NEW ISSUE **RATING: S&P: AA- (stable outlook)**
BOOK-ENTRY ONLY

*In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes subject to the condition that CWL comply with all requirements of the Internal Revenue Code of 1986, as amended, that must have been or must be satisfied prior to or subsequent to the issuance of the Series 2020 Bonds. In the opinion of Bond Counsel, interest on the Series 2020 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. Also in the opinion of Bond Counsel, the interest on the Series 2020 Bonds is exempt from State of Arkansas income taxes and the Series 2020 Bonds are exempt from property taxation in the State of Arkansas. See **TAX EXEMPTION** herein.*

$21,525,000
CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS) PUBLIC UTILITY SYSTEM REVENUE BONDS, SERIES 2020

Dated: Date of Delivery **Due: June 1, as shown on the inside front cover hereof**

The Series 2020 Bonds are being issued by City Water and Light Plant of the City of Jonesboro ("CWL") for the purpose of financing improvements to the wastewater and electric facilities of CWL's water, wastewater and electric utility system (the "System"). The Series 2020 Bonds are special obligations only of CWL and are payable from and secured by a pledge of revenues of the System, as described herein.

Interest on the Series 2020 Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2020, and the Series 2020 Bonds mature (on June 1 of each year), bear interest and are priced to yield as shown on the inside front cover hereof.

The Series 2020 Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Series 2020 Bonds will be available for purchase in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Series 2020 Bonds will not receive physical delivery of Series 2020 Bonds. Payments of principal of and interest on the Series 2020 Bonds will be made by Centennial Bank, Jonesboro, Arkansas, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2020 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2020 Bonds, all as further described herein.

These Series 2020 Bonds are offered when, as and if issued, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, as Bond Counsel. It is expected that the Series 2020 Bonds will be available for delivery on or about July 21, 2020, through the facilities of DTC.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Stephens Inc. Crews&Associates
A First Security Company

This Official Statement is dated June 24, 2020.

$21,525,000
CITY WATER AND LIGHT PLANT OF
THE CITY OF JONESBORO (ARKANSAS)
PUBLIC UTILITY SYSTEM
REVENUE BONDS, SERIES 2020

MATURITY SCHEDULE

Year (June 1)	Amount	Rate(%)	Yield(%)	Year (June 1)	Amount	Rate(%)	Yield(%)
2021	$1,000,000	5.000	0.430	2029	$1,490,000	5.000	1.180
2022	1,050,000	5.000	0.480	2030	1,565,000	5.000	1.320
2023	1,105,000	5.000	0.530	2031	1,640,000	4.000	1.420*
2024	1,160,000	5.000	0.630	2032	1,705,000	4.000	1.510*
2025	1,220,000	5.000	0.730	2033	1,775,000	4.000	1.600*
2026	1,280,000	5.000	0.900	2034	1,845,000	4.000	1.650*
2027	1,350,000	5.000	1.000	2035	1,925,000	4.000	1.750*
2028	1,415,000	5.000	1.100				

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* Priced to first optional redemption date, December 1, 2030.

No dealer, salesman or any other person has been authorized by CWL or the Underwriters to give any information or to make any representations other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of CWL since the date hereof. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

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INTRODUCTORY STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Series 2020 Bonds (as hereinafter defined) to potential investors is made only by means of the entire Official Statement, including the cover page hereof and appendix hereto. A full review should be made of the entire Official Statement, as well as the Trust Indenture described herein.

This Official Statement of City Water and Light Plant of the City of Jonesboro ("CWL") is for the purpose of setting forth certain information to all who may become holders of its Public Utility System Revenue Bonds, Series 2020 (the "Series 2020 Bonds") being issued in the aggregate principal amount of $21,525,000. The Series 2020 Bonds are being issued for the purpose of financing improvements to the wastewater and electric facilities of CWL's water, wastewater and electric utility system (the "System"). See **PURPOSE FOR SERIES 2020 BONDS** herein.

The Series 2020 Bonds are payable from and secured by a pledge of revenues derived from the operation of the System ("Revenues"). CWL is authorized to issue other obligations with a pledge of Revenues on a parity with or subordinate to the pledge of Revenues in favor of the Series 2020 Bonds, upon compliance with the conditions set forth in the Indenture. References herein to the "Bonds" include the Series 2020 Bonds and any Additional Bonds (as described herein). See **SECURITY FOR THE SERIES 2020 BONDS** herein.

The Series 2020 Bonds are equally and ratably secured by, and entitled to the protection of, a Trust Indenture dated as of the dated date of the Series 2020 Bonds (the "Indenture") delivered by CWL to Centennial Bank, Jonesboro, Arkansas (the "Trustee").

The Series 2020 Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Title 14, Chapter 217 of the Arkansas Code of 1987 Annotated (the "Act"). The Bonds are special obligations of CWL payable solely from and secured by a pledge of Revenues.

The Series 2020 Bonds will be initially issued in book-entry form and purchasers of Series 2020 Bonds will not receive certificates representing their interest in the Series 2020 Bonds purchased. See **BOOK-ENTRY ONLY SYSTEM**. The Series 2020 Bonds will contain such other terms and provisions as described herein. See **THE SERIES 2020 BONDS**, Generally.

The Series 2020 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or integral multiple thereof. Interest is payable December 1, 2020 and semiannually thereafter on each June 1 and December 1. Principal is payable at the principal office of the Trustee in Jonesboro, Arkansas. Interest is payable by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Series 2020 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Series 2020 Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Series 2020 Bond, together with a written instrument of transfer, to the Trustee. See **THE SERIES 2020 BONDS**, Generally.

The Series 2020 Bonds are subject to optional redemption on and after December 1, 2030. The Series 2020 Bonds must be redeemed from proceeds of the Series 2020 Bonds not needed for the purposes intended. The Trustee shall give at least thirty (30) days notice of redemption. See **THE SERIES 2020 BONDS**, Redemption.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2020 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) interest on the Series 2020 Bonds is exempt from State income tax and (iv) the Series 2020 Bonds are not subject to property taxes in the State. See **TAX EXEMPTION**.

It is expected that the Series 2020 Bonds will be available for delivery on or about July 21, 2020, through the facilities of the Depository Trust Company in New York, New York.

CWL and the Trustee have entered into a Continuing Disclosure Agreement in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Continuing Disclosure Agreement"). See **CONTINUING DISCLOSURE AGREEMENT**.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Indenture and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Little Rock, Arkansas 72201, Attention: Public Finance or Crews & Associates, Inc., 521 President Clinton Avenue, Suite 800, Little Rock, Arkansas 72201, Attention: Public Finance.

PURPOSES OF THE SERIES 2020 BONDS

The Series 2020 Bonds are being issued for the purpose of (i) financing all or a portion of the costs of improvements to the wastewater and electric facilities of the System (the "Project") and (ii) paying the costs of issuing the Series 2020 Bonds. The Project includes particularly, without limitation, replacement of the Main Lift Station, construction of a new gravity sewer line and the installation of a solar generating facility (the "Solar Facility"). Work on the Project is expected to be completed by December 31, 2021.

SOURCES AND USES OF FUNDS

The sources and uses of proceeds to finance costs of the Project are estimated by CWL as follows:

SOURCES:	
Principal Amount of Bonds	$21,525,000
Original Issue Premium	4,824,806
Total Sources	$26,349,806
USES:	
Project Costs	$26,000,000
Costs of Issuance	113,031
Underwriters' Discount	236,775
Total Uses	$26,349,806

The payment of Underwriters' discount and the costs of issuing the Series 2020 Bonds relating to the payment of professional fees will be contingent on the Series 2020 Bonds being issued. See **UNDERWRITING** for a description of the Underwriters' discount. The Underwriters will also be reimbursed certain costs of closing and delivering the Series 2020 Bonds. CWL will deposit the principal amount of the Series 2020 Bonds plus original issue premium and less Underwriters' discount, original issue discount, and certain issuance costs into a special fund established with the Trustee designated "2020 Construction Fund" (the "Construction Fund"). Moneys contained in the Construction Fund will be expended for expenses of issuing the Series 2020 Bonds and for the payment of Project costs. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and a statement to the effect that the disbursement is for a proper expense of or pertaining to the Project or expenses of issuing the Series 2020 Bonds. For a description of how the Series 2020 Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE INDENTURE,** Investment of Funds**.**

THE SERIES 2020 BONDS

Generally. The Series 2020 Bonds are dated, mature, bear interest and interest is payable on the Series 2020 Bonds as set forth on the inside front cover page hereof.

The Series 2020 Bonds are issuable in the form of registered Series 2020 Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Indenture. In the event any Series 2020 Bond is mutilated, lost or destroyed, CWL shall, if not then prohibited by law, execute and the Trustee may authenticate a new Series 2020 Bond in accordance with the provisions therefor in the Indenture.

Each Series 2020 Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2020 Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

There shall be no charge to the transferor or transferee for any transfer, except an amount or amounts sufficient to reimburse CWL and the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. Neither CWL nor the Trustee shall be required to make transfers of registration with respect to any Series 2020 Bond or portion thereof called for redemption prior to maturity within thirty (30) days prior to its redemption date.

The person in whose name any Series 2020 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Series 2020 Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2020 Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Series 2020 Bonds or the date fixed for redemption of any Series 2020 Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption. The Series 2020 Bonds are subject to optional and extraordinary redemption as follows:

(1) Optional Redemption. The Series 2020 Bonds are subject to redemption at the option of CWL from funds from any source, in whole or in part at any time, on and after December 1, 2030 at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Series 2020 Bonds shall be called for redemption, the particular maturities of the Series 2020 Bonds to be redeemed shall be selected by CWL in its

discretion. If fewer than all of the Series 2020 Bonds of any one maturity shall be called for redemption, the particular Series 2020 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(2) Extraordinary Redemption. The Series 2020 Bonds must be redeemed from proceeds of the Series 2020 Bonds not needed for the purposes intended, on any interest payment date, in whole or in part, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine), at a price equal to the principal amount being redeemed plus accrued interest to the redemption date.

The Trustee shall give notice of the call for redemption by first class mail or other standard means, including electronic or facsimile communication, sent not less than thirty (30), nor more than sixty (60), days prior to the date fixed for redemption, to the registered owner of any Series 2020 Bond called for redemption. After the date specified in such call, the Series 2020 Bond or Bonds so called will cease to bear interest provided funds for their payment have been deposited with the Trustee.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate for each maturity will be issued in the principal amount of the maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Closing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Series 2020 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to CWL as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from CWL or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or CWL, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2020 Bonds at any time by giving reasonable notice to CWL or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2020 Bonds are required to be printed and delivered. CWL may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2020 Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriters nor CWL make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Series 2020 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2020 Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Series 2020 Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. CWL and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2020 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Series 2020 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2020 Bonds.

SECURITY FOR THE SERIES 2020 BONDS

The Bonds (including the Series 2020 Bonds) are secured by a pledge of Revenues. The pledge of Revenues in favor of the Series 2020 Bonds is on a parity with the pledge of Revenues in favor of any Other Parity Bonds (defined below) (to the extent issued in the future) and any Additional Bonds (to the extent issued in the future).

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas Governor Asa Hutchinson (the "Governor") has declared a state of emergency due to the outbreak of COVID-19, which has spread to the State and to many of its counties. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies. Significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact are expected. The United States Congress has passed relief and stimulus legislation which is intended to address the financial impact of the pandemic on the United States economy and financial markets. It is too early to predict if the legislation will have its intended effect. If market declines and/or volatility continues, the ability to sell or trade securities in the financial markets could be materially constrained.

In an attempt to slow the spread of COVID-19 in the State, the Governor has taken numerous and wide-spread actions designed to mandate or encourage "social distancing." Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) continue to occur at a rapid pace, including on a daily basis, and the swift spread of the outbreak may continue to increase in severity for an unknown period of time.

During the pandemic, CWL has continued to provide electric, water and wastewater services to its customers. CWL closed both its Customer Service lobby and its Engineering lobby in mid-March. When the Customer Service lobby was closed, CWL began absorbing the convenience fee charged by the third party provider for customers paying by credit card, debit card or electronic check. This will cost CWL just over $30,000 a month.

The electric load is down 8.7% from March 15, 2020 to May 18, 2020 as compared to last year. Some of the electric load reduction is due to COVID-19 and some is a result of weather conditions this year as compared to the same time period last year. Water sales are very comparable to the same time period last year.

CWL estimates the reduced net margin on electric sales to be approximately $375,000 through May 18, 2020. Past due accounts were up over $300,000 as of April 30, 2020 compared to April 30, 2019. However over $200,000 of that amount was collected during May 2020. CWL estimates that electric usage could be down three percent for June 2020 through December 2020 as a result of COVID-19. For the entire year, CWL estimates that reduced electric sales because of COVID-19 could reduce net income by about $800,000.

Arkansas State University, located in Jonesboro, moved to online classes during March. The two hospitals in Jonesboro ceased elective surgery for a period of time. These have been taken into account in determining the impact of COVID-19 on System revenues as discussed herein.

CWL suspended disconnections in mid-March and suspended service charges. CWL does not charge late fees. Service charges, including those for reconnecting when customers are disconnected for nonpayment, are only a few thousand dollars a month.

CWL estimates that uncollectible accounts could reduce revenue by $900,000 for 2020. However, it believes at least $400,000 of that will be recovered from the Low Income Home Energy Assistance Program, a couple of local churches and The Salvation Army.

CWL has been proactive in the protection of its employees. Listed below are a few of the measures taken by CWL in response to COVID-19:

1. CWL has divided up its employees. Part of the employees report to the office/field while the remainder works from home. CWL then rotates. Departments that work primarily in the field have staggered the times various crews go to the warehouse/service building. CWL anticipates that in the near future all employees will return to working in the office/field.

2. Employees are practicing social distancing and washing their hands frequently.

3. Cashiers that are taking payments are wearing gloves.

CWL does not foresee COVID-19 having a major impact on its financial condition. During an average year, CWL generates approximately $20,000,000 in positive cash flows from operations. The best estimate of CWL is that COVID-19 could reduce cash from operations and reduce net income by approximately $1,500,000 for 2020.

CWL does not believe that the COVID-19 outbreak will materially adversely affect its ability to pay debt service on the Series 2020 Bonds. CWL has sufficient reserves to make debt service payments and does not anticipate having to increase System rates as a result of COVID-19.

<u>Additional Bonds</u>. CWL may issue, without the consent of the holders of the Bonds, one or more series of Additional Bonds to finance or refinance costs, expenses and expenditures in connection with acquiring, constructing and equipping betterments and improvements to the System and the expenses of issuing Additional Bonds. The Additional Bonds shall be issued under and subject to the requirements of the Indenture and shall rank on a parity of security in all respects with the Bonds of previously issued series.

Before any Additional Bonds may be issued, there must be delivered to the Trustee (among other things):

(a) A copy, certified by the Secretary of CWL, of the resolution authorizing the issuance of the Additional Bonds;

(b) A certificate of the Chairman of CWL stating that no event of default specified in the Indenture has happened and is continuing;

(c) A certificate of an independent certified public accountant to the effect that "adjusted gross revenues" of the System for the fiscal year immediately preceding the delivery of the Additional Bonds (the "immediately preceding fiscal year") were sufficient in amount:

(i) to pay all operation and maintenance expenses of the System for the immediately preceding fiscal year (exclusive of depreciation, interest and amortization); and

(ii) to leave a balance equal to not less than 110% of the maximum annual principal and interest requirements for (A) the then outstanding Bonds, (B) such Additional Bonds and (C) any then outstanding Other Parity Bonds (exclusive of any Other Parity Bonds that are to be refunded upon the delivery of the Additional Bonds.

The term "adjusted gross revenues" means:

(1) The Revenues actually received during the immediately preceding fiscal year; plus

(2) Any additional Revenues (as projected by the accountant executing the certificate as to adjusted gross revenues) that would have been derived from a rate increase actually placed into effect after the beginning of such fiscal year if such rate increase had been in effect throughout the fiscal year; plus

(3) Any additional annual Revenues as projected in a certificate of an independent consulting engineer (on the basis of the then current System rates) to be derived from new customers to be served upon completion of improvements then under construction or to be financed from the proceeds of such Additional Bonds.

<u>Other Parity Bonds</u>. CWL may, in addition to Additional Bonds under the Indenture, issue other bonds with a pledge of Revenues on a parity with the pledge of Revenues in favor of the outstanding Bonds (the "Other Parity Bonds"), upon compliance with the conditions set forth in the Indenture for the issuance of Additional Bonds.

<u>Other Bonds</u>. Nothing in the Indenture shall prohibit CWL from issuing bonds or other obligations of indebtedness other than under the Indenture. Such obligations may be Other Parity Bonds or may be subject and subordinate to the lien, pledge and security interest of the Indenture and to all Bonds then outstanding or thereafter issued. Other obligations issued with a lien, pledge and security interest subordinate to the pledge in favor of the Bonds are collectively referred to herein as the "Subordinate Obligations." See **THE INDENTURE**.

CWL AND THE SYSTEM

<u>Generally</u>. CWL is a consolidated utility district pursuant to the Act and was created as a municipal improvement district pursuant to Act 251 of the Acts of Arkansas of 1921 (the "1921 Act"). The 1921 Act consolidated Water District No. 1, Light District No. 2 and Sewer District No. 3 of the City of Jonesboro, Arkansas (the "City"), each established in 1906, into CWL. As of April 1, 2020, CWL had 204 employees.

CWL has a Board of Directors (the "Board") comprised of 16 members, of which nine are elected by the registered voters of the City (an "Elected Director") and seven are appointed by the Mayor and approved by the City Council (one from each of the City's six wards and one from the Jonesboro School District) ("an Appointed Director"). The current members of the Board are as follows:

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Name	Occupation	Term Expires
Guy Patteson, Chairman(1)	Trumann Gin (owner)	2023
Danny McDaniel, Vice Chairman(1)	Ramson's Construction Company (owner)	2021
Danny Honnoll, Secretary(1)	Retired	2021
Steve Cox(1)	Rainwater and Co, LLC (owner)	2023
Angie Dickson(2)	Businesswoman	2023
Brad Edwards(1) (3)	First Security Bank (Jonesboro President)	2023
Brian Fulkerson(1)	Atlas Asphalt (owner)	2022
Dr. Susan Hanrahan(1)	Arkansas State University (College of Nursing dean)	2021
Chris Harrell(2)	Compass Church (minister)	2023
Al Heringer(2)	Star Transportation LLC (owner)	2023
Ben Hyneman(1)	Southern Pioneer Insurance Company (owner)	2022
Deana Osment(2)	Businesswoman	2021
Barry Phillips(2)	Phillips Construction Company (owner)	2022
Brian Rega(1)	St. Bernard's Village (management)	2022
John Street(2)	Street's Appraisal Service (owner)	2022
Lloyd Wofford(2)	Engines Inc. (owner)	2021

(1)Elected Director
(2)Appointed Director
(3)Mr. Edwards is an employee of First Security Bank of Jonesboro, an affiliate of Crews & Associates, Inc., one of the Underwriters of the Series 2020 Bonds.

CWL lies within an area which is considered by a number of seismologists to be subject to major earthquake damage in the event of an earthquake along and in the proximity of the New Madrid Fault. Whether an earthquake might occur while any of the Bonds are outstanding, the extent of damage to properties located within CWL and the effect upon CWL's ability to pay debt service cannot be predicted. Property damage, should an earthquake occur, could result in a reduction in revenues collections of such significance that CWL's ability to pay debt service would be impaired or even eliminated.

Electric System. The electric system serves customers within and, to a very limited extent, outside the corporate boundaries of the City. The electric system obtains its firm power supply from CWL's ownership interests in generating facilities and from contracts for purchases of power, such as hydroelectric generation of the Southwestern Power Administration ("SWPA"). Additionally, to the extent that electric energy is practicably available from other sources on favorable terms, CWL purchases energy from such other sources, while maintaining its firm contractual supply sources. CWL has various contractual transmission arrangements, and power is distributed to customers through a CWL owned distribution system.

In December 2013, CWL entered into an agreement with Midcontinent Independent System Operator (MISO). MISO provides open access transmission service and monitoring of the high-voltage transmission system in the Midwest United States and part of Canada. As a load serving entity in MISO, CWL can serve its load from the MISO market daily.

