle	43,671
Customer deposits	6,063
Net pension liability and related deferred outflows and inflows of resources	12,492
	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u><u>\$ 163,613</u></u></b>

See accompanying notes to financial statements.

# City of Carlisle

## Water and Sewer Department

Notes to Financial Statements  
December 31, 2024

### **NOTE 1: REPORTING ENTITY**

The City of Carlisle Water and Sewer Department (the Department) provides water and wastewater treatment services to the residential and commercial users in the City of Carlisle, Arkansas (the City). The City Council serves as the governing board of the Department and approves rates for user charges.

These financial statements present only balances and transactions that are directly attributable to the Department and are not intended to present and do not present the financial position and changes therein of the City.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Measurement Focus and Basis of Accounting**

Although the Department is not included in the regulatory financial statements of the City, the Department is an enterprise fund of the City. An enterprise fund is used to account for business-type operations that are financed and operated in a manner similar to a private business enterprise, where the intent is that the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The measurement focus of an enterprise fund is usually an economic resources measurement focus, the objectives of which are the determination of operating income, changes in financial position and cash flows. Under an economic resources measurement focus, all assets, deferred outflows of resources, deferred inflows of resources and liabilities (whether current or noncurrent, financial or nonfinancial) are reported.

The financial statements of the Department are prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of governmental entities. Accordingly, the financial statements of the Department are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

#### **Basis of Presentation**

The presentation of the Department's financial statements follows the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended, as applicable to enterprise funds. In accordance with the requirements of this standard, the Department's net position is categorized into net investment in property, plant and equipment, restricted and unrestricted, as applicable.

In addition, operating revenues and expenses derived from or related directly to distribution of water and treatment of sewer are distinguished from nonoperating revenues and expenses for purposes of presentation on the Department's statement of revenues, expenses and changes in net position.

# City of Carlisle

## Water and Sewer Department

Notes to Financial Statements  
December 31, 2024

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Basis of Presentation (Continued)**

Operating revenues consist primarily of user charges and operating expenses include primarily the costs of maintaining and operating the water and sewer treatment system. Nonoperating revenues and expenditures consist of those revenues and expenses that are related to financing and investing type activities.

When an expenditure is incurred for purposes for which there are both restricted and unrestricted net positions available, it is the Department's policy to first apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

#### **Accounts and Other Receivables**

Revenues for water and sewer treatment services are recognized in the period such services are provided. Accounts receivable includes amounts for services provided but unbilled at year end.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was approximately \$26,200 as of December 31, 2024.

#### **Property, Plant and Equipment**

Property, plant and equipment is reported at historical cost. Contributed assets are recorded at their estimated fair value at the time of contribution. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Costs related to major additions and betterments of property and equipment are capitalized, while costs of repairs and maintenance that do not add value or extend the useful life of the related asset are expensed as incurred.

#### **Deferred Outflows/Inflows of Resources**

Deferred outflows/inflows of resources are financial statement elements distinct from assets and liabilities and represent a consumption or production of net position that applies to future periods and so will not be recognized as an outflow or inflow of resources until then. The Department's deferred outflows and inflows of resources consist of deferred outflows and inflows of resources related to the Department's pension plan, as further discussed in Note 6.

#### **Long-Term Debt**

Long-term debt is reported net of any applicable premiums or discounts. Premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Debt issuance costs, including underwriter fees, are reported as expenses in the period in which the debt is issued.

**City of Carlisle**  
**Water and Sewer Department**

**Notes to Financial Statements**  
**December 31, 2024**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Retirement Benefits**

The Department participates in the Arkansas Public Employees Retirement System (APERS), a cost-sharing multi-employer defined benefit plan, which provides retirement benefits to the Department's employees. Pension items are allocated to the Department based on contributions paid to APERS. For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of APERS and additions to/deductions from APERS' fiduciary net position have been determined on the same basis as they are reported by APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Tax Status**

The City, and thus the Department, is exempt from income taxes under Section 115 of the Internal Revenue Code.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3: CASH**

State of Arkansas (State) statutes require the City, and thus the Department, to maintain cash balances on deposit with financial institutions located within the State. There is risk that, in the event of a bank failure, these deposits may not be returned to the Department. To mitigate this risk, it is generally the Department's policy to obtain collateral for all deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance and that such collateral be held in the City's name by an agent of the City. At December 31, 2024, unrestricted and restricted deposit balances that were not FDIC insured were fully collateralized by investments held by an agent of the City, in the City's name.