CWL owns a 5% interest in the White Bluff plant ("White Bluff"), located near Redfield, Arkansas. White Bluff consists of two 740 MW (nameplate rating) coal-fired generating units. Unit 1 has been in commercial operation since August, 1980 and has an 815 MW net capability. Unit 2 began commercial operation in July, 1981 and has an 844 MW net capability. CWL also owns a 5% undivided interest in Unit 1 and a 15% undivided interest in Unit 2 of the Independence plant ("Independence"), located near Newark, Arkansas (together with a 10% interest in the common equipment). Independence consists of two 740 MW (nameplate rating) coal-fired generating units.

Unit 1 began commercial operation in January, 1983 and has an 836 MW net capability. Unit 2 began commercial operation in December, 1984 and has an 842 MW net capability. White Bluff and Independence provide approximately 251 MW of electrical generation for CWL.

Network Integrated Transmission Service from MISO provides for the transmission of power from the White Bluff and Independence plants as well as other generation sources within the MISO system. CWL receives power from the bulk electric system through two substations located at opposite edges of the City. Additionally, five locally sited gas-fired generators owned by CWL have a capacity of approximately 175 MW.

CWL has provided for the firm purchase of 80 MW of capacity and related energy from SWPA. An interconnection with SWPA is the means for delivery of energy from SWPA.

The CWL distribution system consists of approximately 1,103 miles of lines, poles, transformers and other facilities to serve individual customers. The system consists mainly of overhead distribution lines and feeders and underground distribution lines. The system is operated and maintained by electric department crews and equipment.

CWL's firm and unit peak capacity is approximately 506 MW. CWL's historical electric system annual peak demand and energy requirements for the period 2015 through 2019 are as follows:

Year	System Peak Demand MW	Total Annual Energy Mwh
2015	290	1,371,611
2016	289	1,418,904
2017	292	1,389,314
2018	289	1,461,178
2019	298	1,461,808

Electric Customers. The following table sets forth by customer classification the average number of customers for the years indicated and average price per kWh for 2019 for electric service:

Classifications	Average Number of Customers					2019 Average Bill	2019 Average Price Per kWh (cents)
	2019	2018	2017	2016	2015		
Residential	32,535	32,068	31,283	30,491	30,106	$ 80.67	6.26
Commercial	5,356	5,367	5,323	5,230	5,204	338.55	6.34
Industrial	34	33	35	35	35	61,270.92	4.82

Charges for electric service consist of a fixed monthly charge for residential and small commercial customers and a demand charge for industrial and large commercial customers, plus, in each case, charges for actual usage.

The energy sales to customers by retail customer classes for 2015 through 2019 are shown below.

Classifications	Energy Sales to Customers (in kWh)				
	2019	2018	2017	2016	2015
Residential	502,889,268	521,938,533	444,390,467	477,168,696	465,103,891
Commercial	338,154,984	346,034,750	330,653,469	336,526,040	323,970,019
Industrial	525,531,720	512,748,480	512,697,760	516,811,500	491,463,780
Security Lighting	5,335,445	5,354,574	5,366,048	5,032,519	5,200,801

The following table shows the peak demand and annual revenues for the year 2019 for CWL's five largest power customers. These customers represent approximately 16% of 2019 electric revenues from sales to customers.

Largest Power Customers of CWL

Customer	2019 Peak Demand (kW)	2019 Annual Revenue
1. Riceland Foods Inc.	11,378	$3,226,510
2. Arkansas State University	9,937	2,568,079
3. Anchor Packaging Inc.	7,770	2,500,630
4. Post Food LLC	7,678	2,340,295
5. Frito Lay Inc.	7,778	2,193,957

Free and Discounted Services. CWL provides free electric, water, and wastewater services to the City. In 2019, the approximate direct cost value of street lights and other electric, water, and wastewater services furnished to the City was $3,141,566.

CWL provides 12,000 kWh of free electricity to the Jonesboro School District. Additional electric, water and wastewater services are provided to the Jonesboro School District at CWL's cost. CWL also provides electric, water and wastewater services to the Nettleton and Valley View School Districts at CWL's cost. The approximate direct cost value of these free and discounted services for 2019 was $51,066.

Electric Rates. CWL's electric rates are based on quantity of use, and range from 3.05 cents/kWh to 5.95 cents/kWh, with a minimum charge of $7.00 per month for residential customers and from 4.50 cents/kWh to 6.35 cents/kWh, with a minimum charge of $8.65 per month, for commercial customers. For customers with maximum demands exceeding 100 KW, there is a monthly demand charge of $4.45 /KW of maximum fifteen-minute intervals measured maximum KW demand per month. The energy charge is 2.85 cent/kWh.

Water System. The water system operates within and, to a limited extent, outside the corporate boundaries of the City. The water supply is obtained from 31 deep wells which can supply an aggregate of approximately 40.1 million gallons per day. Water is treated at four in-city treatment plants and 5 rural treatment facilities, which are only used during high usage periods. The in-city plants utilize aeration, chlorination, fluoridation, as well as phosphate and sodium hydroxide addition for corrosion control. The rural stations utilize chlorination, fluoridation, as well as phosphate and sodium hydroxide addition.

The water main system consists of over 1,300 miles of 2" to 24" pipe from which service lines extend to customer connections.

The following table sets forth the daily average of water pumped and the maximum amount pumped in a day for the years 2015 through 2019:

Water Pumped	2019	2018	2017	2016	2015
Daily Average (gallons)	14,405,701	14,375,538	14,079,032	14,260,295	13,768,363
Maximum Day (gallons)	20,329,000	21,612,000	21,965,000	22,960,000	20,820,000

[Remainder of page intentionally left blank]

Water Customers. The following table sets forth the average number of customers, annual consumption per customer and the average customer price per 1,000 gallons for 2015 through 2019:

	2019	2018	2017	2016	2015
Average Number of Customers	37,043	36,704	36,104	35,614	35,195
Annual Consumption per Customer (in gallons)	117,065	120,263	121,218	123,851	120,026
Average Price per 1,000 Gallons of Water (in dollars)	$2.38	$2.33	$2.28	$2.17	$2.10

Charges for water service consist of a monthly meter charge based on meter size and additional charges based on usage.

CWL's five largest water customers, by amounts billed for service in 2019, were as follows:

Customer	Annual Amount Billed
1. Frito Lay Inc.	$ 362,219
2. Nestle Prepared Foods	237,247
3. Riceland Foods Inc.	153,422
4. Post Foods LLC	123,921
5. Arkansas State University	110,856

Water Rates. CWL's current monthly water rates range, generally, from $2.09 per 1,000 gallons to $1.47 per 1,000 gallons (for usage over 200,000 gallons) for customers located within the City. The minimum bill is based on meter size and ranges from $6.09 per month to $376.29 per month (for a ten-inch meter). The rate for customers located outside the City is 1.2 times the City rate.

Wastewater System. The wastewater system operates within the corporate limits of the City. Wastewater is collected through an interconnected pipe system consisting of over 400 miles of 4" to 42" lines and 26 lift stations which pump the wastewater to CWL's two treatment facilities. These treatment facilities provide primary and secondary treatment with a combined design capacity of 16.5 million gallons per day and a maximum hydraulic capacity of over 45 million gallons per day. In addition, CWL has an industrial pretreatment program. The facilities treat an average of approximately 8.5 million gallons per day.

After treatment, liquid effluent is discharged into local waterways and solids are distributed over land owned by CWL. Discharges from the treatment facilities are below the limitations prescribed by CWL's current NPDES discharge permits which expire on August 31, 2022 for CWL's Eastside treatment facility and on September 30, 2021 for its Westside treatment facility.

Wastewater Customers. The following table sets forth the average number of wastewater customers for years 2015 through 2019:

	2019	2018	2017	2016	2015
Average Number of Customers	24,818	24,508	24,031	23,659	23,349

[Remainder of page intentionally left blank]

CWL's five largest wastewater customers, by amounts billed for service in 2019 were as follows:

Customer	Annual Amount Billed
1. Nestle Prepared Foods	$ 525,851
2. Frito Lay Inc.	465,965
3. Post Foods LLC	424,395
4. Butterball LLC	263,818
5. Unilever Manufacturing	203,640

Wastewater Rates. Rates for wastewater service are generally based on metered water service with additional charges to industrial users based on the concentration of BOD's and suspended solids.

Rate Setting. Rates for services of the System are set by the Board and may be changed as frequently as necessary. CWL's rates are not subject to regulation or approval by the Arkansas Public Service Commission or any other governmental body.

Litigation. CWL currently has no lawsuits or regulatory proceedings pending against it. CWL is aware of one threatened suit. CWL owns an interest in White Bluff and Independence, together with several other co-owners, including Entergy Arkansas and its affiliates. The plants contain coal-fired generating units and are operated by Entergy Arkansas. In January 2018 CWL, together with Entergy and all remaining co-owners of the plants, received letters from counsel for two environmental organizations, the Sierra Club and National Parks Conservation Association (the "Plaintiffs"), providing a notice of intent to file a citizen suit alleging violations of the federal Clean Air Act (the "Act"). In November 2018, the Plaintiffs filed suit against Entergy but did not name CWL or the remaining co-owners as defendants. Contemporaneous with the filing of the complaint the Plaintiffs and Entergy also entered a settlement agreement to resolve the complaint and providing a full release and waiver of all claims against all co-owners, including CWL. The settlement agreement, which will take effect upon approval by the United States District Judge, was presented to the United States Department of Justice and EPA for review and comment. The United States affirmed to the Court that it has no objection. Other parties have attempted to intervene in the litigation in order to provide input on the settlement. In October 2019 the Court requested supplemental briefing on several issues to be resolved prior to addressing the motion to approve the settlement. As recently as May 1, 2020 the Plaintiffs have moved the Court to deny the interventions and to enter the settlement agreement as a consent judgment. The matter remains pending before the Court.

ELECTRIC SYSTEM CAPACITY, SUPPLY AND TRANSMISSION AGREEMENTS

Ownership Agreements. CWL owns interests in White Bluff and Independence under respective Ownership Agreements (the "Ownership Agreements") among the various parties thereto.

White Bluff Ownership Agreement. White Bluff is owned by Entergy, Arkansas Electric Cooperative Corporation ("AECC"), CWL, the City of Conway, Arkansas and the City of West Memphis, Arkansas (collectively referred to with reference to White Bluff as the "Participants"). Each Participant is required to pay its Ownership Share of additions, repairs or replacements to or retirements at White Bluff. Payments are to be made monthly based on notification by Entergy of the nature and amounts of the costs incurred.

Independence Ownership Agreement. Independence is owned by Entergy (including interests owned by affiliated corporations), AECC, CWL, Conway, West Memphis and the City of Osceola, Arkansas and East Texas Electric Cooperative, Inc. (collectively referred to with reference to Independence as the "Participants"). Each Participant is required to pay its Ownership Share of additions, repairs or replacements to or retirements at Independence. Payments are to be made monthly based on notification by Entergy of the nature and amounts of the costs incurred.

Operating Agreements. White Bluff and Independence are operated in accordance with respective Operating Agreements among the owners of the plants.

White Bluff Operating Agreement. Operation; Payment of Operating Costs. Entergy has sole authority to manage, control, maintain and operate White Bluff. Entergy and the Participants shall discharge all obligations under the Operating Agreement in a prudent manner and in accordance with good utility practices.

Entergy and each Participant shall be responsible for a proportionate share of Operating Costs equal to its respective Ownership Share. The Participants are to pay Entergy for all kWh generated at White Bluff for their respective accounts (or assumed to be generated at White Bluff for billing purposes) on the basis of actual fuel costs at White Bluff and the heat rate (assuming operation at 60% loading during summer test conditions) of its units.

"Operating Costs" consist of all operation and maintenance expenses, other than fuel or financing costs, incurred by Entergy in respect of White Bluff.

The Participants are also to pay to Entergy in each year their respective proportionate shares of additional amounts representing otherwise unrecovered administrative expenses of Entergy.

Fuel. Entergy shall furnish, or cause to be furnished, the fuel supply for White Bluff. Participants shall advance to Entergy their respective Ownership Shares percentage of the cost of coal in inventory and pay an additional amount, based on a formula, per kWh for all kWh generated (or assumed to be generated for billing purposes) for the Participant's account.

Cost of Construction. Each Participant is responsible, on a monthly basis, for its proportionate share of the cost of additions, repairs, replacements and retirements incurred during the previous month.

Energy. Entergy and each Participant shall be entitled to its proportionate share of the net generating capacity and energy of White Bluff at any given time. Entergy shall have sole authority for the hourly scheduling and dispatching of White Bluff generation in accordance with Entergy standard scheduling and dispatching procedures.

Termination. The operating agreement shall terminate when White Bluff is retired from commercial operation, or such date as may mutually be agreed upon by the parties. White Bluff is currently anticipated to cease to use coal by the end of 2028. The Solar Facility will replace a portion of the electricity lost by the change from the use of coal at White Bluff.

Non-Payment. In the event that any Participant at any time fails to make any payment when due to Entergy under the Operating Agreement, Entergy shall have right to give written notice of such failure to such Participant and in the event such failure continues for a period of 30 days after the giving of such notice, to withhold and use, without charge as if it were its own, such Participant's proportionate share of the capacity and energy from White Bluff until such payment has been made but with appropriate credit being given to such Participant in respect of its ownership of White Bluff for use of such capacity and energy. If such credit exceeds the payment due Entergy, Entergy will pay such Participant monthly for the difference thereof. If such overdue payments due Entergy exceed such credits, Entergy shall have a right to receive interest on the difference thereof during the period such payment was due. Such Participant shall also indemnify and hold Entergy and the other Participants harmless from and against any and all losses, costs, damages and expenses arising out of or resulting from such Participant's failure to make such overdue payments when due.

Insurance. Entergy shall maintain insurance in such amount and with such deductibles or self-insurance features as is consistent with Entergy's customary practices. Entergy may self-insure such risks as is consistent with its customary practices.

Independence Operating Agreement. Operation; Payment of Operating Costs. Entergy has sole authority to manage, control, maintain and operate Independence. Entergy and the Participants shall discharge all obligations under the Operating Agreement in a prudent manner and in accordance with good utility practices.

Entergy and each Participant shall be responsible for a proportionate share of Operating Costs equal to its respective Ownership Share. The Participants are to pay Entergy for all kWh generated at Independence for their respective accounts (or assumed to be generated at Independence for billing purposes) on the basis of actual fuel costs at Independence and the heat rate (assuming operation at 60% loading during summer test conditions) of its units.

"Cost of Operation" consists of all operation and maintenance expenses, other than fuel or financing costs, incurred by Entergy in respect of Independence.

The Participants are also to pay to Entergy in each year their respective proportionate shares of additional amounts representing otherwise unrecovered administrative and general expenses of Entergy.

Cost of Construction. Each Participant is responsible, on a monthly basis, for its proportionate share of the cost of additions, repairs, replacements and retirements incurred during the previous month.

Fuel. Entergy shall furnish, or cause to be furnished, the fuel supply for Independence. The Participants shall advance to Entergy their respective Ownership Shares percentages of the cost of coal in inventory, including costs of transportation, storage and taxes, and pay an amount, based on a formula, per kWh for all kWh generated (or assumed to be generated for billing purposes) for the Participant's account.

Energy. Entergy and each Participant shall be entitled to its proportionate share of the net generating capacity and energy of Independence at any given time. Entergy shall have sole authority for the hourly scheduling and dispatching of Independence generation in accordance with Entergy standard scheduling and dispatching procedures.

Termination. The Operating Agreement shall terminate when Independence is retired from commercial operation, or such other date as may mutually be agreed upon by the parties. Independence is currently anticipated to cease to use coal by the end of 2030. The Solar Facility will replace a portion of the electricity lost by the change from the use of coal at Independence.

Non-Payment. In the event that any Participant at any time fails to make any payment when due to Entergy under the Operating Agreement, Entergy shall have right to give written notice of such failure to such Participant and in the event such failure continues for a period of 30 days after the giving of such notice, to withhold and use, without charge as if it were its own, such Participant's proportionate share of the capacity and energy from Independence until such payment has been made but with appropriate credit being given to such Participant in respect of its ownership of Independence for use of such capacity and energy. If such credit exceeds the payment due Entergy, Entergy will pay such Participant monthly for the difference thereof. If such overdue payments due Entergy exceed such credits, Entergy shall have a right to receive interest on the difference thereof during the period such payment was due. Such Participant shall also indemnify and hold Entergy and the other Participants harmless from and against any and all losses, costs, damages and expenses arising out of or resulting from such Participant's failure to make such overdue payments when due.

Insurance. Entergy shall maintain insurance in such amount and with such deductibles or self-insurance features as is consistent with Entergy's customary practices. Entergy may self-insure such risks as is consistent with its customary practices.

Payment Obligations. The obligations of CWL under the Ownership Agreements and the Operating Agreements are payable solely from revenues from its electric system or proceeds of financings.

However, the failure to make payments due to insufficiency of revenues or financing proceeds does not excuse such non-payment. CWL has agreed to fix and maintain electric rates at levels sufficient to enable it to carry out its financial obligations under such agreements.

Peaking Power Agreement. CWL and SWPA entered into a Power Sales Agreement effective as of June 1, 1996 (the "Peaking Power Agreement") which extended and modified arrangements between such parties which have been in effect since 1986. Under the Peaking Power Agreement, CWL is allotted 80 MW of hydro-peaking capacity and an annual maximum of 1,200 kWh of energy per kW of capacity. In addition to the annual maximum, CWL is limited to 200 kWh/kW for any one month and 600 kWh/kW for any four consecutive months. The capacity and energy charges under the Peaking Power Agreement are subject to change and to the right of CWL to discontinue purchases of peaking power in the event of such a change. The Peaking Power Agreement is effective until March 31, 2029 but CWL expects to extend the term of the Peaking Power Agreement before its termination date.

An amendatory agreement was entered into on June 29, 2018 to establish terms under which CWL will self-supply 40,000 kW of its peaking energy, allowing SWPA to purchase the peaking energy self-supplied and the associated peaking self supply capacity from CWL. The terms of this amendment terminate on May 31, 2022.

In addition to the firm arrangements, the Peaking Power Agreement provides for CWL to have the opportunity to purchase supplemental peaking energy and other excess energy which SWPA may have available from its hydroelectric sources.

CITY OF JONESBORO, ARKANSAS AND CRAIGHEAD COUNTY

Location. The City of Jonesboro is located in Craighead County, Arkansas (the "County"), which is in the northeast of the State. The City is situated approximately 130 miles northeast of Little Rock, Arkansas and 71 miles northwest of Memphis, Tennessee.

Population. Resident population in the City and the County has been as follows:

Year	City	County
1970	27,050	52,068
1980	31,530	63,239
1990	46,535	68,956
2000	55,515	82,148
2010	67,263	96,443
2019 (Estimate as of July 1)	78,394	110,332

Medical Facilities. The City is served by two hospitals, St. Bernard's Medical Center and NEA Baptist Memorial Hospital.

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Major Employers. The following are the major employers located in or near the City (300 or more employees):

Employer	Number of Employees
St. Bernards Healthcare	3,630
Arkansas State University	3,028
NEA Baptist Health System	2,263
Hytrol	1,220
Jonesboro Public School	959
Nestle Prepared Foods Company	637
Frito-Lay, Inc.	600
City of Jonesboro	580
ARISA Health	528
Unilever	496
Walmart #45	434
Great Dane	430
Nettleton Public Schools	426
TTEC	400
Riceland Foods	400
Nice Pak Products, Inc.	396
Walmart #128	340
Butterball, L.L.C.	330
TrintyRail Maintenance Services Inc.	325
Valley View School District	318
ABB, Inc.	316
Ritter Communications	315
Craighead County	301

County Economic Data. Per capita personal income estimates for the County are as follows:[1]

Year	Per Capita Personal Income
2014	$34,415
2015	35,271
2016	35,490
2017	36,323
2018	37,531

Total personal income estimates for the County are as follows: [1]

Year	Total Personal Income
2014	$3,553,064,000
2015	3,682,915,000
2016	3,755,862,000
2017	3,887,944,000
2018	4,074,323,000

[1]Source: Bureau of Economic Analysis, United States Department of Commerce.

Unemployment Data. Set forth below are the annual average unemployment rates for the City, the County and the State since 2015, according to the Arkansas Department of Workforce Services:

	Annual Average Unemployment Rate (%)		
Year	City	County	State
2015	4.5	4.4	5.0
2016	3.3	3.2	4.0
2017	3.0	3.0	3.7
2018	3.0	3.0	3.6
2019	2.8	2.8	3.5
2020*	3.8	3.7	10.3

*As of April, 2020

FINANCIAL INFORMATION

Set forth in Exhibit A to this Official Statement are the audited financial statements of CWL for the fiscal years ended December 31, 2019 and December 31, 2018. These financial statements were prepared in accordance with accounting principles generally accepted in the United State and were audited in accordance with auditing standards generally accepted in the United States. These financial statements should be read in their entirety, together with any notes and supplemental information affixed thereto.

The following table has been developed from CWL's financial statements for the fiscal years ended December 31, 2015 through 2019.

	2019	2018	2017	2016	2015
Operating Revenues	$104,084,041	$109,878,652	$107,615,796	$109,877,759	$101,363,056
Operating Expenses	(95,325,361)	(100,163,149)	(100,969,779)	(103,056,153)	(97,055,299)
Plus Depreciation	17,373,104	17,492,148	17,811,956	17,796,818	17,460,155
Revenues Available for Debt Service	$26,131,784	$27,207,651	$24,457,973	$24,618,424	$21,767,912

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DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Series 2020 Bonds:

Year (Ending June 1)	Series 2020 Bond Principal	Series 2020 Bond Interest	Total Debt Service
2021	$ 1,000,000	$ 850,218.06	$ 1,850,218.06
2022	1,050,000	937,350.00	1,987,350.00
2023	1,105,000	884,850.00	1,989,850.00
2024	1,160,000	829,600.00	1,989,600.00
2025	1,220,000	771,600.00	1,991,600.00
2026	1,280,000	710,600.00	1,990,600.00
2027	1,350,000	646,600.00	1,996,600.00
2028	1,415,000	579,100.00	1,994,100.00
2029	1,490,000	508,350.00	1,998,350.00
2030	1,565,000	433,850.00	1,998,850.00
2031	1,640,000	355,600.00	1,995,600.00
2032	1,705,000	290,000.00	1,995,000.00
2033	1,775,000	221,800.00	1,996,800.00
2034	1,845,000	150,800.00	1,995,800.00
2035	1,925,000	77,000.00	2,002,000.00
TOTALS	$21,525,000	$8,247,318.06	$29,772,318.06

DEBT SERVICE COVERAGE

The following table shows the funds available for debt service, the amount of maximum annual debt service for the Series 2020 Bonds, and the extent to which debt service on the Series 2020 Bonds is covered by such funds:

Revenues Available for Debt Service(A))(1)	$26,131,784
Maximum Annual Debt Service Requirements(B)(2)	2,002,000
Debt Service Coverage(A/B)	13.05X

(1)Based on audited financial statements of CWL for the fiscal year ended December 31, 2019.
(2)Using a year ending June 1.

THE INDENTURE

The following, in addition to information contained above under **THE SERIES 2020 BONDS** and **SECURITY FOR THE SERIES 2020 BONDS** summarizes certain provisions of the Indenture from CWL to the Trustee, to which document in its entirety reference is made for the detailed provisions thereof.

Rate Covenant. (a) CWL covenants that it will fix, charge and collect rates, fees and charges for services furnished by the System which shall produce total Revenues in each fiscal year sufficient to (1) pay the operation, repair and maintenance expenses (excluding depreciation expenses) of the System, (2) make all required deposits to any debt service reserve funds, and (3) leave a balance equal to 110% of the maximum annual debt service requirement for all outstanding Bonds and Other Parity Bonds.

(b) CWL covenants that it will revise the rates, fees and charges from time to time as necessary to comply with its covenant described in (a).

(c) If CWL should fail to comply with its rate covenant, it must undertake a study of rate revisions. The study must be completed and filed with the Trustee not later than the 15th day of the sixth month of the following fiscal year. Revised rates are to be put into effect not later than the 15th day of the sixth month of the fiscal year following the fiscal year in which the study is made. CWL will not be in default for the year in which it is made and the then next year provided that total Revenues are sufficient to make the payments and deposits required and leave a balance equal to 100% of debt service in those years for all outstanding Bonds and Other Parity Bonds.

Revenue Fund. All Revenues shall be paid upon receipt into a special fund designated "Revenue Fund." There shall be paid from the Revenue Fund the monthly Operating Expenses (as defined below) of the System. Fixed annual charges, such as insurance premiums and the cost of major repair and maintenance expenses, may be computed and set up on an annual basis and a portion of the total amount thereof may be paid each month. CWL shall retain in the Revenue Fund an amount equal to at least 1/6 of the Operating Expenses budgeted for the current Fiscal Year. "Operating Expenses" mean all necessary and ordinary expenses of operating and maintaining the System, excluding depreciation and payments of debt service, but including payments, if any, in lieu of taxes to all taxing authorities.

Bond Fund. (a) There is created a special fund to be designated "Bond Fund" for the purpose of paying debt service on all Bonds.

(b) After providing for Operating Expenses as described above, there shall be paid from the Revenue Fund into the Bond Fund, simultaneously with any deposit made to pay debt service on Other Parity Bonds, an amount equal to the sum of:

> (1) one-sixth (1/6) of the next installment of interest on the outstanding Bonds (the required payments for the months after delivery, and before the first interest payment date, of any series of Bonds to be adjusted if necessary, so that the deposits made and any accrued interest from the sale of the Bonds will be sufficient to cover the interest due);
>
> (2) one-twelfth (1/12) of the installment of principal due on the outstanding Bonds during the then next twelve months (whether at maturity or upon mandatory redemption prior to maturity); provided, however, the monthly deposits under this paragraph for the months after delivery, and before the first principal payment date, of any series of Bonds shall be adjusted if necessary so that the deposits made will be sufficient to cover the principal due. The additional deposits required in the event of the issuance of Additional Bonds need not commence until the time necessary to accumulate the first principal maturity of the Additional Bonds in twelve monthly installments.

With respect to Bonds the interest on or principal of which is payable more frequently than semiannually or annually, respectively, monthly deposits shall be in equal amounts sufficient to assure that amounts due for such interest or principal shall be deposited in the Bond Fund on or before the dates on which such payments are due.

(c) CWL shall receive a credit against required monthly deposits into the Bond Fund for any moneys placed into the Bond Fund other than pursuant to the obligations described in paragraph (b).

(d) If for any reason the funds in the Bond Fund shall at any time be insufficient to meet any required payment, then the amount of any such deficiency shall be paid immediately from the Revenue Fund into the Bond Fund.

(e) When the moneys in the Bond Fund shall be and remain sufficient to pay the principal of and interest on all outstanding Bonds when due at maturity or at redemption prior to maturity, there shall be no obligation to make any further payments into the Bond Fund.

(f) The moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for no other purpose except as specifically authorized.

Subordinate Bond Funds. After making the deposits referred to above, there shall be deposited into the bond fund for any Subordinate Obligations (the "Subordinate Bond Funds") the required amounts.

Other Parity Bonds Payments. If there are insufficient moneys in the Revenue Fund to make the monthly payments into the Bond Fund and make monthly installments with respect to outstanding Other Parity Bonds (and any debt service reserves therefor), CWL shall make payments from the Revenue Fund with respect to the Bonds and outstanding Other Parity Bonds pro rata based upon the outstanding principal amount of the Bonds and outstanding Other Parity Bonds.

Revenue Fund Surplus. Any surplus remaining in the Revenue Fund on the first business day of each month, after making all payments into the above funds which are required in such month, may be used for any lawful purpose.

Depositories of Funds. The Bond Fund and the Construction Fund shall be established with and maintained by the Trustee. The Revenue Fund shall be established in such banks or trust companies as are from time to time designated by CWL, provided each must be a member of the Federal Deposit Insurance Corporation.

Nonpresentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at date fixed for redemption thereof, if there shall have been deposited with the Trustee for the purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof, together with all interest unpaid and due thereon, to the date of maturity thereof, or to the date fixed for redemption thereof, as the case may be, for the benefit of the holder thereof, all liability of CWL to the holder thereof for the payment of the principal thereof and interest thereon shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of the Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, such Bond.

Any moneys so held for a period of 2 1/2 years shall become the property of CWL and shall be paid over to CWL, free of any rights of the holder of such Bond.

The Trustee. The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default.

The Trustee shall not be required to take notice or be deemed to have notice of any default except failure by CWL to make or cause to be made any of the payments to be made to the Trustee unless the Trustee shall be specifically notified in writing of such default by CWL or by the holders of at least ten percent (10%) in aggregate principal amount of Bonds outstanding under the Indenture (of all series but not necessarily of each series), and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

The Trustee and any successor trustee may at any time resign by giving written notice to CWL. Such resignation shall take effect upon the appointment of a successor trustee by CWL. Such notice may be served personally or sent by certified mail.

The Trustee may be removed at any time by CWL or by any instrument or concurrent instruments in writing delivered to the Trustee and to CWL and signed by the owners of a majority in aggregate principal amount of Bonds outstanding.

In case the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be designated by CWL.

Investment of Funds. Moneys held for the credit of any fund or account may be invested and reinvested, as directed by CWL in the case of the Bond Fund and the Construction Fund, in Permitted Investments which will mature, or which will be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which the money held for the credit of the particular fund shall be required for the purposes intended.

"Permitted Investments" are defined to mean:

(a) bonds, notes and other evidences of indebtedness to which is pledged the full faith and credit of, or which are unconditionally guaranteed as to payment of principal and interest by, any state or other political subdivision, the interest which is exempt from federal income tax, and which carry a rating of at least "AAA" by a nationally recognized rating agency;

(b) direct or fully guaranteed obligations of the United States of America ("Government Obligations");

(c) federal funds, bankers' acceptances (having maturities of not more than 365 days), savings accounts, demand deposits and certificates of deposit (i) of any bank the long-term obligations of which (or, in the case of the principal bank in a bank holding company, long-term debt obligations of the bank holding company) are rated by a nationally recognized rating agency at a rating equivalent to or higher than "A" and which bank or association is insured by the Federal Deposit Insurance Corporation or (ii) fully insured by the Federal Deposit Insurance Corporation;

(d) Money market mutual funds consisting of Government Obligations and registered with the Securities and Exchange Commission and meeting the requirements of Rule 2 a-7 under the Investment Company Act of 1940; and

(e) Other investments permitted by law.

Each investment shall be deemed at all times to be part of the fund for which the investment was made and any profit and income realized from such investments shall be credited to the fund and any loss charged to the fund.

Supplemental Indentures. CWL and the Trustee may without the approval of any bondholder, enter into indentures supplemental to the Indenture (a) to cure any ambiguity, defect or omission in the Indenture or any supplement thereto, (b) to confer additional rights, remedies, powers and authority upon the Trustee for the benefit of the holders of the Bonds, (c) in connection with the issuance of Additional Bonds pursuant to the provisions of the Indenture, or (d) to make any modification determined by the Trustee, in its discretion, not to be to the material prejudice of the holders of the Bonds.

All other modifications and changes to the Indenture require the consent of the holders of not less than two-thirds (2/3) of the principal amount of the outstanding Bonds, except for the following amendments which shall require 100% of the principal amount of the outstanding Bonds, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, (iii) a privilege or priority of any Bond or Bonds over any other bond or Bonds, (iv) the creation of a lien upon the System or a pledge of Revenues except as permitted by the Indenture, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to a supplement to the Indenture.

Events of Default. Under the Indenture, an event of default shall mean any one or more of the following events:

(a) Default in the due and punctual payment of any interest on any Bond or Other Parity Bond;

(b) Default in the due and punctual payment of any moneys required to be paid to the Trustee for deposit into the Bond Fund;

(c) Default in the due and punctual payment of the principal of, and premium, if any, on any Bond or Other Parity Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on CWL's part in the Indenture, or in the Bonds or in Other Parity Bonds or in any document securing any Other Parity Bonds contained, and the continuance thereof for a period of sixty (60) days after written notice to CWL by the Trustee or by the holders of not less than ten percent (10%) in aggregate principal amount of Bonds outstanding; and

(e) Any other "event of default" as defined in or any Other Parity Bond or a document securing any Other Parity Bond.

Remedies of Default. (a) *Acceleration*. Upon the occurrence of an event of default, the Trustee may, and upon the written request of the holders of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding under the Indenture (regardless of series), shall, by notice in writing delivered to CWL, declare the principal of all Bonds then outstanding under the Indenture and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

(b) *Right of Entry*. Upon the occurrence of any event of default, the Trustee may, and upon the written request of the holders of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding under the Indenture shall, demand of CWL to surrender, and CWL shall forthwith surrender to it the actual possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of, all or any part of the System with the books, papers and accounts of CWL pertaining thereto and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee, with or without such permission, may collect, receive and sequester the revenues, earnings, income, products and profits therefrom and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the Indenture, and all taxes, assessments and other charges prior to the lien of the Indenture, and all expenses of such repairs and improvements, and apply the remainder of the money so received by the Trustee in accordance with the applicable provisions of the Indenture. Whenever principal of and interest on the Bonds shall have been paid and all other amounts owed under the Indenture shall have been paid and no event of default is continuing, the Trustee shall surrender possession to CWL, its successors or assigns; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of the System, the Trustee shall render annually to the registered owners a summarized statement of income and expenditures in connection therewith.

(c) *Other Remedies*. Upon the occurrence of an event of default the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit at law or equity to enforce the payment of the principal of and interest on the Bonds then outstanding under the Indenture, including, without limitation, receivership and mandamus.

If an event of default shall have occurred, and if it shall have been requested so to do by the holders of ten percent (10%) in aggregate principal amount of Bonds outstanding under the Indenture and shall have been indemnified as provided in the Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interest of the bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default under the Indenture, whether by the Trustee or by the bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

(d) *Bondholders May Direct Proceedings*. (i) The holders of a majority in aggregate principal amount of Bonds outstanding under the Indenture shall have the right, at any time, by any instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

(ii) Notwithstanding anything set forth in the Indenture, the holder or holders of all outstanding Other Parity Bonds may institute any action or exercise any remedy available at law or in equity to enforce the terms of the Bonds or the Indenture, provided that any such action or remedy shall be instituted and maintained for the benefit of the holders of all Bonds, without distinction or priority.

(e) *Receiver*. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and of the Revenues pending such proceedings with such powers as the court making such appointment shall confer.

(f) *Application of Moneys*. (i) Subject to the provisions of subsection (ii), below, available moneys shall be applied by the Trustee as follows:

(1) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third: to the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the provisions of the Indenture.

(2) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(3) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of paragraph (2) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (1) above.

(ii) Notwithstanding anything set forth in the Indenture, any proceedings under *Application of Moneys* shall be for the benefit of the holders of the Bonds and any outstanding Other Parity Bonds, without distinction or priority.

(g) *Limitation of Bondholder Rights*. Subject to the provisions of (d)(ii) above, no holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy under the Indenture, unless a default has occurred of which the Trustee has been notified as provided in the Indenture or of which it is deemed to have notice, nor unless such default shall have become an event of default and the holders of ten percent (10%) in aggregate principal amount of Bonds outstanding under the Indenture shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy.

(h) *Waivers by Trustee*. Subject to the provisions of (d)(ii) above, the Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration or maturity of principal, and shall do so upon the written request of the holders of fifty percent (50%) in principal amount of all Bonds outstanding under the Indenture (of all series but not necessarily of each series); provided, however, that there shall not be waived (i) any event of default in the payment of principal of any Bonds issued under the Indenture and outstanding under the Indenture at the date of maturity specified therein or (ii) any default in the payment of the interest or of deposits into the Bond Fund unless prior to the waiver or rescission all arrears of interest, with interest at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of Bond Fund payments, as the case may be, and all expenses of the Trustee shall have been paid or provided for and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, CWL and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Maintenance and Repair. CWL covenants that it will at all times cause to be maintained, preserved and kept the System in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs, replacements, additional, betterments and improvements so that the operation and business pertaining to the System shall be fully maintained.

Books and Records. CWL covenants that so long as any Bonds shall be outstanding, it will keep, or cause to be kept, proper books of record and account, in which full, true and correct entries will be made of all dealings or transactions of and in relation to the System and Revenues. CWL agrees to have the books of record and account audited by an independent certified public accountant at the end of each fiscal year and to furnish a copy of the audit report to the Trustee within 180 days after the end of the fiscal year; provided, however, that if such audit is not available by such date, CWL will furnish the audit to the Trustee within 60 days after receipt thereof.

CWL further covenants that all books and documents pertaining to the System and the Revenues shall at all times be open to the inspection of such accountants or agents as the Trustee may from time to time designate.

Disposition and Encumbrance of System. CWL covenants that it will not sell or otherwise dispose of the System and that it will not encumber the same or any part hereof, or its interest therein or create or permit to be created any charge or lien on its Revenues and income except as may be expressly authorized in the Indenture; provided, however, CWL may, from time to time, sell, exchange or otherwise dispose of any properties or release, relinquish or extinguish any interest therein which is not needed or serves no useful purpose in connection with the maintenance and efficient operation of the System, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of, if replacement is necessary or desirable, or shall be transferred to the Revenue Fund, as CWL may determine.

Insurance. CWL covenants that at all times while any Bonds are outstanding, it will at all times insure and keep insured to the full insurable value hereof in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof all insurable improvements on and constituting part of the System, at any time and from time to time, by fire and extended coverage insurance. The insurance policies are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of said insurance shall be filed with the Trustee.

Discharge of Lien. The Bonds of any series shall be deemed to have been paid for purposes of the Indenture if (a) there has been deposited with the Trustee in trust either moneys in an amount, or Government Obligations the principal of and interest on which will, together with any moneys held by the Trustee at the same time and available for such purpose pursuant to the Indenture, without further investment or reinvestment of either the principal amounts thereof or the interest earnings thereon, provide amounts which will be sufficient to pay when due the principal, interest, and premium, if any, to become due and payable on or prior to the respective redemption dates or maturity dates of such Bonds, and (b) in case any of such Bonds are to be redeemed on any date prior to their maturity, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving of such notice.

TAX EXEMPTION

In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, under existing law, the interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that CWL comply with all requirements of the Series 2020 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. CWL has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2020 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2020 Bonds. CWL has covenanted to comply with all such requirements in the Indenture.

Prospective purchasers of the Series 2020 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Internal Revenue Code of 1986, as amended (the "Code"), Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2020 Bonds, (ii) interest on the Series 2020 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Series 2020 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2020 Bonds.

Prospective purchasers of the Series 2020 Bonds should be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code of 1987 Annotated. Subsection (b) states that Section 265(a) of the Internal Revenue Code is adopted for the purpose of computing Arkansas corporation income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

> Financial institutions may continue to deduct interest on indebtedness incurred or continued to purchase or carry obligations which generate tax-exempt income to the same extent that the interest was deductible prior to the adoption of Section 17 of Act 785 of 1993.

As shown on the inside front cover page of this Official Statement, certain of the Series 2020 Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2020 Bonds from realizing the full current benefit of the tax status of such interest. On December 20, 2017, Congress passed The Tax Cuts and Jobs Act (the "Tax Legislation"), which, for tax years beginning after December 31, 2017, among other things, significantly changes the income tax rates for individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals and eliminates the federal alternative minimum tax for corporations. The President signed the Tax Legislation on December 22, 2017. The Tax Legislation or the introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation (including particularly, without limitation, the Tax Legislation), regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2020 Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.
In the further opinion of Bond Counsel, under existing law, interest on the Series 2020 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas, and the Series 2020 Bonds are exempt from property taxes in the State of Arkansas.

CONTINUING DISCLOSURE AGREEMENT

During the past five years, CWL has had no outstanding bonds for which it has had continuing disclosure obligations.

Generally. CWL will enter into a Continuing Disclosure Agreement with respect to the Series 2020 Bonds. Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement will be executed and delivered by CWL and the Trustee for the benefit of the Beneficial Owners of the Series 2020 Bonds and in order to assist the Underwriters in complying with the Securities and Exchange Commission, Rule 15c2 12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean an Annual Report provided by CWL pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Series 2020 Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Series 2020 Bond (including persons holding Series 2020 Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by CWL and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

(A) debt obligation;

(B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking District.