The long-term debt agreements require the establishment and maintenance of certain reserve accounts (see Note 5). Restricted cash is as follows at December 31, 2024:

Debt service reserve fund	\$ 44,298
Short-lived asset reserve fund	39,895
Water meter deposit refund account	<u>92,319</u>
Restricted cash	<u><u>\$ 176,512</u></u>

# City of Carlisle

## Water and Sewer Department

### Notes to Financial Statements December 31, 2024

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT, NET**

The following is a summary of the major components of the Department's property, plant and equipment and related activity for the year ended December 31, 2024:

	<u>Useful Lives</u>	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Non-depreciable:					
Land		\$ 49,732	\$ -	\$ -	\$ 49,732
		<u>49,732</u>	<u>-</u>	<u>-</u>	<u>49,732</u>
Depreciable:					
Water and sewer plant	3 - 40	6,798,918	-	-	6,798,918
Buildings	15 - 40	113,840	-	-	113,840
Operating equipment	3 - 10	724,539	50,219	(23,875)	750,883
Less accumulated depreciation		<u>(4,792,707)</u>	<u>(312,665)</u>	<u>23,875</u>	<u>(5,081,497)</u>
		<u>2,844,590</u>	<u>(262,446)</u>	<u>-</u>	<u>2,582,144</u>
Property, plant and equipment, net		<u>\$ 2,894,322</u>	<u>\$ (262,446)</u>	<u>\$ -</u>	<u>\$ 2,631,876</u>

**NOTE 5: LONG-TERM DEBT, NET**

Significant terms and principal balances of the Department's long-term debt are as follows at December 31, 2024:

\$478,000 United States Department of Agriculture  
Rural Development, Sewer System Improvement  
Water Application; payable in monthly installments  
of \$1,645, including interest at 2.75%, through 2056;  
secured by a pledge of the revenue derived from  
operations of the Department. \$ 332,788

\$955,000 United States Department of Agriculture  
Rural Development, Water System Improvement  
Water Application; payable in monthly installments  
of \$3,286, including interest at 2.75%, through 2056;  
secured by a pledge of the revenue derived from  
operations of the Department. 830,839

**(Continued)**

**City of Carlisle  
Water and Sewer Department**

**Notes to Financial Statements  
December 31, 2024**

**NOTE 5: LONG-TERM DEBT, NET (Continued)**

\$393,000 Arkansas Development Finance Authority Water and Sewer Revenue Bond, Series 2019; payable in semi-annual installments of \$20,170, including a service fee of 0.5%, through 2030; secured by a pledge of the revenue derived from operations of the Department.	<u>\$ 218,576</u>
	1,382,203
Less current portion	<u>(66,902)</u>
Long-term debt, net of current portion	<u><u>\$ 1,315,301</u></u>

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

Beginning principal balance	\$ 1,576,205
Principal payments	<u>(194,002)</u>
Ending principal balance	<u><u>\$ 1,382,203</u></u>

Scheduled principal and interest payments of long-term debt are as follows at December 31, 2024:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 66,902	\$ 31,567	\$ 98,469
2026	67,866	30,799	98,665
2027	68,854	30,009	98,863
2028	69,866	29,196	99,062
2029	70,900	28,361	99,261
2030 - 2034	187,525	128,451	315,976
2035 - 2039	192,055	103,805	295,860
2040 - 2044	220,331	75,529	295,860
2045 - 2049	204,555	44,933	249,488
2050 - 2054	177,070	20,090	197,160
2055 - 2056	56,279	1,472	57,751
	<u><u>\$ 1,382,203</u></u>	<u><u>\$ 524,212</u></u>	<u><u>\$ 1,906,415</u></u>

As defined in related bond documents, the Department is required to establish and maintain certain restricted account balances (see Note 3).