"Rule" shall mean Rule 15c2 12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports. (a) CWL shall, or cause the Dissemination Agent to, not later than 180 days after the end of CWL's fiscal year (presently December 31) commencing with the report after the end of the 2020 fiscal year, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of CWL may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within sixty (60) days after receipt thereof by CWL. If the fiscal year of CWL changes, it shall give notice of such change in the manner as for a Listed Event.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing each Annual Report to the MSRB, CWL shall provide the Annual Report to the Dissemination Agent and the Trustee for the issue (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact CWL and the Dissemination Agent to determine if CWL is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report (containing the information required in (1) under Content of Annual Reports, below) has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB.

Content of Annual Reports. Each of the Annual Reports shall contain or incorporate by reference the following:

(1) Information of the type set forth in this Official Statement under the caption **CWL AND THE SYSTEM**, Electric Customers, Water Customers and Wastewater Customers and (2) the annual audit of CWL prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America.

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of CWL or related public entities, which are available to the public on the MSRB's website or filed with the Securities and Exchange Commission. CWL shall clearly identify each such other document so incorporated by reference.

Reporting of Listed Events. (a) This caption describes the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.

7. Modification to rights of security holders, if material.

8. Bond calls (excluding mandatory sinking fund redemptions), if material.

9. Defeasances and tender offers.

10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person.

13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), CWL shall promptly notify the Dissemination Agent (if other than CWL) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event (excluding an event described in (a)8 above), whether by notice from the Trustee or otherwise, CWL shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such

Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligations. CWL's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the affected Series 2020 Bonds.

Dissemination Agents. CWL may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under a Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by CWL pursuant to a Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver. Notwithstanding any other provision of a Continuing Disclosure Agreement, CWL and the Trustee may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2020 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the affected Series 2020 Bonds in the same manner as provided in the Indenture for the affected Series 2020 Bonds for amendments to the Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Beneficial Owners of the Series 2020 Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, CWL shall describe such amendment in the next Annual Report with respect to that issue, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by CWL. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent CWL from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If CWL chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, CWL shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of CWL or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee, CWL or any Beneficial Owner may (and the Trustee, at the request of the Underwriter, or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Series 2020 Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause CWL or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Indenture, and the sole remedy under a Continuing Disclosure Agreement in the event of any failure of CWL or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Trustees and Dissemination Agents and Rights of Indemnity. The Dissemination Agent (if other than a Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and CWL agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney’s fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s or the Trustee’s gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of CWL, the Trustee for the affected issue, the Dissemination Agent, the Underwriters and the Beneficial Owners of the affected Series 2020 Bonds and shall create no rights in any other person or entity.

UNDERWRITING

Stephens Inc. and Crews & Associates, Inc., the Underwriters, have agreed, subject to certain conditions precedent, to purchase the Series 2020 Bonds from CWL at a purchase price of $26,113,030.50 (principal amount plus original issue premium of $4,824,805.50 less Underwriters' discount of $236,775). The Underwriters are committed to purchase all of the Series 2020 Bonds if any are purchased.

The Series 2020 Bonds are being purchased by the Underwriters for reoffering in the normal course of the Underwriters' business activities. The Underwriters may offer and sell the Series 2020 Bonds to certain dealers (including dealers depositing Series 2020 Bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriters.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2020 Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Copies of such opinions will be available at the time of the delivery of the Bonds.

There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2020 Bonds, or questioning or affecting the legality of the Series 2020 Bonds or the proceedings and authority under which the Series 2020 Bonds are to be issued, or questioning the right of CWL to execute and deliver the Indenture or to issue the Series 2020 Bonds.

RATING

S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "AA- (stable outlook)" to the Series 2020 Bonds. Any explanation of such rating may only be obtained from S&P. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such rating, once assigned, will remain for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change or withdrawal of the rating assigned to the Series 2020 Bonds by S&P may have an adverse effect on the market price of the Series 2020 Bonds. The Underwriters and CWL have undertaken no responsibility after issuance of the Series 2020 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Series 2020 Bonds and the enforceability of the remedies available under the Indenture may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Indenture resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Information in the Official Statement. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between CWL and the purchasers or owners of any of the Series 2020 Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been authorized by CWL.

CITY WATER AND LIGHT PLANT OF THE
CITY OF JONESBORO

By /s/ Guy Patteson
Chairman

Dated: As of the Cover Page hereof.

APPENDIX A

Audited Financial Statements of CWL for the Fiscal Years
Ended December 31, 2019 and December 31, 2018

CWL

CITY WATER & LIGHT PLANT
OF THE CITY OF
JONESBORO, ARKANSAS

ANNUAL REPORT
2019 and 2018

400 East Monroe ·P.O. Box 1289 · Jonesboro, Arkansas 72403 · Telephone (870) 935-5581 · Fax (870) 930-3301

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
December 31, 2019 and 2018

CONTENTS

Independent Auditor's Report

Board of Directors
City Water and Light Plant of the City of Jonesboro (Arkansas)
Jonesboro, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate fiduciary fund statements of City Water and Light Plant of the City of Jonesboro (Arkansas), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise City Water and Light Plant of the City of Jonesboro (Arkansas) basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City Water and Light Plant of the City of Jonesboro (Arkansas)'s management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate fiduciary fund statements of City Water and Light Plant of the City of Jonesboro (Arkansas), as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits and pension information on pages 5 through 9 and 53 through 57 be presented to supplement the basic financial statements and pension. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise City Water and Light Plant of the City of Jonesboro (Arkansas)'s basic financial statements. The supplementary information on pages 60 through 77 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information on pages 60 through 65 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical data (unaudited) on pages 68 through 77 has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on pages 78 and 79 dated April 21, 2020 on our consideration of City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City Water and Light Plant of the City of Jonesboro (Arkansas)'s internal control over financial reporting and compliance.

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
April 21, 2020

MANAGEMENT DISCUSSION AND ANALYSIS
2019 and 2018

The following is a narrative overview and analysis of the financial activities of City Water and Light Plant of the City of Jonesboro (CWL) for the years ended December 31, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any changes in the financial position. The information presented here should be read in conjunction with the financial statements taken as a whole.

FINANCIAL HIGHLIGHTS

During 2019:

- CWL's current assets increased $23.4 million, while investments and long-term receivables decreased $21.1 million.
- Capital assets, net of depreciation, increased $11.1 million.
- CWL's total liabilities decreased $3.7 million.
- Income before contributions increased by $6.2 million.
- Net position increased $19 million or 4.6%.

During 2018:

- CWL's current assets decreased $6.2 million, while investments and long-term receivables increased $12.5 million.
- Capital assets, net of depreciation, increased $8.9 million.
- CWL's total liabilities increased $2.8 million.
- Income before contributions increased by $0.1 million.
- Net position increased $14.2 million or 3.6%.

OVERVIEW

CWL's financial statements include five basic statements: the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows, the statement of fiduciary net position and the statement of changes in fiduciary net position. The statement of net position presents CWL's assets, liabilities and net position as of December 31, 2019 and 2018.

The statement of revenues, expenses and changes in net position includes various categories that account for the change in the net position presented on the statements of net position from January 1, 2019 to December 31, 2019 and from January 1, 2018 to December 31, 2018. These include operating revenue, various categories of operating expenses, other income and expense items, such as interest income and expense, and capital contributions.

The statement of cash flows presents the cash flows from operating activities, non-capital financing activities, capital and related financing activities and investing activities. Whereas, the statement of net position and statement of revenues, expenses and changes in net position are on the accrual basis, the statement of cash flows presents the actual cash flow activity for the year. It presents to the reader the beginning of the year cash and cash equivalents balance, the cash and cash equivalents received by category during the year, the cash and cash equivalents disbursed by category during the year and the yearend cash and cash equivalents balance.

The statement of fiduciary net position presents the fiduciary assets, liabilities and net position held by CWL for the periods ending December 31, 2019 and 2018. The statement of changes in fiduciary net position reflect the additions and deductions that account for the change in net position from January 1, 2019 to December 31, 2019 and from January 1, 2018 to December 31, 2018.

The following table highlights the past three years of CWL's operating results and kilowatt-hours billed.

Operating Results (000's omitted)

Category	**2019**	**2018**	**2017**
Operating Revenues	$104,084	$109,879	$107,616
Operating Expenses	95,325	100,163	100,970
Income from Operations	8,759	9,716	6,646
Net Non-Operating Income (Expense)	8,616	1,432	4,392
Capital Contributions	1,661	3,040	3,078
Change in Net Position	$19,036	$14,188	$14,116

Kilowatt-hours Billed (000's omitted)

Type of Customer	**2019**	**2018**	**2017**
Residential	502,889	521,972	444,418
Commercial	338,155	346,446	330,969
Industrial	525,532	512,748	512,698
Security Lighting	5,335	5,355	5,366
Other Utilities	95,826	217,149	227,105
	1,467,737	1,603,670	1,520,556

FINANCIAL ANALYSIS OF CWL

The analysis below highlights CWL's net position for the three most recent years.

Statement of Net Position (000's omitted)

Description	**2019**	**2018**	**2017**
Current Assets	$106,205	$82,797	$88,959
Investments and Long-Term Receivables	111,237	132,373	119,833
Noncurrent Assets	14,356	11,172	10,307
Capital Assets	216,555	205,474	196,546
Deferred Outflows	6,181	6,225	3,603
Total Assets and Deferred Outflows	$454,534	$438,041	$419,248
Current Liabilities	$12,920	$16,205	$13,792
Noncurrent Liabilities	1,387	1,758	1,343
Total Liabilities	14,307	17,963	15,135
Deferred Inflows	8,351	7,238	5,461
Net Position:			
Invested in Capital Assets	216,555	205,474	196,546
Restricted	200	200	632
Unrestricted	215,121	207,166	201,474
Total Net Position	431,876	412,840	398,652
Total Liabilities, Deferred Inflows and Net Position	$454,534	$438,041	$419,248

Revenues

At December 31, 2019 and 2018, operating revenues totaled $104.1 million and $109.9 million, respectively. In 2019, revenues were comprised of 82% from electric sales, 10% from water sales and 8% from wastewater sales. In 2018, the composition of revenue was 83% electric, 9% water and 8% wastewater.

Electric revenue consists of both retail and wholesale sales. In 2019, wholesale revenue was approximately 6% of total electric revenues, compared with 10% in 2018. Wholesale sales can vary from year to year and can be influenced by external factors such as natural gas prices and weather. In 2019, fewer wholesale sales, and therefore lower operating revenue, can be attributed to lower natural gas prices placing coal sources out of favor.

Expenses

Total operating expenses at December 31, 2019 were $95.3 million, compared to $100 million at December 31, 2018. Major expense categories include Production and Operations, Distribution and Purchased Power. In 2019, Production and Operations expenses were 46%, Distribution was 12% and Purchased Power was 15% of total operating expenses. In 2018, Production and Operations expenses were 54%, Distribution was 11% and Purchased Power was 10% of total operating expenses.

Income from Operations was $8.8 million in 2019 and $9.7 million in 2018.

Other Income (Expenses)

At December 31, 2019, Other Income totaled $8.6 million, compared to $1.4 million in 2018. This $7.2 million increase was primarily from Interest and Investment income which was the result of unrealized gains in a stronger equity market during 2019.

Contributions to the City of Jonesboro totaled $782,904 and $733,283 for 2019 and 2018, respectively. These contributions include payroll, inventory and utilities for special city projects, payment toward the purchase of a fire truck, payment of sales tax on free services to the city and refunds of utility bills for the City Library.

Contributions

Contributions from developers decreased to $1.7 million in 2019 as compared to $3 million in 2018. Contributions include primarily developer laid water and wastewater lines, money paid by developers for the difference in costs of underground electric lines as compared to overhead lines, and wastewater connection and inspection fees. These fluctuate from year to year based on economic and business activity within the greater Jonesboro area.

Kilowatt-hours and Gallons Billed

Kilowatt-hours billed to residential customers decreased 3.7% to 502,889,000 in 2019 compared with 521,972,000 in 2018, while those billed to commercial customers decreased 2.4% to 338,155,000 in 2019 compared with 346,446,000 in 2018. Kilowatt-hours billed to industrial customers increased 2.5% to 525,532,000 in 2019 compared to 512,748,000 in 2018.

Gallons of water billed decreased 1.8% to 4,336,449,000 during 2019 from 4,414,135,000 in 2018.

Assets

At December 31, 2019, total assets increased to $454.5 million from $438 million in 2018. Current assets were $106.2 million in 2019; an increase of $23.4 million over 2018. Investments and long-term receivables were $111.2 million in 2019; a decrease of $21.1 million from 2018. Principal payments continue to be received on various installment receivables including water and wastewater rate zones.

Capital assets, net of depreciation, were $216.6 million at December 31, 2019. Major capital expenditures for the CWL system included approximately $4.8 million for the electric production plant, $3.1 million for distribution plant, $0.5 million for water mains and another $1.3 million in wastewater lines. Approximately $18.1 million in depreciation during 2019 offset these capital additions.

At December 31, 2018, capital assets, net of depreciation, were $205.5 million. The major capital expenditures for CWL's system included approximately $5 million for the electric production plant, $6.9 million for distribution plant, $2.7 million for water mains and $2.7 million in wastewater lines. There was approximately $18.1 million in depreciation to offset these capital additions.

Liabilities

At December 31, 2019 and 2018, current liabilities were $12.9 million and $16.2 million, respectively. Noncurrent liabilities decreased to $1.4 million from $1.8 million in those respective years.

Summary

CWL increased net position by $19 million in 2019 and by $14.2 million in 2018. CWL customers continue to benefit from rates that are among the lowest in the state and nation for electric, water and wastewater services.

Jake Rice, III
Manager

David Belk
Financial Services Director

REPORT OF MANAGEMENT ON FINANCIAL STATEMENTS

The management of City Water and Light Plant of the City of Jonesboro (Arkansas) (CWL) is responsible for the integrity and objectivity of the financial statements and other financial information contained in the Annual Report. The financial statements and related information were prepared in conformity with accounting principles generally accepted in the United States of America, based on recorded transactions and management's best judgments and estimates, in order to set forth a fair presentation of financial position and results of operations.

Management maintains a system of internal controls and procedures designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that transactions are properly recorded to permit the preparation of reliable financial records and reports, that assets are safeguarded and that accountability for assets is maintained. In designing and implementing internal controls and procedures, management recognizes that errors or irregularities may nevertheless occur. Further, estimates and judgments are necessary to evaluate the relative cost/benefit of such controls and procedures. Internal controls and procedures are regularly reviewed and revised, when appropriate, due to changing circumstances and requirements.

The Board of Directors oversees these financial statements through an audit committee comprised of members of the Board of Directors. The committee meets periodically with management to monitor the discharge of its responsibilities. The independent auditors, who are engaged to express an opinion on the financial statements, have free access to the committee members without management present to discuss internal control, audit and financial matters.

Frost, PLLC, has been engaged to audit the financial statements of CWL. Their report on CWL's financial statements is set forth on pages two through four.

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CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
STATEMENTS OF NET POSITION
December 31, 2019 and 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2019	2018
CURRENT ASSETS		
Temporary investments and cash (Note 5)	$75,749,041	$57,216,887
Accounts receivable, less allowance for doubtful accounts (Note 7)	7,066,843	7,840,454
Accrued utility revenues	3,132,695	2,818,710
Accrued interest receivable	4,218,135	2,923,359
Inventories	15,333,283	11,462,972
Prepaid expenses	705,477	534,245
Total Current Assets	106,205,474	82,796,627
INVESTMENTS AND LONG-TERM RECEIVABLES		
Non-utility property	7,274,638	7,790,696
Investments (Note 4)	103,672,525	124,263,935
Restricted cash deposits	200,000	200,000
Installment receivables (Note 6)	90,211	118,291
Total Investments and Long-Term Receivables	111,237,374	132,372,922
NONCURRENT ASSETS		
Net Pension Asset (Note 8)	2,081,838	
Net OPEB Asset (Note 9)	12,273,832	11,172,003
Total Noncurrent Assets	14,355,670	11,172,003
CAPITAL ASSETS		
Construction in progress	31,289,525	14,364,370
Utility plant in service, at cost (Notes 2 and 3)	595,126,497	586,962,855
	626,416,022	601,327,225
Less accumulated depreciation	409,861,376	395,853,404
Total Capital Assets	216,554,646	205,473,821
DEFERRED OUTFLOWS		
Pension (Note 8)	4,812,283	4,978,504
OPEB (Note 9)	1,368,768	1,247,119
Total Deferred Outflows	6,181,051	6,225,623
TOTAL ASSETS AND DEFERRED OUTFLOWS	$454,534,215	$438,040,996

See notes to financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2019	2018
CURRENT LIABILITIES		
Unearned Revenue	$800,765	$1,293,849
Accounts payable	8,013,334	$11,018,389
Customer deposits	2,692,133	2,547,015
Accrued taxes	193,881	183,604
Accrued salaries and vacations	1,220,388	1,161,957
Total Current Liabilities	12,920,501	16,204,814
NONCURRENT LIABILITIES		
Long-term Unearned Revenue-JEDC Industrial Land Purchases (Note 14)	1,386,709	1,643,523
Net Pension Liability (Note 8)		114,994
Total Noncurrent Liabilities	1,386,709	1,758,517
TOTAL LIABILITIES	14,307,210	17,963,331
COMMITMENTS AND CONTINGENCIES (Notes 8, 9, 12, 13, 14, 15, and 16)		
DEFERRED INFLOWS		
Pension (Note 8)	2,731,351	1,875,004
OPEB (Note 9)	5,619,926	5,362,896
TOTAL DEFERRED INFLOWS	8,351,277	7,237,900
NET POSITION		
Net Investment in Capital Assets	216,554,646	205,473,821
Restricted	200,000	200,000
Unrestricted	215,121,082	207,165,944
Total Net Position	431,875,728	412,839,765
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$454,534,215	$438,040,996

CWL

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CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUE	$104,084,041	$109,878,652
OPERATING EXPENSES		
Production and operations	44,067,506	54,274,061
Purchased power (Note 12)	14,665,632	9,636,455
Distribution	11,853,415	11,287,447
Customers' accounting and collection	2,961,885	3,214,365
Sales promotion	47,189	73,905
Administrative and general	4,126,935	3,961,307
Depreciation (Not provided elsewhere)	17,373,104	17,492,148
Contributions in lieu of taxes (Note 10)	229,695	223,461
	95,325,361	100,163,149
INCOME FROM OPERATIONS	8,758,680	9,715,503
OTHER INCOME (EXPENSES)		
Interest and Investment income (expense)	8,480,734	1,245,943
Rent income (Note 11)	700,001	755,372
Miscellaneous income	241,111	183,448
Interest expense	(23,272)	(19,366)
Contributions to City of Jonesboro (Note 10)	(782,904)	(733,283)
	8,615,670	1,432,114
INCOME BEFORE CONTRIBUTIONS	17,374,350	11,147,617
CONTRIBUTIONS	1,661,613	3,040,225
CHANGE IN NET POSITION	19,035,963	14,187,842
NET POSITION-BEGINNING OF YEAR	412,839,765	398,651,923
NET POSITION-END OF YEAR	$431,875,728	$412,839,765

See notes to financial statements.

CITY WATER AND LIGHT PLANT OF THE CITY OF JONESBORO (ARKANSAS)
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$103,938,886	$110,336,090
Payments to suppliers	(76,782,813)	(72,067,074)
Payments to employees (excluding construction)	(9,596,292)	(9,660,994)
Other (payments)	(742,599)	(717,228)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,817,182	27,890,794
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of utility plant	(28,008,093)	(24,679,905)
Proceeds from sale of utility plant in service	120,296	160,061
Interest paid on customer deposits	(23,272)	(19,366)
Contributions	495,021	606,711
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(27,416,048)	(23,932,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(25,500,000)	(48,224,000)
Proceeds from sale and maturities of investments and restricted bond funds	43,489,000	39,406,622
Rent income	700,001	755,372
Interest and dividends on investments and installment receivables	2,390,730	2,126,985
Principal collections on installment receivables	28,080	32,142
Net proceeds (purchases) of nonutility property	516,058	(449,063)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	21,623,869	(6,351,942)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,025,003	(2,393,647)
CASH AND CASH EQUIVALENTS, Beginning of Year	23,271,877	25,665,524
CASH AND CASH EQUIVALENTS, End of Year (Note 5)	$34,296,880	$23,271,877

See notes to financial statements.

	2019	2018
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from operations	$8,758,680	$9,715,503
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	18,064,856	18,089,894
Provision for bad debts	4,367	12,103
Other (payments)	(742,599)	(717,228)
Change in assets and liabilities		
Accounts receivable	769,244	(1,137,432)
Accrued utility revenues	(313,985)	(59,538)
Inventories	(3,870,310)	885,450
Prepaid expenses	(171,232)	(15,604)
Unearned revenue	(749,898)	1,216,959
Accounts payable	(3,005,055)	986,952
Customer deposits	145,118	425,346
Accrued expenses	68,708	84,033
Deferred outflows of resources for pension	166,221	(1,375,869)
Deferred outflows of resources for OPEB	(121,649)	(1,247,119)
Deferred inflows of resources for pension	856,347	(572,262)
Deferred inflows of resources for OPEB	257,030	2,349,617
Net pension asset	(2,081,838)	975,148
Net OPEB asset	(1,101,829)	(1,725,159)
Net pension liability	(114,994)	
Net cash provided by operating activities	$16,817,182	$27,890,794

SUPPLEMENTAL DISCLOSURES
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

	2019	2018
Acquisition of developer built water and wastewater lines:		
Installment receivables	$0	($7,150)
Utility plant in service	1,166,591	$2,440,664
Noncash Contributions	$1,166,591	$2,433,514

CITY WATER AND LIGHT
STATEMENTS OF FIDUCIARY NET POSITION
Years Ended December 31, 2019 and 2018

	2019		2018	
	Pension Trust Fund	OPEB Trust Fund	Pension Trust Fund	OPEB Trust Fund
ASSETS				
Cash and Cash Equivalents	$ 3,509,423	$ 2,054,449	$ 1,961,500	$ 1,739,441
Certificates of Deposit	2,562,432	2,562,432	4,547,218	3,047,218
Bonds	1,773,956	1,773,956	2,252,612	2,252,612
Stocks	4,002,026	4,002,026	3,382,553	3,382,553
Mutual Funds	42,060,046	34,717,177	32,907,164	28,235,647
Total Assets	$ 53,907,883	$ 45,110,040	$ 45,051,047	$ 38,657,471
LIABILITIES				
Total Liabilities	$ -	$ -	$ -	$ -
NET POSITION				
Restricted for:				
Pensions	$ 53,907,883		$ 45,051,047	
Other Postemployment Benefits		$ 45,110,040		$ 38,657,471
Total Liabilities and Net Position	$ 53,907,883	$ 45,110,040	$ 45,051,047	$ 38,657,471

CITY WATER AND LIGHT
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended December 31, 2019 and 2018

	2019		2018	
	Pension Trust Fund	OPEB Trust Fund	Pension Trust Fund	OPEB Trust Fund
ADDITIONS				
Employer Contributions	$ 2,520,000		$ 2,520,000	
Net Investment Income	8,521,547	$ 7,347,174	(1,429,983)	$ (1,205,359)
Total Additions	$ 11,041,547	$ 7,347,174	$ 1,090,017	$ (1,205,359)
DEDUCTIONS				
Pension Distributions	$ 2,126,187		$ 2,140,569	
Retirement Healthcare Premiums		$ 843,538		$ 710,136
Administrative Expenses	58,524	51,068	55,448	48,998
Total Deductions	$ 2,184,711	$ 894,606	$ 2,196,017	$ 759,134
CHANGE IN FIDUCIARY NET POSITION	$ 8,856,836	$ 6,452,568	$ (1,106,000)	$ (1,964,493)
Net Position, Beginning of Year	$ 45,051,047	$ 38,657,472	$ 46,157,047	$ 40,621,965
Net Position, End of Year	$ 53,907,883	$ 45,110,040	$ 45,051,047	$ 38,657,472

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

City Water and Light Plant of the City of Jonesboro (Arkansas) (CWL) provides electric, water and wastewater service to its customers.

With the advice and direction of legal counsel, CWL participated in and benefited from the formation of CWL Corp. I, a non-member Arkansas nonprofit corporation formed to benefit CWL. The Articles of Incorporation and Bylaws of CWL Corp. I provide CWL exclusive authority to appoint directors of the corporation together with other rights and privileges. CWL Corp. I in turn participated in the formation of CWL Corp. III, a non-member Arkansas nonprofit corporation formed to benefit CWL Corp. I. The Articles of Incorporation and Bylaws of CWL Corp. III provide CWL Corp. I exclusive authority to appoint directors of the corporation together with other rights and privileges. Because these affiliated entities are ultimately controlled by CWL and for the benefit of CWL they are treated as subsidiaries for accounting purposes.

There were no inter-company transactions between CWL, CWL Corp. I and CWL Corp. III in 2019 or 2018.

The financial statements are presented in conformity with generally accepted accounting principles as applicable to governments. The financial statements are presented substantially in conformity with accounting principles and methods prescribed by the Federal Energy Regulatory Commission (FERC).

Measurement Focus and Basis of Accounting

The accounts of CWL are accounted for in an enterprise fund, which is considered a proprietary fund type. Enterprise funds account for activities that are financed and operated in a manner similar to private business enterprises or for which periodic determination of revenues, expenses and net income is desirable. These funds render services to the general public on a user-charge basis. Enterprise funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. All intra-divisional activities have been eliminated.

Operating revenues and expenses are distinguished from other income (expense) items in the statements of revenues, expenses and changes in net position. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations. All revenues not meeting this definition are reported as other nonoperating income (expenses), but remain a major component of the overall revenues and expenses of CWL.

CWL utilizes fiduciary funds to report assets that are held in a trustee or agency capacity for others and that cannot be used to support the general operations of the utility. CWL's fiduciary funds include the Retirement Plan and the Post Retirement Benefits Trust. The

Retirement Plan for Employees of City Water and Light is an employee benefits trust fund used to report the accumulation and use of resources to pay retirement, disability and death benefits to plan members and beneficiaries. The Post Retirement Benefits Trust for Employees of City Water and Light is an employee benefits trust fund used to report the accumulation and use of resources to pay for health insurance for employees who are eligible to retire and receive 100 percent of their pension. The transactions and balances of the fiduciary funds are also reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues

CWL recognizes revenue concurrent with billings to customers on a cycle billing basis. CWL accrues services rendered but unbilled at the end of each fiscal period to match more closely revenues and expenses.

Utility Plant

Utility Plant is stated at original cost of $595,126,497 in 2019 and $586,962,855 in 2018. This cost includes appropriate administrative and general costs; payroll related costs such as taxes, pensions, and other benefits; and the estimated cost of funds used during construction. The cost of maintenance, repairs, and replacement of minor items of property is charged to maintenance expense. Utility Plant in service is depreciated over the estimated useful life of each asset, which ranges from two to fifty years based upon type of asset. Annual depreciation is primarily computed using the straight-line method. Total depreciation during 2019 was $18,064,856 and during 2018 was $18,089,894, which is recorded in depreciation and various other accounts on the statement of revenues, expenses, and changes in net position. CWL capitalizes items with a cost greater than $2,500.

Investment Securities

Fixed securities are stated at cost adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income. Gains or losses on disposition are based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific method. Equity securities and government agencies are stated at fair market value. Fair value measurements are categorized within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets, Level 2 inputs are significant other observable inputs other than quoted prices and Level 3 are unobservable inputs. Dividends and capital gains, as well as unrealized gains and losses, are recognized as other income (expense).

Accounts Receivable

CWL's accounts receivable are primarily from customers in the greater Jonesboro area. Approximately 4.03% of the receivables for the year ending December 31, 2019 and 12.10% for the year ending December 31, 2018 represent amounts due from other utilities. Monthly bills are mailed to customers for service through the respective meter reading date.

Inventory Pricing

All inventories are stated at the lower of cost or market using the average cost method.

Capitalization of Interest

Interest costs related to acquiring or constructing certain utility plant are capitalized. This interest is included as a part of the cost of the related asset and is depreciated over its estimated useful life. As of December 31, 2019 and 2018, all funding for acquisitions and construction of utility plant has been met through reserve funds. CWL has no issuance of debt, therefore, no capitalization of interest exists at these dates.

Income Taxes

CWL is exempt from income taxes under various provisions of the Internal Revenue Code.

Cash and Cash Equivalents

For purposes of the statements of cash flows, CWL considers petty cash and demand deposit accounts, which are not a part of restricted bond funds, to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. CWL used significant estimates in determining accrued utility revenue, allowance for doubtful accounts, depreciation and unearned revenue. Actual results may differ from these estimates.

Deferred Inflows/Outflows of Resources

In addition to assets, the accompanying statements of net position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. CWL has four types of items that qualify for reporting in this category that are related to pension and other post employment benefits (OPEB) reported in the accompanying statements of net position: contributions made after the measurement date, the differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments and on other post employment benefits plan investments, and changes in assumptions. Deferred outflows related to contributions made after measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense and to other post retirement benefits over future periods as shown in Note 8 and Note 9, respectively.

In addition to liabilities, the accompanying statements of net position include a separate section for deferred inflow of resources. This separate financial statements element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflows or resources (revenue) until that time. CWL has two items for each plan that qualify for reporting as deferred inflow related to the pension and other post employment benefits reported in the accompanying statements of net position: the difference between expected and actual experience and the difference between expected and actual earnings. The respective differences will be amortized to pension expense over future periods as shown in Note 8 and to OPEB expense over future periods as shown in Note 9.

Pensions

For the purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Retirement Plan for Employees of City Water and Light (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they were determined by a third party actuarial report on the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits

For the purpose of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to other post retirement benefits expense, information about the fiduciary net position of the Post Retirement Benefits Trust for Employees of City Water and Light (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they were determined by a third party actuarial report on the Trust. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were issued. CWL is currently managing the effects of COVID-19, along with recent tornado damage. The extent of the impact of COVID-19 on the utility's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the utility's customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the utility's financial condition or results of operations is uncertain, as this unprecedented situation continues to evolve rapidly.

Compensated absences

CWL provides all eligible employees paid time off benefits. Paid time off benefits are accrued when earned in the financial statements.

Net Position

Net Position is comprised of three categories: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets consists of Utility Plant in Service and Construction in Progress, less Accumulated Depreciation and any related Long-term Debt. Restricted consists of funds set aside in compliance with legal requirements of specific agreements. Unrestricted consists of the remaining available assets.

Net position flow assumption

At times CWL will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the accompanying statements of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is CWL's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Budgetary comparisons

CWL is not legally required to adopt a budget for the enterprise fund. Therefore, budget comparison information is not included in CWL's financial statements.

NOTE 2: UTILITY PLANT IN SERVICE

	December 31, 2018	Additions	Retirements	Transfers	December 31, 2019
CAPITAL ASSETS - NONDEPRECIABLE					
Construction in Progress	$14,364,370	$16,925,155			$31,289,525
Land and Land Rights	9,397,088	2,590			9,399,678
	23,761,458	16,927,745			40,689,203
CAPITAL ASSETS - UTILITY PLANT IN SERVICE - DEPRECIABLE					
Intangible Plant	8,931,136				8,931,136
Production Plant	269,608,523	5,127,222	3,000,000		271,735,745
Transmission Plant	0	345,744		9,313,908	9,659,652
Distribution Plant	273,752,947	5,401,809	489,441	(9,313,908)	269,351,407
General Plant	16,634,343	202,275	400		16,836,218
Transportation	8,638,818	1,169,889	596,046		9,212,661
	577,565,767	12,246,939	4,085,887	0	585,726,819
ACCUMULATED DEPRECIATION	395,853,404	18,064,856	4,056,884		409,861,376
NET CAPITAL ASSETS	$205,473,821	$11,109,828	$29,003	$0	$216,554,646

	December 31, 2017	Additions	Retirements	December 31, 2018
CAPITAL ASSETS - NONDEPRECIABLE				
Construction in Progress	$7,162,107	$7,202,263		$14,364,370
Land and Land Rights	8,901,511	495,577		9,397,088
	16,063,618	7,697,840		23,761,458
CAPITAL ASSETS - UTILITY PLANT IN SERVICE - DEPRECIABLE				
Intangible Plant	8,931,136			8,931,136
Production Plant	264,241,577	5,366,946		269,608,523
Distribution Plant	262,125,332	12,211,263	583,648	273,752,947
General Plant	15,035,395	1,598,948		16,634,343
Transportation	8,599,602	245,572	206,356	8,638,818
	558,933,042	19,422,729	790,004	577,565,767
ACCUMULATED DEPRECIATION	378,450,542	18,089,894	687,032	395,853,404
NET CAPITAL ASSETS	$196,546,118	$9,030,675	$102,972	$205,473,821

NOTE 3: OWNERSHIP AGREEMENTS

In 1977, CWL entered into an Ownership Agreement with Entergy Arkansas, Inc. ("Entergy") to purchase a five percent undivided ownership interest in "White Bluff Unit No. 1" and "White Bluff Unit No. 2" coal-fired generating plants constructed by Entergy. These units, located in Jefferson County, Arkansas, are rated at 815 megawatts and 844 megawatts, respectively. Entergy has operational control of the two generating plants.

In 1979, CWL entered into an Ownership Agreement with Entergy to purchase a five percent undivided ownership interest in "Independence Unit No. 1" and "Independence Unit No. 2" coal-fired generating plants constructed by Entergy. During 1996, CWL purchased an additional ten percent undivided ownership in "Independence Unit No. 2". These units, located in Independence County, Arkansas, are rated at 836 megawatts and 842 megawatts, respectively. Entergy has operational control of the two generating plants.

Following is a summary of CWL's proportionate share of each jointly owned plant. Each participant must pay its share of expenses for the operations of the plants, which are included in the operating expenses of each participant's statements of income. Allowance for depreciation on utility plant in service is determined by each participant based on their depreciation methods and rates relating to their share of the plant.

	White Bluff Units No. 1 and 2		Independence Units No. 1 and 2	
	2019	2018	2019	2018
Utility Plant in Service	$48,383,578	$47,856,286	$98,714,955	$97,269,931
	48,383,578	47,856,286	98,714,955	97,269,931
Less Accumulated Depreciation	41,055,216	39,614,544	79,860,559	76,452,445
	7,328,362	8,241,742	18,854,396	20,817,486
Inventories	3,118,653	1,810,687	6,926,449	5,316,210
Plant's Net Share	$10,447,015	$10,052,429	$25,780,845	$26,133,696

NOTE 4: INVESTMENTS

Under state statutes and CWL's investment policy, CWL may invest in certificates of deposit with banks in the State of Arkansas, United States securities including United States Agency, State and Local Governments and Approved Sovereign Government securities with a maximum maturity date of six years, corporate bonds with a BBB- rating or higher and a maximum maturity date of six years, convertible debentures, convertible preferred stock, perpetual preferred stock and common stock. Investments in equities are limited to 40% of assets.

Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. According to CWL's investment policy, all investments are monitored for changes in the effective yield.

All certificates of deposit classified as investments are either federally insured or collateralized with securities maintained in trust. As of December 31, 2019 and 2018, CWL had long-term investments, restricted cash deposits, temporary investments and cash of \$179,621,566 and \$181,680,822, respectively.

As required by GASB Statement No. 40, the following are institutions in which CWL has five percent or more of its total investments and cash:

	2019	2018
Centennial Bank - Conway, Arkansas	$73,672,095	$67,068,428
First Community Bank - Batesville, Arkansas	16,000,000	18,000,000
First National Bank - Paragould, Arkansas	24,000,000	28,500,000
Iberia Bank - Lafayette, Louisiana		10,000,000
Petty cash and others	65,949,471	58,112,394
	$179,621,566	$181,680,822

At December 31, 2019 and 2018, CWL had the following investments and maturities:

2019	Fair Value	Less than 1 Year	Greater than 1 Year
Cash and Cash Equivalents	$34,296,880	$34,296,880	-
Restricted Deposits	200,000	-	$200,000
Certificates of deposit	101,006,060	37,486,000	63,520,060
Government agencies	8,466,161	3,966,161	4,500,000
Equity securities	26,205,525	-	26,205,525
Corporate bonds	9,446,940	-	9,446,940
	$179,621,566	$75,749,041	$103,872,525

2018	Fair Value	Less than 1 Year	Greater than 1 Year
Cash and Cash Equivalents	$23,271,877	$23,271,877	-
Restricted Deposits	200,000	200,000	-
Certificates of deposit	122,442,000	28,989,000	$93,453,000
Government agencies	14,328,831	4,956,010	9,372,821
Equity securities	21,438,114	-	21,438,114
	$181,680,822	$57,416,887	$124,263,935

As required by GASB Statement No. 72, investments at December 31, 2019 and 2018 are categorized as follows:

2019 Investment Type	Quoted prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity securities	$26,205,525	-	-
Government agencies	-	$8,466,161	-
Corporate bonds	-	$9,446,940	-

2018 Investment Type	Quoted prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Equity securities	$21,438,114	-	-
Government agencies	-	$14,328,831	-

As of December 31, 2019, the Retirement Plan for Employees of City Water and Light and the Post Retirement Benefits Trust for Employees of City Water and Light had long-term investments, temporary investments and cash of $53,907,883 and $45,110,040, respectively. As of December 31, 2018, these trusts had $45,051,047 and $38,657,471, respectively.

Investments at December 31 for the pension and OPEB trusts, of which bonds, stocks and mutual funds are Level 1 investments and cash/cash equivalents and certificates of deposit are Level 2 investments, include the following:

2019	Fair Value	Less than 1 Year	Greater than 1 Year
Pension:			
Cash and Cash Equivalents	$3,509,423	$3,509,423	-
Certificates of deposit	2,562,432	2,562,432	-
Bonds	1,773,956	627,735	1,146,221
Stocks	4,002,026	-	4,002,026
Mutual Funds	42,060,046	-	42,060,046
	53,907,883	6,699,590	47,208,293
OPEB:			
Cash and Cash Equivalents	$2,054,449	$2,054,449	-
Certificates of deposit	2,562,432	2,562,432	-
Bonds	1,773,956	627,735	1,146,221
Stocks	4,002,026	-	4,002,026
Mutual Funds	34,717,177	-	34,717,177
	$45,110,040	$5,244,616	$39,865,424

2018	Fair Value	Less than 1 Year	Greater than 1 Year
Pension:			
Cash and Cash Equivalents	$1,961,500	$1,961,500	-
Certificates of deposit	4,547,218	3,529,916	$1,017,302
Bonds	2,252,612	712,212	1,540,400
Stocks	3,382,553	-	3,382,553
Mutual Funds	32,907,164	-	32,907,164
	45,051,047	6,203,628	38,847,419
OPEB:			
Cash and Cash Equivalents	$1,739,441	$1,739,441	-
Certificates of deposit	3,047,218	2,029,916	$1,017,302
Bonds	2,252,612	786,998	1,465,614
Stocks	3,382,553	-	3,382,553
Mutual Funds	28,235,647	-	28,235,647
	$38,657,471	$4,556,355	$34,101,116

NOTE 5: TEMPORARY INVESTMENTS AND CASH

All demand deposit accounts and certificates of deposit are either federally insured or collateralized with securities maintained in trust.