# City of Carlisle

## Water and Sewer Department

### Notes to Financial Statements December 31, 2024

#### **NOTE 6: PENSION PLAN**

*Plan description:* The Department's employees participate in the Arkansas Public Employees' Retirement Plan (the Plan), a multi-employer, cost sharing, defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options. The administration and control of the plan is vested in the Board of Trustees of APERS.

*Benefits provided:* The Plan provides retirement, disability and death benefits to Plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Current retirement law provides for the three percent (3%) cost-of-living adjustment (COLA) to all APERS retirees who have been retired or participated in the Deferred Retirement Option Plan (DROP) for at least twelve months on July 1 of each year. Benefit provisions are established by state law and may be amended only by state legislature.

*Contributions:* Contributions are set forth in Arkansas statute and the Plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978, was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date have the option to become a contributory member at any time. The Department is required to contribute a percent of covered salary at an actuarially determined rate. Required employer contributions made during the period from July 1, 2023 through June 30, 2024 totaled \$47,030. Employer contribution rates applicable were 15.32% of covered payroll for 2024.

*Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions:* At December 31, 2024, the Department reported a liability of \$159,800, for its proportionate share of the net pension liability. The 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. The Department's proportion of the net pension liability was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Department's proportion was 0.036%.

For the year ended December 31, 2024, the Department recognized the actuarially determined pension expense of \$26,746.

# City of Carlisle

## Water and Sewer Department

### Notes to Financial Statements December 31, 2024

**NOTE 6: PENSION PLAN (Continued)**

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

	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Differences between expected and actual experience	\$ (6,533)	\$ 6,202
Change in proportion and differences between employer contributions and share of contributions	-	8,641
Change in assumptions	-	5,569
Net difference between projected actual investment earnings on pension plan investments	-	4,635
Department contributions subsequent to the measurement date	-	25,809
<b>Total</b>	<b>\$ (6,533)</b>	<b>\$ 50,856</b>

At December 31, 2024, the Department reported \$25,809 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense in the financial statements as follows:

	<b>Deferred Inflows/Outflows</b>
Year ended December 31:	
2025	\$ 28,655
2026	24,866
2027	(5,374)
2028	(3,824)
	<b>\$ 44,323</b>

# City of Carlisle

## Water and Sewer Department

### Notes to Financial Statements December 31, 2024

**NOTE 6: PENSION PLAN (Continued)**

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level of percent of payroll, closed
Remaining Amortization Period	16 years
Asset Valuation Method	4-year smoothed market; 25% corridor
Investment Rate of Return	7.00%
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increases	3.25-9.85% including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Table	Based on the RP-2006 Health Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017
Average Service Life of All Members	3.6281

*Investment Rate of Return:* The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# City of Carlisle

## Water and Sewer Department

### Notes to Financial Statements December 31, 2024

**NOTE 6: PENSION PLAN (Continued)**

Best estimates are arithmetic real rates of return for each major asset class included in the Department's target asset allocation as of June 30, 2024, are summarized in the table below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad domestic equity	37%	6.19%
International equity	24%	6.77%
Real assets	16%	3.34%
Absolute return	5%	3.36%
Domestic fixed	18%	1.79%
Total	<u>100%</u>	
Total rate of return		4.94%
Plus: price inflation - actuary assumption		2.50%
Net expected return		<u>7.44%</u>

*Discount rate:* A single discount rate of 7% 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%. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Department's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6%) or one percentage point higher (8%) than the current rate:

	<u>1% Decrease 6%</u>	<u>Current Discount Rate 7%</u>	<u>1% Increase 8%</u>
Department's proportionate share of the net pension liability	\$ 272,676	\$ 159,800	\$ 66,742

# City of Carlisle

## Water and Sewer Department

### Notes to Financial Statements December 31, 2024

#### **NOTE 6: PENSION PLAN (Continued)**

*Pension plan fiduciary net position:* Detailed information about the Plan's fiduciary net position is available in the separately issued APERS financial report. Additional financial and actuarial information is available in APERS' annual financial report for the year ended June 30, 2024. This information and the actuarial valuation report are available on the APERS website, [www.apers.org](http://www.apers.org). The reports may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-501-682-7800.

#### **NOTE 7: TRANSACTIONS WITH OTHER CITY FUNDS**

Certain employees of the City may perform administrative duties for the Department. Management of the City has estimated that the economic benefit of these services is immaterial and has not allocated any expenses to the Department for these services. In addition, the Department provides water and sewer treatment services to other City funds, and these funds generally do not reimburse the Department for the cost of services provided.

The Department bills and collects cash services on behalf of the City, including for trash and mosquito services (General Fund) and for limb and leaf services (Street Fund). The Department acts as a billing agent and remits collections to the appropriate departments after receipt. In addition, the General Fund pays salaries and related expenses for the Department. At December 31, 2024, the Department owed \$79,780 to the General Fund and \$107,411 to the Street Fund. These amounts are reported as due to the City of Carlisle on the statement of net position.

At times during the year, transfers and/or advances may be made to and from other City funds as needed to meet cash flow requirements of the Department or the City. Transfers to or from other City funds for operations and capital improvements are reflected as net transfers to or from the City in the statement of revenues, expenditures and changes in net position.

#### **NOTE 8: RISK MANAGEMENT**

The Department is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Department has purchased commercial insurance to address these risks and premiums directly attributable to the Department. There have been no significant reductions in the Department's coverage during the year ended December 31, 2024. In addition, there have been no settlements in excess of the Department's coverage in any of the prior three fiscal years.

**City of Carlisle**  
**Water and Sewer Department**

**Notes to Financial Statements**  
**December 31, 2024**

***NOTE 9: SUBSEQUENT EVENTS***

On April 15, 2025, City Council voted and approved increases to both water and sewer rates. For water rates, the minimum charge for zero to one thousand gallons increased from \$14.61 to \$20.82, and the consumption over one thousand gallons increased from \$4.53 (\$3.21 for water consumption over 39,000 gallons) to \$9.61 per thousand gallons. For sewer rates, the minimum charge for zero to one thousand gallons increased from \$7.90 to \$8.14, and the consumption over one thousand gallons from \$3.15 to \$3.24 per thousand gallons. These rate increases became effective May 31, 2025.

## **Supplementary Information**



**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***

The Honorable Members of the City Council  
and Mayor Jon Plafcan  
City of Carlisle, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **City of Carlisle Water and Sewer Department** (the Department), which comprise the statement of net position as of December 31, 2024, and the statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 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 opinion 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-1 that we consider to be a material weakness.

The Honorable Members of the City Council  
and Mayor Jon Plafcan  
City of Carlisle, Arkansas

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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 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*.

### **The Department's Response to Findings**

The Department's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Department's response was not subjected to the 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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas  
February 10, 2026



**City of Carlisle**  
**Water and Sewer Department**

**Schedule of Water and Sewer Rates and Users**  
**December 31, 2024**

Water rates in effect for commercial and residential users:

Minimum user charge, first 1,000 gallons	\$	14.61
Next 38,000 gallons, per 1,000 gallons	\$	4.53
In excess of 39,000 gallons, per 1,000 gallons	\$	3.21

Sewer rates in effect for commercial and residential users:

Minimum user charge, first 1,000 gallons	\$	7.90
In excess of 1,000 gallons, per 1,000 gallons	\$	3.15

Number of commercial and residential users of water and sewer: 945

Total annual billable water by sewer users, in gallons: 83,792,000