Temporary investments and cash consist of the following at December 31, 2019 and 2018:

	2019	
	Carrying Amount	Approximate Market Value
Petty cash	$5,000	$5,000
Demand deposit accounts	34,291,880	34,291,880
Total cash and cash equivalents as reflected on the Statement of Cash Flows	34,296,880	34,296,880
Certificates of deposit maturing during 2020	37,486,000	37,486,000
Government agencies maturing during 2020	3,966,161	3,966,161
Total Demand Deposits	$75,749,041	$75,749,041

	2018	
	Carrying Amount	Approximate Market Value
Petty cash	$5,000	$5,000
Demand deposit accounts	23,266,877	23,266,877
Total cash and cash equivalents as reflected on the Statement of Cash Flows	23,271,877	23,271,877
Certificates of deposit maturing during 2019	28,989,000	28,989,000
Government agencies maturing during 2019	4,956,010	4,956,010
Total Demand Deposits	$57,216,887	$57,216,887

NOTE 6: INSTALLMENT RECEIVABLES

Installment receivables consist of the following at December 31, 2019 and 2018:

	2019	2018
Wastewater Rate Zones	$87,874	$115,615
Water Rate Zones	2,337	2,676
	$90,211	$118,291

NOTE 7: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2019 and 2018:

	2019	2018
Accounts Receivable	$7,387,515	$8,165,493
Allowance for Doubtful Accounts	(320,672)	(325,039)
	$7,066,843	$7,840,454

NOTE 8: PENSION PLAN

Plan Description. The "Retirement Plan for the Employees of City Water and Light Plant of Jonesboro, Arkansas" is a single-employer defined benefit pension plan administered by the CWL Retirement Committee. CWL provides retirement, disability and death benefits to plan members and beneficiaries. The plan provides a normal monthly retirement benefit based on 1.75% of final average monthly compensation times the number of years credited service. It provides a temporary retirement income for participants retiring prior to age 62, which is computed by multiplying the final rate of pay times 0.50% times the number of years credited service. It also provides a monthly disability benefit for employees totally and permanently disabled prior to normal retirement date and a death benefit to the participant's beneficiary. No cost-of-living adjustments are provided to members or beneficiaries. Plan participants qualify for eligibility on the later of age 21 years or 1 year of vesting service.

CWL's Board of Directors has the sole authority to establish and amend benefit provisions. CWL maintains publicly available financial information for "Retirement Plan for Employees of City Water and Light Plant of Jonesboro, Arkansas". That information may be obtained by writing to City Water and Light, PO Box 1289, Jonesboro, Arkansas 72403 or by calling (870) 935-5581.

Employees Covered. As of November 1, 2019, the plan covers a total of 240 individuals. The classifications consist of 183 active employees and 57 retired employees. At November 1, 2018, the plan covered a total of 230 individuals: 182 active employees, 48 retired employees.

Covered Payroll. As of November 1, 2019 and 2018, the covered payroll amount was $11,122,618 and $10,867,030, respectively.

Assumptions. The valuation date is as of November 1, 2019. Beginning November 1, 2014, all mortality rates were determined using the RP 2014 Mortality Table. The actuarial assumptions used in years prior to 2017 included (a) 7.0% investment rate of return (net of administrative expenses), (b) 7.0% discount rate and (c) projected salary increases of 5.0% per year. Since the 2016 valuation, the actuarial assumptions were changed to include (a) 6.5% investment rate of return (net of administrative expenses), (b) 6.5% discount rate and (c) projected salary increases of 4.0% per year. There were no changes in benefit terms or other inputs since the prior valuation. The actuarial value of assets was determined using the current market value of investments. The total pension liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at November 1, 2019, is 26 years.

Contribution Requirements. CWL's Board of Directors may amend the contribution requirements. The plan is totally funded by CWL and an amount approximating the annual required contribution as determined under GASB 67 is contributed to the plan. The annual required contribution for the current year was determined as part of the November 1, 2019, actuarial valuation using the entry age normal actuarial cost method.

Long-Term Expected Rate of Return and Single Discount Rate. The expected rate of return on pension plan investments is 6.5%. The municipal bond rate is 3.67%. Since assets are projected to be sufficient to meet benefit payments, the resulting single discount rate to measure Total Pension Liability is 6.5%. The Long-Term Expected Rate of Return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation and the long-term expected rates of return are shown in the table below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	35%	2.0%
International Fixed Income		
Domestic Equity	65%	5.5%
Foreign Equity		
Cash		
Subtotal	100%	4.28%
Assumed Inflation		2.50%
Total		6.78%
Rounded & adjusted for Investment expenses		6.50%

Regarding the sensitivity of the Net Pension Liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.5%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease 5.5%	Current Single Rate Assumed 6.5%	1% Increase 7.5%
Total Pension Liability	$56,777,820	$49,469,433	$46,595,835
Net Pension (Asset) Liability	$5,226,549	($2,081,838)	($4,955,436)

Pension Plan Fiduciary Net Position

		Plan Year Ended	
		10/31/2019	10/31/2018
A.	INCOME		
	1. Contributions		
	Employer	$ 2,520,000	$ 2,440,000
	2. Investment Income		
	Interest/Dividends	1,927,911	1,340,433
	Realized Gain	420,591	1,121,889
	Unrealized Gain (Loss)	2,521,365	(1,366,529)
	Investment Expense	0	0
	Net Investment Income	4,869,867	1,095,793
	TOTAL INCOME	$ 7,389,867	$ 3,535,793
B.	EXPENSES		
	1. Administrative	$ 57,833	$ 54,928
	2. Monthly Benefits	1,582,827	1,255,429
	3. Lump Sum	574,785	790,387
	TOTAL EXPENSES	$ 2,215,445	$ 2,100,744
C.	ASSETS (Market)		
	1. Short Term		
	Cash and Money Market	$ 979,352	$ 513,652
	Institutional (CD's, Savings, Etc.)	2,553,937	4,531,223
	2. Mutual Funds		
	Equity Funds	31,021,833	26,918,230
	Fixed Income Funds	11,382,521	8,664,021
	3. Equities		
	Common Stocks	3,832,812	3,474,364
	4. Bonds	1,780,816	2,275,359
	5. Other		
	Contribution Receivable	0	0
	Interest Receivable	0	0
	Payables	0	0
	TOTAL ASSETS	$ 51,551,271	$ 46,376,849
D.	RATIO OF ASSETS TO ANNUAL EXPENSES:	23.3	22.1
E.	ANNUAL INVESTMENT RETURN:	10.5%	2.4%

	Plan Year Ended 10/31/2019	Plan Year Ended 10/31/2018
F. TOTAL PENSION LIABILITY		
1. Active Lives		
Regular Retirement Benefits	$ 30,256,779	$ 31,226,643
Voluntary Termination Benefits	291,299	280,805
Survivors' Benefits	54,315	52,579
Disability Benefits	453,736	438,864
Total Active Lives	31,056,129	31,998,891
2. Inactive Lives		
Vested Terminations	0	0
Retirees & Beneficiaries	18,413,304	14,492,952
Total Inactive Lives	18,413,304	14,492,952
TOTAL LIABILITY	$ 49,469,433	$ 46,491,843

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 10/31/2017	$44,081,646	$44,941,800	($860,154)
Changes for the year:			
a) Service Cost	1,024,589		1,024,589
b) Interest	2,832,117		2,832,117
c) Differences between expected and actual experience	599,307		599,307
d) Employer contributions		2,440,000	(2,440,000)
e) Employee contributions		0	0
f) Net investment income		1,095,793	(1,095,793)
g) Benefits and refunds	(2,045,816)	(2,045,816)	0
h) Administrative expenses	0	(54,928)	54,928
i) Assumption change	0		0
j) Other	0	0	0
Net changes	2,410,197	1,435,049	975,148
Balances at 10/31/2018	$46,491,843	$46,376,849	$114,994
Changes for the year:			
a) Service Cost	1,025,959		1,025,959
b) Interest	2,985,191		2,985,191
c) Differences between expected and actual experience	1,124,052		1,124,052
d) Employer contributions		2,520,000	(2,520,000)
e) Employee contributions		0	0
f) Net investment income		4,869,867	(4,869,867)
g) Benefits and refunds	(2,157,612)	(2,157,612)	0
h) Administrative expenses	0	(57,833)	57,833
i) Assumption change	0		0
j) Other	0	0	0
Net changes	2,977,590	5,174,422	(2,196,832)
Balances at 10/31/2019	$49,469,433	$51,551,271	($2,081,838)

Pension Expense/(Income) under GASB 68

	2019	2018
1. Net Pension Liability at beginning of year	$114,994	($860,154)
2. Net Pension Liability at end of year	(2,081,838)	114,994
3. Increase in Net Pension Liability in year = (2) - (1)	(2,196,832)	975,148
4. Decrease in Net Pension Liability due to Employer Contributions during the measurement period	2,520,000	2,440,000
5. Change to reflect in Pension Expense = (3) + (4)	323,168	3,415,148
6. Adjust for Actual vs Expected experience		
a) Remove gain/(loss)	(1,124,052)	(599,307)
b) Add amortization	251,630	157,959
7. Adjust for Actual vs Projected investment income		
a) Remove gain/(loss)	1,785,761	(1,893,163)
b) Add amortization	109,228	466,380
8. Pension Expense = (5) + (6) + (7)	$1,345,735	$1,547,017

Detail of Outflow/(Inflow) of Resources

	Description	Year	Original Amount	Recognition Period	Outflow (Inflow) In Current Expense	Deferred Outflow (Inflow) 11/1/2019
1.	Actual vs Expected	2014-15	$352,112	15	$23,474	$234,742
2.	Projected vs Actual Earnings	2014-15	1,731,936	5	346,387	0
3.	Actual vs Expected	2015-16	154,952	15	10,330	113,632
4.	Projected vs Actual Earnings	2015-16	1,489,007	5	297,801	297,803
5.	Actual vs Expected	2016-17	(237,322)	15	(15,821)	(189,859)
6.	Projected vs Actual Earnings	2016-17	(2,782,206)	5	(556,441)	(1,112,883)
7.	Assumption Change	2016-17	1,350,507	15	90,034	1,080,405
8	Actual vs Expected	2017-18	599,307	12	49,942	499,423
9	Projected vs Actual Earnings	2017-18	1,893,163	5	378,633	1,135,897
10	Actual vs Expected	2018-19	1,124,052	12	93,671	1,030,381
11	Projected vs Actual Earnings	2018-19	(1,785,761)	5	(357,152)	(1,428,609)
	TOTAL				$360,858	$1,660,932
	Due to Liabilities				$251,630	$2,768,724
	Due to Assets				$109,228	($1,107,792)

	2019		2018	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$1,878,178	$189,859	$931,543	$205,680
Changes of assumptions	1,080,405	0	1,170,439	0
Net difference between projected and actual earnings on pension plan investments	1,433,700	2,541,492	2,456,522	1,669,324
Subtotal	$4,392,283	$2,731,351	$4,558,504	$1,875,004
Contributions from CWL to Pension Fund after 10/31 but by 12/31	420,000	0	420,000	0
Total	$4,812,283	$2,731,351	$4,978,504	$1,875,004

Amounts reported as deferred outflows of resources and related to pensions resulting from CWL contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Net Deferred Outflow (Inflow) Of Resources
2020	$14,473
2021	(283,331)
2022	273,109
2023	(105,523)
2024	251,630
Thereafter	1,510,574
Total	$1,660,932

NOTE 9: OTHER POST EMPLOYMENT BENEFITS

Plan Description. CWL provides Other Post-Employment Benefits (OPEB) in the form of a health care plan administered by the CWL Retirement Committee. This single-employer defined benefit OPEB plan provides and pays for health insurance for employees who are eligible to retire and receive 100 percent of their pension. Employees hired after January 1, 2008 must retire with a minimum of 25 years of service to be eligible. This coverage is provided for the retiree and the spouse of record at the time of retirement. CWL pays 50 percent of the premium for up to two years for employees who are on long-term disability. CWL is a secondary provider for those retirees and/or their spouses who are eligible for Medicare benefits. OPEB benefits are subject to medical inflation, which is reflected in the actuarial assumptions.

GASB 74 and GASB 75 established standards for the measurement of OPEB liability and reporting for OPEB plans. GASB 74 is effective for plan fiscal years beginning after June 15, 2016.

Funding Policy. CWL is currently advance-funding the benefits on an actuarially determined basis. CWL's Board of Directors has the sole authority to establish and amend benefit provisions. CWL maintains publicly available financial information for "Post-Retirement Benefits Trust for Employees of City Water and Light Plant of Jonesboro, Arkansas". That information may be obtained by writing to City Water and Light, PO Box 1289, Jonesboro, Arkansas 72403 or by calling (870) 935-5581.

Assumptions. The valuation date is as of November 1, 2019. The entry age normal cost method was used. Prior valuations used the projected unit credit method. There were no changes in benefit terms, assumptions or other inputs since the prior valuation. Beginning November 1, 2014, all mortality rates were determined using the RP 2014 Mortality Table. The actuarial assumptions included (a) 6.5% investment rate of return (net of administrative expenses), (b) 6.5% discount rate and (c) projected salary increases of 4.0% per year. The actuarial value of assets was determined using the current market value of investments.

Actuarial valuations, which reflect a long-term perspective, involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Employees Covered. As of November 1, 2019, the plan covers a total of 136 retirees and beneficiaries. Participant data for calculations include 199 active employees. At November 1, 2018, the plan covered a total of 124 retirees and beneficiaries. Participant data for those calculations included 197 active employees.

Contribution Requirements. CWL's Board of Directors may amend the contribution requirements. The plan is completely funded by CWL and an amount approximating the annual required contribution as determined under GASB 75 is contributed to the plan. The annual required contribution for the current year was determined as part of the November 1, 2019, actuarial valuation using the entry age normal actuarial cost method. There were no contributions made to the plan for the plan years ending October 31, 2019 and 2018.

Long-Term Expected Rate of Return and Single Discount Rate. The expected rate of return on OPEB plan investments is 6.5%. The municipal bond rate is 3.67%. Since assets are projected to be sufficient to meet benefit payments, the resulting single discount rate to measure Total OPEB Liability is 6.5%. The Long-Term Expected Rate of Return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The target allocation and the long-term expected rates of return are shown in the table below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Fixed Income	35%	2.0%
International Fixed Income		
Domestic Equity	65%	5.5%
Foreign Equity		
Cash		
Subtotal	100%	4.28%
Assumed Inflation		2.50%
Total		6.78%
Rounded & adjusted for Investment expenses		6.50%

Regarding the sensitivity of the Net OPEB Liability to changes in the single discount rate, and changes in the assumed health care cost trend rate, the following presents the plan's net OPEB liability, calculated using a single discount rate of 6.5%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher, or using a health care cost trend rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease to 5.5%	Current Single Rate Assumed of 6.5%	1% Increase to 7.5%
Total OPEB Liability	$36,626,147	$31,087,444	$26,678,492
Net OPEB Liability	($6,735,129)	($12,273,832)	($16,682,784)

	1% Decrease in HCCTR	Assumed HCCTR	1% Increase in HCCTR
Total OPEB Liability	$26,044,104	$31,087,444	$37,660,345
Net OPEB Liability	($17,317,171)	($12,273,832)	($5,700,931)

OPEB Plan Fiduciary Net Position

		Plan Year Ended	
		10/31/2019	10/31/2018
A.	INCOME		
	1. Contributions	$ 0	$ 0
	2. Investment Income		
	Interest/Dividends	1,620,296	1,181,359
	Realized Gain	526,712	1,292,743
	Unrealized Gain (Loss)	2,027,710	(1,422,476)
	Net Investment Income	4,174,718	1,051,626
	TOTAL INCOME	$ 4,174,718	$ 1,051,626
B.	EXPENSES		
	1. Administrative	$ 50,502	$ 48,648
	2. Benefits	828,671	701,492
	TOTAL EXPENSES	$ 879,173	$ 750,140
C.	ASSETS (Market)		
	1. Short Term		
	Cash and Money Market	$ 943,821	$ 482,805
	Institutional (CD's, Savings, Etc.)	2,553,937	3,031,223
	2. Mutual Funds		
	Equity Funds	26,121,257	23,259,224
	Fixed Income Funds	8,128,633	7,722,942
	3. Equities		
	Common Stocks	3,832,812	3,448,088
	4. Bonds	1,780,816	2,121,449
	5. Other		
	Contribution Receivable	0	0
	Interest Receivable	0	0
	Payables	0	0
	TOTAL ASSETS	$ 43,361,276	$ 40,065,731
D.	RATIO OF ASSETS TO ANNUAL EXPENSES:	49.3	53.4
E.	ANNUAL INVESTMENT RETURN:	10.5%	2.7%

Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at 10/31/2017	$30,317,401	$39,764,245	($9,446,844)
Changes for the year:			
a) Service Cost	639,296		639,296
b) Interest	1,968,610		1,968,610
c) Differences between expected and actual experience	(3,330,087)		(3,330,087)
d) Employer contributions		0	0
e) Employee contributions		0	0
f) Net investment income		1,051,626	(1,051,626)
g) Benefits and refunds	(701,492)	(701,492)	0
h) Administrative expenses	0	(48,648)	48,648
i) Assumption change	0		0
j) Other	0	0	0
Net changes	(1,423,673)	301,486	(1,725,159)
Balances at 10/31/2018	$28,893,728	$40,065,731	($11,172,003)
Changes for the year:			
a) Service Cost	662,100		662,100
b) Interest	1,872,679		1,872,679
c) Differences between expected and actual experience	487,608		487,608
d) Employer contributions		0	0
e) Employee contributions		0	0
f) Net investment income		4,174,718	(4,174,718)
g) Benefits and refunds	(828,671)	(828,671)	0
h) Administrative expenses	0	(50,502)	50,502
i) Assumption change	0		0
j) Other	0	0	0
Net changes	2,193,716	3,295,545	(1,101,829)
Balances at 10/31/2019	$31,087,444	$43,361,276	($12,273,832)

OPEB Expense/(Income) under GASB 75

	2019	2018
1. Net OPEB Asset at beginning of year	($11,172,003)	($9,446,844)
2. Net OPEB Asset at end of year	(12,273,832)	(11,172,003)
3. Increase in Net OPEB Liability in year = (2) - (1)	(1,101,829)	(1,725,159)
4. Decrease in Net OPEB Liability due to Employer Contributions during the measurement period	0	0
5. Change to reflect in OPEB Expense = (3) + (4)	(1,101,829)	(1,725,159)
6. Adjust for Actual vs Expected experience		
a) Remove gain/(loss)	(487,608)	3,330,087
b) Add amortization	(379,324)	(433,503)
7. Adjust for Actual vs Projected investment income		
a) Remove gain/(loss)	1,546,875	(1,558,899)
b) Add amortization	(544,562)	(235,187)
8. OPEB Expense/(Income) = (5) + (6) + (7)	($966,448)	($622,661)

Detail of Outflow/(Inflow) of Resources

	Description	Year	Original Amount	Recognition Period	Outflow (Inflow) In Current Expense	Deferred Outflow (Inflow) 1/1/2020
1.	Actual vs Expected	2017	($888,903)	14	($63,493)	($698,424)
2.	Projected vs Actual Earnings	2017	(2,734,836)	5	(546,967)	(1,093,935)
3.	Actual vs Expected	2018	(3,330,087)	9	(370,010)	(2,590,067)
4.	Projected vs Actual Earnings	2018	1,558,899	5	311,780	935,339
5.	Actual vs Expected	2019	487,608	9	54,179	433,429
6.	Projected vs Actual Earnings	2019	(1,546,875)	5	(309,375)	(1,237,500)
	TOTAL				($668,690)	($4,251,158)
	Due to Liabilities				($433,503)	($2,855,062)
	Due to Assets				($235,187)	($1,396,096)

	2019		2018	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$433,429	$3,288,491	$0	$3,721,994
Changes of assumptions	0	0	0	0
Net difference between projected and actual earnings on OPEB plan investments	935,339	2,331,435	1,247,119	1,640,902
Total	$1,368,768	$5,619,926	$1,247,119	$5,362,896

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	Net Deferred Outflow (Inflow) Of Resources
2020	($923,886)
2021	(923,887)
2022	(376,920)
2023	(688,699)
2024	(379,324)
Thereafter	(958,442)
Total	($4,251,158)

NOTE 10: RELATED PARTY TRANSACTIONS

The City of Jonesboro, Arkansas City Council selects seven of the sixteen members of the Board of Directors of CWL (one from each of the six wards and one from the Jonesboro Special School District.) During 2019 and 2018, CWL contributed in lieu of taxes $229,695 and $223,461, respectively, to the City's Capital Improvement and Fire Truck Funds.

CWL contributed payroll, inventory and utilities for various special city projects throughout the year, payment toward the purchase of a new fire truck, payment of sales tax on free services to the city and refunds of utility bills for the City Library. The amounts contributed for the years ended December 31, 2019 and 2018, respectively, were $782,904 and $733,283. In addition, CWL also provided streetlights, fire hydrants and free utility service to City of Jonesboro buildings for a total value of $2,334,383 and $2,339,864 for the years ended December 31, 2019 and 2018, respectively.

NOTE 11: RENT INCOME

CWL has a lease agreement to rent an old wastewater treatment plant to Arkansas Rice Growers Cooperative Association. This agreement is renewable annually and has been extended through August 31, 2020. The annual rental payments of $27,667 for the year beginning September 1, 2019 are payable in advance. This lease covers utility plant in service at a total cost of $181,151, including $4,939 in land, with accumulated depreciation of $176,212. The asset is fully depreciated.

CWL owns facilities at 310 East Street. Utility plant in service is $3,769,252, including $450,000 in land, with accumulated depreciation of $1,111,249 at December 31, 2019. There are 3 separate lease agreements for 3 separate areas of the building. The first lease became effective in January 2010. It is a 10 year lease agreement with annual rental of $33,000 paid in monthly installments at the end of each calendar month. Tenant has renewed the lease through December 2024 at annual amount of $39,600. The second lease became effective in November 2012 with occupancy beginning in September 2013. It is a 12 year initial lease agreement with a three year renewable option after the initial term. Annual rental for years 1-5 is $184,216; years 6-10 is $202,377; and years 11 and renewal term is $222,217. Rental payments are due in monthly installments in advance. The third lease became effective in August 2015 with occupancy beginning in March 2016. It is a 10 year lease agreement. Annual rental for years 1-5 is $55,800 and years 6-10 is $61,380. Rental payments are due in monthly installments in advance.

CWL owns facilities at 315/317 East Street. Utility plant in service is $793,738, including $77,189 in land, with accumulated depreciation of $226,346 at December 31, 2019. In July 2015, CWL entered into an initial 3 year lease agreement with occupancy beginning October 2015. The lease agreement renewed to extend the lease through September 2021. Annual rental is $90,000 with monthly installments payable in advance.

CWL owns facilities at 5601 East Nettleton. Utility plant in service is $174,105, including $23,500 in land, with accumulated depreciation of $37,651 at December 31, 2019. In January 2015, CWL entered into a 6 year lease agreement with occupancy beginning February 2015. The lease is renewable for five years after the initial term. Annual rental is $13,200 for the initial term and $15,000 for the renewal term. Rental payments are due in monthly installments in advance.

Other sources of rental income are: leases for vacant land used for farming and leases for space on CWL water towers used for attachment of wireless communication antennas. Due to the nature of cash crop rents, farm rental income can vary from year to year. In 2019 and 2018, rental income from these other sources were $277,957 and $333,328. Total rental income for 2019 and 2018 is $700,001 and $755,372, respectively.

NOTE 12: CONTRACTS AND AGREEMENTS

CWL entered into a power sale contract dated May 28, 1986, with the United States Department of Energy Southwestern Power Administration (SPA) to purchase 80,000 kilowatts of hydroelectric power and 96,000,000 kilowatt-hours of hydro peaking energy annually through May 31, 1996. On January 27, 1995, the contract was extended through May 31, 2015. An Amendatory Agreement was entered into on January 13, 2006 effective December 1, 2005. The amendment adjusted the limits on the energy bank account, affected a reduction of the balance in the energy bank account, modified the provisions concerning standby and reserve power and extended the term of the overall agreement. On January 14, 2013, the agreement was extended to March 31, 2028. On June 25, 2014, the agreement was extended to March 31, 2029 and relocated CWL into the Balancing Authority Area of the Midcontinent Transmission System Operator, Inc. (MISO).

The contract provides for a pooling and banking arrangement under which CWL's thermal resources and SPA hydro resources are integrated in such a manner as to maximize the efficient and economic generation of both resources. Each party may add or draw from the pool within defined limits but actual deliveries may from time to time be more or less than specified obligations. Inadvertent exchanges are accounted for in an energy "bank" account on an hour by hour basis. The agreement also provides that future account balances in excess of 208,000 kilowatt-hours for each hour in a particular category at the end of any month shall be purchased by CWL at SPA's rate for capacity overruns and by SPA at its supplemental hydro rate. In addition, the Amendatory Agreement modified the terms governing the provision of standby service between CWL and SPA. Total incurred under the contract and amendatory agreements was $7,787,052 and $6,808,848 during 2019 and 2018, respectively.

An Amendatory Agreement was entered into on July 5, 2006 to establish a valued energy banking account. Under this agreement SPA may supply energy to CWL that is in excess of SPA's needs in exchange for energy supplied from CWL to SPA for its use at a later date. CWL determines the value of the energy received from SPA based on current market conditions and allows SPA to take energy based on then current market values up to the dollar amount credited to the bank. The dollar amount credited to the bank as of December 31, 2019 is $4,018,603. The bank had the same value at December 31, 2018.

An Amendatory Agreement was entered into on June 29, 2018 to establish terms under which CWL will self-supply 40,000kW of its peaking energy, allowing SPA to purchase the peaking energy self-supplied and the associated peaking self-supply demand from CWL. The terms of this amendment terminate on May 31, 2022.

CWL entered into an Interconnection and Transmission Service Agreement during 1995 with SPA, which allows SPA to lease the Water Valley Transmission Line from CWL through 2045 and to take title to the line anytime from June 1, 1996, until the contract expires in 2045.

NOTE 13: ADVANCES TO JONESBORO ECONOMIC DEVELOPMENT CORPORATION

CWL entered into a contract of sale with Jonesboro Economic Development Corporation (JEDC) in November 1990, for 160 acres for development and sale as an industrial site. The agreement has been extended in five year increments with the most recent extension dated through November 20, 2020, for the west ½ of the acreage that has not already been sold. CWL has agreed to convey to JEDC title to any part of this property at $4,000 an acre.

NOTE 14: UNEARNED REVENUE

Amounts overbilled to customers for energy costs are included as unearned revenue. Energy costs are billed to customers through the addition or subtraction of an energy adjustment to the base rate. In 1998, CWL began utilizing a twelve-month rolling average fuel cost to compute the energy adjustment. One twelfth of the cumulative over billed (or under billed) amount is subtracted (or added) to the current month's energy costs in computing the current month's energy adjustment. As of December 31, 2019, the cumulative amount over billed is $800,765 and is included in unearned revenue. At December 31, 2018, the cumulative amount over billed was $1,293,849.

During 2006, CWL purchased three tracts of land totaling approximately 560 acres for future industrial development at a total cost of approximately $4,576,182. CWL has agreed to transfer title to Jonesboro Economic Development Corporation (JEDC) as funds are received and to make a good faith effort to release ownership at the request of JEDC upon acquiring reasonable surety if payments received do not equal or exceed the pro-rated purchased value of the land relinquished. To date, CWL has conveyed 351 acres of land to be used for industrial development. In addition, JEDC has conveyed 60 acres of land to CWL. The current value of land held by CWL for future industrial development is $2,144,533. JEDC has agreed to pay CWL $300,000 per year from funds it receives from the City and County until the full amount on the remaining acres is paid with no interest being assessed. JEDC has paid CWL $300,000 each year from 2007 through 2019, providing a credit toward the purchase of the remaining land of $1,386,709 as of December 31, 2019. The credit balance at December 31, 2018 was $1,643,523. This amount is classified as Noncurrent Liabilities-Unearned Revenue due to the indeterminable time at which the property will be transferred to JEDC.

NOTE 15: RISK MANAGEMENT

CWL is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CWL purchases commercial insurance to cover these risks of loss. CWL is immune from tort liability, but has chosen to provide up to $1,000,000 of liability coverage for persons claiming to be damaged by CWL operations. Settled claims have not exceeded this commercial coverage during the past year. No significant claims liabilities were outstanding at December 31, 2019 or December 31, 2018.

NOTE 16: LEGAL PROCEEDINGS

In the normal course of business, CWL is involved in various legal proceedings. In the opinion of management and CWL's legal counsel, the outcome of these matters will not have a material effect on the financial statements of CWL.

NOTE 17: RESTRICTED ASSETS

Certain assets have been set aside as restricted in compliance with legal requirements of specific agreements. The total of these assets at December 31, 2019 and 2018, is $200,000 for both years.

In March 2003, a fifteen year agreement was entered into with Rural Water Service for their merger with City Water and Light. The agreement stated that funds were to be set aside for payment of any legal expenses arising against Rural Water Service. The agreement terminated on March 3, 2018. At December 31, 2018, the balance of restricted funds related to this agreement was $0.

In December 2013, City Water and Light entered into an agreement with Midcontinent Independent System Operator (MISO). MISO provides open-access transmission service and monitoring of the high-voltage transmission system in the Midwest United States and part of Canada. Pursuant to the agreement, funds are placed in a third party escrow account as collateral for certain types of transactions between the parties. The amount required is reviewed and adjusted annually by MISO based upon the transaction level. At December 31, 2019 and 2018, the balance of restricted funds related to this agreement is $200,000 for both years.

NOTE 18: CONCENTRATION

In 2019 and 2018, CWL had two suppliers that comprised greater than 10% of total operating expenses. In 2019, the first supplier was paid $15.8 million or 16.6% of expenses, while in 2018, the amount paid was $11 million or 11%. In 2019, the second supplier was paid $27.5 million or 28.9% of expenses, while in 2018, the amount paid was $37.3 million or 37.2%.

NOTE 19: RECENT ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, "Leases." The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The statement is effective for periods beginning after December 15, 2019. Earlier application is encouraged. Effective January 1, 2020, CWL adopted this statement. The impact of the adoption was not material.

GASB Statement No. 92, "Omnibus 2020." The objectives of this statement are to enhance comparability in accounting and financing reporting and to improve the consistency of authoritative literatures by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to leases, financial reporting for pensions and other post employment benefits, fair value measurements and derivative instruments. This statement is effective for periods beginning after July 15, 2020. Earlier application is encouraged. CWL is currently evaluating the potential impact, if any, this statement could have on its financial statements.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Plan Year ending October 31	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Pension Liability										
Service Cost	$1,025,959	$1,024,589	$1,056,252	$984,284	$943,106	$852,444	$839,529	$818,750	$762,580	$770,818
Interest	2,985,191	2,832,117	2,837,793	2,675,669	2,486,700	2,223,563	2,111,314	1,949,306	1,812,858	1,721,173
Difference between Actual & Expected Experience	1,124,052	599,307	(237,322)	154,952	314,793	(22,790)	532,531	503,445	(130,070)	(565,002)
Assumption changes	0	0	1,350,507			2,294,363				
Benefit Payments	(2,157,612)	(2,045,816)	(1,874,726)	(1,194,941)	(936,315)	(2,331,311)	(1,441,217)	(493,763)	(554,628)	(671,565)
Net Change in Total Pension Liability	2,977,590	2,410,197	3,132,504	2,619,964	2,808,284	3,016,269	2,042,157	2,777,738	1,890,740	1,255,424
Total Pension Liability - Beginning	46,491,843	44,081,646	40,949,142	38,329,178	35,520,894	32,504,625	30,462,468	27,684,730	25,793,990	24,538,566
Total Pension Liability - Ending	$49,469,433	$46,491,843	$44,081,646	$40,949,142	$38,329,178	$35,520,894	$32,504,625	$30,462,468	$27,684,730	$25,793,990
Plan Fiduciary Net Position										
Contributions - Employer	$2,520,000	$2,440,000	$2,030,000	$1,970,000	$1,790,000	$1,300,150	$2,022,470	$1,615,000	$1,482,260	$1,389,102
Net Investment Income	4,869,867	1,095,793	5,632,090	1,238,360	826,886	3,308,198	4,826,503	2,313,760	577,221	2,497,631
Benefit Payments	(2,157,612)	(2,045,816)	(1,874,726)	(1,194,941)	(936,315)	(2,331,311)	(1,441,217)	(493,763)	(554,628)	(671,565)
Administrative Expense	(57,833)	(54,928)	(50,067)	(46,794)	(37,319)	(20,961)	(17,806)	(15,737)	(15,312)	(13,027)
Net Change in Plan Net Position	5,174,421	1,435,049	5,737,297	1,966,625	1,643,252	2,256,076	5,389,950	3,419,260	1,489,541	3,202,141
Plan Fiduciary Net Position - Beginning	46,376,849	44,941,800	39,204,503	37,237,878	35,594,626	33,338,550	27,948,600	24,529,340	23,039,799	19,837,658
Plan Fiduciary Net Position - Ending	$51,551,270	$46,376,849	$44,941,800	$39,204,503	$37,237,878	$35,594,626	$33,338,550	$27,948,600	$24,529,340	$23,039,799
Net Pension Liability - Ending	($2,081,838)	$114,994	($860,154)	$1,744,639	$1,091,300	($73,732)	($833,925)	$2,513,868	$3,155,390	$2,754,191
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.21%	99.75%	101.95%	95.74%	97.15%	100.21%	102.57%	91.75%	88.60%	89.32%
Covered Employee Payroll (year end)	$11,122,618	$10,867,030	$10,682,072	$10,654,910	$9,919,942	$9,507,201	$9,341,104	$9,117,400	$8,973,646	$8,427,598
Net Pension Liability as a Percentage of Covered Employee Payroll	-19%	1%	-8%	16%	11%	-1%	-9%	28%	35%	33%

Notes to Schedule:

Changes of assumptions: At 11/1/2017, At 11/1/2017, assumed discount rate lowered from 7.00% to 6.50%; assumed annual pay growth lowered from 5% to 4%.
At 11/1/2014, At 11/1/2014, assumed mortality changed from the 1983 GAM Table, to the RP 2014 Table.
At 11/1/2006, At 11/1/2006, assumed discount rate lowered from 7.50% to 7.00%.

Schedules of Required Supplementary Information

Schedule of City Water & Light Pension Contributions

Plan Year ending October 31	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$1,101,791	$1,091,187	$1,272,288	$1,141,128	$1,009,123	$912,115	$1,100,879	$1,130,344	$1,037,911	$1,203,604
Contributions in relation to the actuarially determined contribution	2,520,000	2,440,000	2,030,000	1,970,000	1,790,000	1,300,150	2,022,470	1,615,000	1,482,260	1,389,102
Contribution deficiency (excess)	($1,418,209)	($1,348,813)	($757,712)	($828,872)	($780,877)	($388,035)	($921,591)	($484,656)	($444,349)	($185,498)
Covered-employee payroll	$11,122,618	$10,867,030	$10,682,072	$10,654,910	$9,919,942	$9,507,201	$9,341,104	$9,117,400	$8,973,646	$8,427,598
Contributions as a percentage of covered-employee payroll	23%	22%	19%	18%	18%	14%	22%	18%	17%	16%

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of October 31 after the valuation date.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over 30 years from November 1, 2015, grading to a 20 year payoff for 2025-26.
Remaining amortization period:	26 years
Asset valuation method:	Market Value
Assumed inflation:	4.00% per year.
Assumed salary increases:	4.00% per year
Assumed investment return:	6.50% per year (7.00% for year ended 10/31/2016).
Assumed retirement age:	Retirement rate of 10% for ages 55 to 59, 15% for 60 & 61, 25% for 62, 20% for 63 & 64, and 100% for age 65 and over.
Mortality:	RP 2014 Healthy Mortality Table. (1983 GAM Table before 11/1/2014).

Schedules of Required Supplementary Information

Schedule of Changes in the Employers' Net OPEB Liability and Related Ratios

Plan Year ending October 31	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service Cost	$662,100	$639,296	$603,506							
Interest	1,872,679	1,968,610	1,906,950							
Difference between Actual & Expected Experience	487,608	(3,330,087)	(888,903)							
Assumption changes	0	0	0							
Benefit Payments	(828,671)	(701,492)	(680,173)							
Net Change in Total OPEB Liability	2,193,716	(1,423,673)	941,380							
Total OPEB Liability - Beginning	28,893,728	30,317,401	29,376,021							
Total OPEB Liability - Ending	$31,087,444	$28,893,728	$30,317,401	$29,376,021	$0	$0	$0	$0	$0	$0
Plan Fiduciary Net Position										
Contributions - Employer	$0	$0	$0	$0	$30,000	$161,920	$205,290	$856,750	$853,330	$1,269,998
Net Investment Income	4,174,718	1,051,626	5,060,786	1,098,052	763,470	3,139,995	4,616,722	2,239,841	531,090	2,343,892
Benefit Payments	(828,671)	(701,492)	(680,173)	(668,627)	(538,504)	0	0	0	0	0
Administrative Expense	(50,502)	(48,648)	(45,183)	(42,854)	(33,648)	(17,265)	(15,292)	(13,636)	(13,103)	(11,037)
Net Change in Plan Net Position	3,295,545	301,486	4,335,430	386,571	221,318	3,284,650	4,806,720	3,082,955	1,371,317	3,602,853
Plan Fiduciary Net Position - Beginning	40,065,731	39,764,245	35,428,815	35,042,244	34,820,926	31,536,276	26,729,556	23,646,601	22,275,284	18,672,431
Plan Fiduciary Net Position - Ending	$43,361,276	$40,065,731	$39,764,245	$35,428,815	$35,042,244	$34,820,926	$31,536,276	$26,729,556	$23,646,601	$22,275,284
Net OPEB Liability - Ending	($12,273,832)	($11,172,003)	($9,446,844)	($6,052,794)						
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	139.48%	138.67%	131.16%	120.60%						
Covered Employee Payroll (year end)	$11,122,618	$10,867,030	$10,682,072	$10,654,910	$9,919,942	$9,507,201	$9,341,104	$9,117,400	$8,973,646	$8,427,598
Net OPEB Liability as a Percentage of Covered Employee Payroll	-110%	-103%	-88%	-57%						

Schedules of Required Supplementary Information

Schedule of City Water & Light OPEB Contributions

Plan Year ending October 31	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$0	$0	$0	$0	$0	$0	$146,040	$428,993	$298,416	$1,067,686
Contributions in relation to the actuarially determined contribution	0	0	0	0	30,000	161,920	205,290	856,750	853,330	1,269,998
Contribution deficiency (excess)	$0	$0	$0	$0	($30,000)	($161,920)	($59,250)	($427,757)	($554,914)	($202,312)
Covered-employee payroll	$11,122,618	$10,867,030	$10,682,072	$10,654,910	$9,919,942	$9,507,201	$9,341,104	$9,117,400	$8,973,646	$8,427,598
Contributions as a percentage of covered-employee payroll	0%	0%	0%	0%	0%	2%	2%	9%	10%	15%

Notes to Schedule:

Valuation date:	Actuarially determined contributions are calculated as of October 31 after the valuation date.
Actuarial cost method:	Entry Age Normal
Amortization method:	Level Dollar over remaining work life
Remaining amortization period:	12 years
Asset valuation method:	Market Value
Assumed inflation:	2.50% per year.
Assumed single discount rate:	6.50% per year
Assumed retirement age:	Retirement rate of 10% for ages 55 to 59, 15% for 60 & 61, 25% for 62, 20% for 63 & 64, and 100% for age 65 and over.
Mortality:	RP 2014 Healthy Mortality Table.

Components of Net OPEB (Benefit)

The components of the net OPEB benefit at October 31, 2019 and 2018 were as follows:

	2019	2018
Total OPEB Liability	$31,087,444	$28,893,728
Plan's Fiduciary Net Position	43,361,276	40,065,731
Net OPEB (Benefit)	($12,273,832)	($11,172,003)
Plan Fiduciary Net Position as a Percentage of Total OPEB Benefit	139.5%	138.7%

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SUPPLEMENTARY INFORMATION

CWL
COMBINING STATEMENT OF NET POSITION - ALL DEPARTMENTS
December 31, 2019

ASSETS

	Electric Department	Water Department	Wastewater Department	Total
CURRENT ASSETS				
Temporary investments and cash	$75,749,041			$75,749,041
Accounts receivable, less allowance for doubtful accounts	5,761,601	$706,512	$598,730	7,066,843
Accrued utility revenues	2,429,825	415,353	287,517	3,132,695
Accrued interest receivable	4,068,717	97,802	51,616	4,218,135
Inventories	14,134,808	1,102,393	96,082	15,333,283
Prepaid expenses	705,477			705,477
Total Current Assets	102,849,469	2,322,060	1,033,945	106,205,474
INVESTMENTS AND LONG-TERM RECEIVABLES				
Nonutility property	7,274,638			7,274,638
Investments	99,672,525	2,000,000	2,000,000	103,672,525
Restricted cash deposits	200,000			200,000
Installment receivables		2,337	87,874	90,211
Total Investments and Long-Term Receivables	107,147,163	2,002,337	2,087,874	111,237,374
NONCURRENT ASSETS				
Net Pension Asset	2,081,838			2,081,838
Net OPEB Asset	12,273,832			12,273,832
Total Noncurrent Assets	14,355,670			14,355,670
CAPITAL ASSETS				
Construction in progress	12,196,690	1,943,434	17,149,401	31,289,525
Utility plant in service	408,240,530	84,427,728	102,458,239	595,126,497
	420,437,220	86,371,162	119,607,640	626,416,022
Less accumulated depreciation	311,745,215	46,227,039	51,889,122	409,861,376
Total Capital Assets	108,692,005	40,144,123	67,718,518	216,554,646
DEFERRED OUTFLOWS				
Pension	4,812,283			4,812,283
OPEB	1,368,768			1,368,768
Total Deferred Outflows	6,181,051			6,181,051
INTERDEPARTMENT RECEIVABLE (PAYABLE)	12,723,722	4,728,184	(17,451,906)	
TOTAL ASSETS AND DEFERRED OUTFLOWS	$351,949,080	$49,196,704	$53,388,431	$454,534,215

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Electric Department	Water Department	Wastewater Department	Total
CURRENT LIABILITIES				
Unearned Revenue	$800,765			$800,765
Accounts payable	8,013,334			8,013,334
Customer deposits	2,692,133			2,692,133
Accrued taxes	193,881			193,881
Accrued salaries and vacations	691,960	$318,175	$210,253	1,220,388
Total Current Liabilities	12,392,073	318,175	210,253	12,920,501
NONCURRENT LIABILITIES				
Long-term Unearned Revenue- JEDC Industrial Land Purchases	1,386,709			1,386,709
Total Noncurrent Liabilities	1,386,709			1,386,709
TOTAL LIABILITIES	13,778,782	318,175	210,253	14,307,210
DEFERRED INFLOWS				
Pension	2,731,351			2,731,351
OPEB	5,619,926			5,619,926
Total Deferred Inflows	8,351,277			8,351,277
NET POSITION				
Net Capital Assets	108,692,005	40,144,123	67,718,518	216,554,646
Restricted	200,000			200,000
Unrestricted	220,927,016	8,734,406	(14,540,340)	215,121,082
Total Net Position	329,819,021	48,878,529	53,178,178	431,875,728
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$351,949,080	$49,196,704	$53,388,431	$454,534,215

CWL
COMBINING STATEMENT OF NET POSITION - ALL DEPARTMENTS
December 31, 2018

ASSETS

	Electric Department	Water Department	Wastewater Department	Total
CURRENT ASSETS				
Temporary investments and cash	$57,216,887			$57,216,887
Accounts receivable, less allowance for doubtful accounts	6,582,285	$692,315	$565,854	7,840,454
Accrued utility revenues	2,193,273	369,282	256,155	2,818,710
Accrued interest receivable	2,798,803	53,282	71,274	2,923,359
Inventories	10,335,685	1,042,976	84,311	11,462,972
Prepaid expenses	534,245			534,245
Total Current Assets	79,661,178	2,157,855	977,594	82,796,627
INVESTMENTS AND LONG-TERM RECEIVABLES				
Nonutility property	7,790,696			7,790,696
Investments	120,263,935	2,000,000	2,000,000	124,263,935
Restricted cash deposits	200,000			200,000
Installment receivables		2,676	115,615	118,291
Total Investments and Long-Term Receivables	128,254,631	2,002,676	2,115,615	132,372,922
NONCURRENT ASSETS				
Net OPEB Asset	11,172,003			11,172,003
Total Noncurrent Assets	11,172,003			11,172,003
CAPITAL ASSETS				
Construction in progress	6,943,664	1,387,909	6,032,797	14,364,370
Utility plant in service	402,479,701	83,351,792	101,131,362	586,962,855
	409,423,365	84,739,701	107,164,159	601,327,225
Less accumulated depreciation	301,906,370	44,236,521	49,710,513	395,853,404
Total Capital Assets	107,516,995	40,503,180	57,453,646	205,473,821
DEFERRED OUTFLOWS				
Pension	4,978,504			4,978,504
OPEB	1,247,119			1,247,119
Total Deferred Outflows	6,225,623			6,225,623
INTERDEPARTMENT RECEIVABLE (PAYABLE)	8,378,055	1,108,512	(9,486,567)	
TOTAL ASSETS AND DEFERRED OUTFLOWS	$341,208,485	$45,772,223	$51,060,288	$438,040,996

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Electric Department	Water Department	Wastewater Department	Total
CURRENT LIABILITIES				
Unearned Revenue	$1,293,849			$1,293,849
Accounts payable	11,018,389			11,018,389
Customer deposits	2,547,015			2,547,015
Accrued taxes	183,604			183,604
Accrued salaries and vacations	659,874	$302,379	$199,704	1,161,957
Total Current Liabilities	15,702,731	302,379	199,704	16,204,814
NONCURRENT LIABILITIES				
Long-term Unearned Revenue- JEDC Industrial Land Purchases	1,643,523			1,643,523
Net Pension Liability	114,994			114,994
Total Noncurrent Liabilities	1,758,517			1,758,517
TOTAL LIABILITIES	17,461,248	302,379	199,704	17,963,331
DEFERRED INFLOWS				
Pension	1,875,004			1,875,004
OPEB	5,362,896			5,362,896
Total Deferred Inflows	7,237,900			7,237,900
NET POSITION				
Net Capital Assets	107,516,995	40,503,180	57,453,646	205,473,821
Restricted	200,000			200,000
Unrestricted	208,792,342	4,966,664	(6,593,062)	207,165,944
Total Net Position	316,509,337	45,469,844	50,860,584	412,839,765
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$341,208,485	$45,772,223	$51,060,288	$438,040,996

CWL
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2019

	Electric Department	Water Department	Wastewater Department	Total
OPERATING REVENUE	$85,086,205	$10,420,689	$8,577,147	$104,084,041
OPERATING EXPENSES				
Production and operations	39,810,149	1,532,238	2,725,119	44,067,506
Purchased power	14,665,632			14,665,632
Distribution	7,734,228	2,559,823	1,559,364	11,853,415
Customers' accounting and collection	1,648,053	1,005,061	308,771	2,961,885
Sales promotion	47,189			47,189
Administrative and general	3,157,625	496,715	472,595	4,126,935
Depreciation (not provided elsewhere)	13,086,482	2,175,837	2,110,785	17,373,104
Contributions in lieu of taxes	229,695			229,695
	80,379,053	7,769,674	7,176,634	95,325,361
INCOME FROM OPERATIONS	4,707,152	2,651,015	1,400,513	8,758,680
OTHER INCOME (EXPENSE)				
Interest and investment income	8,378,420	44,482	57,832	8,480,734
Rent income	474,401	135,159	90,441	700,001
Miscellaneous income	241,111			241,111
Interest expense	(23,272)			(23,272)
Free service to City of Jonesboro	(782,904)			(782,904)
	8,287,756	179,641	148,273	8,615,670
INCOME BEFORE CONTRIBUTIONS	12,994,908	2,830,656	1,548,786	17,374,350
CONTRIBUTIONS	314,776	578,029	768,808	1,661,613
CHANGE IN NET POSITION	13,309,684	3,408,685	2,317,594	19,035,963
NET POSITION-BEGINNING OF YEAR	316,509,337	45,469,844	50,860,584	412,839,765
NET POSITION-END OF YEAR	$329,819,021	$48,878,529	$53,178,178	$431,875,728

CWL
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2018

	Electric Department	Water Department	Wastewater Department	Total
OPERATING REVENUE	$91,274,761	$10,374,533	$8,229,358	$109,878,652
OPERATING EXPENSES				
Production and operations	50,240,467	1,672,533	2,361,061	54,274,061
Purchased power	9,636,455			9,636,455
Distribution	6,772,232	2,787,693	1,727,522	11,287,447
Customers' accounting and collection	1,825,656	1,052,710	335,999	3,214,365
Sales promotion	73,905			73,905
Administrative and general	2,994,132	448,435	518,740	3,961,307
Depreciation (not provided elsewhere)	13,257,227	2,159,384	2,075,537	17,492,148
Contributions in lieu of taxes	223,461			223,461
	85,023,535	8,120,755	7,018,859	100,163,149
INCOME FROM OPERATIONS	6,251,226	2,253,778	1,210,499	9,715,503
OTHER INCOME (EXPENSE)				
Interest and investment income	1,174,612	44,874	26,457	1,245,943
Rent income	473,680	128,635	153,057	755,372
Miscellaneous income	182,064	1,384		183,448
Interest expense	(19,366)			(19,366)
Free service to City of Jonesboro	(733,283)			(733,283)
	1,077,707	174,893	179,514	1,432,114
INCOME BEFORE CONTRIBUTIONS	7,328,933	2,428,671	1,390,013	11,147,617
CONTRIBUTIONS	685,188	698,435	1,656,602	3,040,225
CHANGE IN NET POSITION	8,014,121	3,127,106	3,046,615	14,187,842
NET POSITION-BEGINNING OF YEAR	308,495,216	42,342,738	47,813,969	398,651,923
NET POSITION-END OF YEAR	$316,509,337	$45,469,844	$50,860,584	$412,839,765

CWL

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OTHER INFORMATION

CWL ELECTRIC DEPARTMENT
SCHEDULES OF STATISTICAL DATA (UNAUDITED)
Years Ended December 31, 2019 and 2018

	2019	2018	Increase (Decrease)
AVERAGE NUMBER OF CUSTOMERS			
City			
Residential	32,533	32,068	465
Commercial	5,341	5,367	(26)
Industrial	34	33	1
	37,908	37,468	440
Rural			
Residential	2	2	0
Commercial	15	15	0
	17	17	0
	37,925	37,485	440
AVERAGE ANNUAL CONSUMPTION PER CUSTOMER (IN KILOWATT-HOURS)			
City			
Residential	15,457	16,276	(819)
Commercial	63,239	64,475	(1,236)
Industrial	15,456,815	15,537,833	(81,018)
Rural			
Residential	18,208	16,472	1,736
Commercial	26,438	27,420	(982)
AVERAGE ANNUAL SALES PER CUSTOMER			
City			
Residential	$968.12	$1,040.24	($72.12)
Commercial	3,943.22	4,142.24	(199.02)
Industrial	744,261.42	779,905.02	(35,643.60)
Rural			
Residential	1,167.91	1,132.93	34.98
Commercial	1,940.34	2,058.25	(117.91)
AVERAGE SALES PRICE PER KILOWATT-HOUR (IN CENTS)			
City			
Residential	6.26	6.39	(0.13)
Commercial	6.24	6.42	(0.18)
Industrial	4.82	5.02	(0.20)
Security lighting	12.57	12.48	0.09
Rural			
Residential	6.41	6.88	(0.47)
Commercial	7.34	7.51	(0.17)

See disclaimer of opinion on supplementary information.

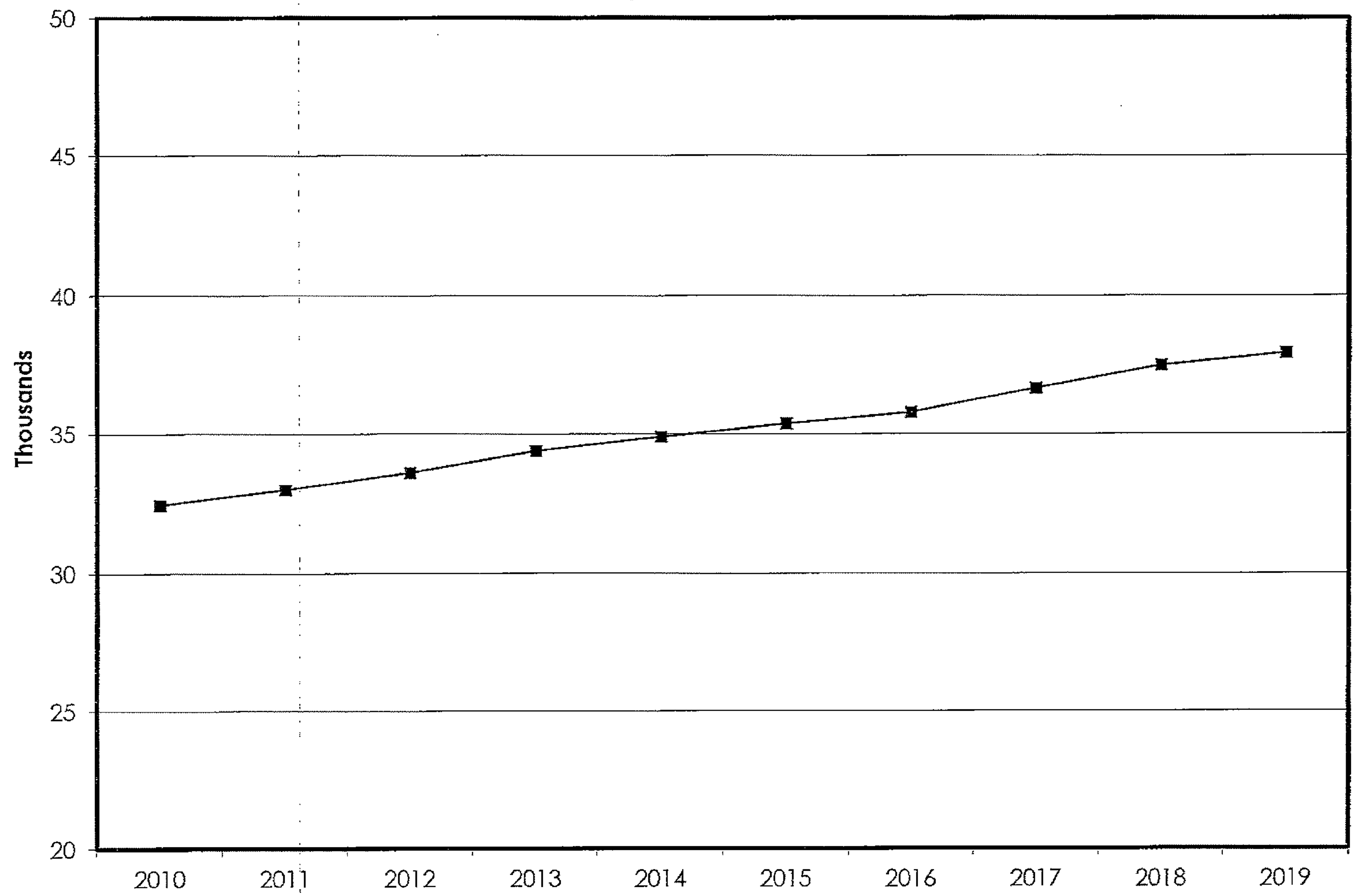
CWL ELECTRIC DEPARTMENT
SCHEDULES OF ENERGY SOURCES AND USES (UNAUDITED)
Years Ended December 31, 2019 and 2018

(In Kilowatt-Hours)

	2019	2018	Increase (Decrease)
Production			
Plant output	969,594,000	1,423,678,100	(454,084,100)
Purchased power	588,040,500	254,649,000	333,391,500
Energy Available	1,557,634,500	1,678,327,100	(120,692,600)
Less sales to other utilities	95,826,300	217,148,700	(121,322,400)
Total for Distribution	1,461,808,200	1,461,178,400	629,800
Sales to Customers			
City			
Residential	502,852,849	521,938,533	(19,085,684)
Commercial	337,758,416	346,034,750	(8,276,334)
Industrial	525,531,720	512,748,480	12,783,240
Security lighting	5,335,445	5,354,574	(19,129)
	1,371,478,430	1,386,076,337	(14,597,907)
Rural			
Residential	36,419	32,943	3,476
Commercial	396,568	411,306	(14,738)
	432,987	444,249	(11,262)
Total Sales to Customers	1,371,911,417	1,386,520,586	(14,609,169)
Interdepartment Sales	25,576,049	26,406,796	(830,747)
Total Sales	1,397,487,466	1,412,927,382	(15,439,916)
Free Service to City of Jonesboro			
Street lighting	3,749,062	3,835,571	(86,509)
City department	12,060,469	12,055,282	5,187
Total Free Service	15,809,531	15,890,853	(81,322)
Total Usage	1,413,296,997	1,428,818,235	(15,521,238)
Distribution losses	48,511,203	32,360,165	16,151,038
Total for Distribution	1,461,808,200	1,461,178,400	629,800

See disclaimer of opinion on supplementary information.

AVERAGE NUMBER OF ELECTRIC CUSTOMERS
(UNAUDITED)



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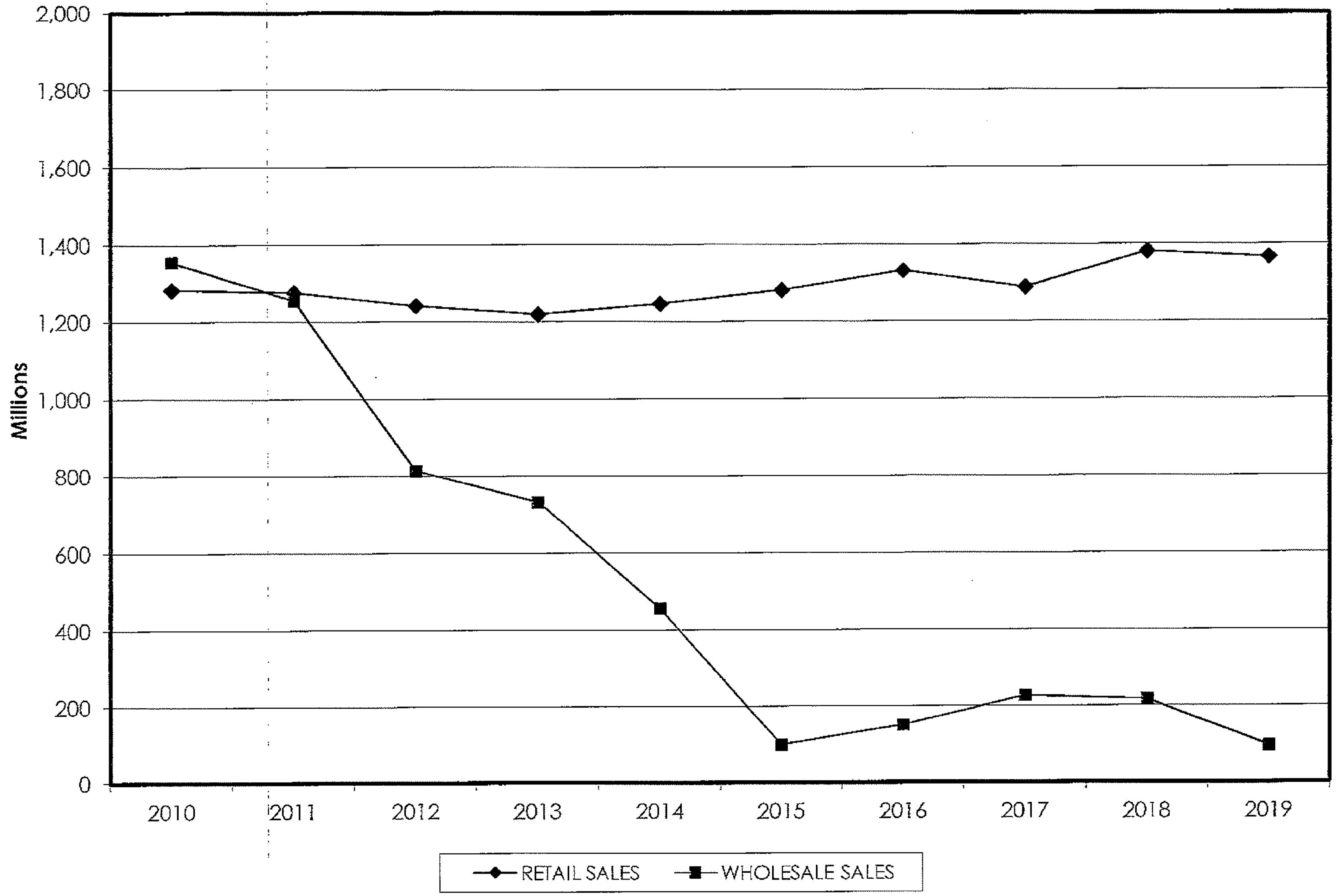
TOTAL ELECTRIC SALES (KWH)
(UNAUDITED)



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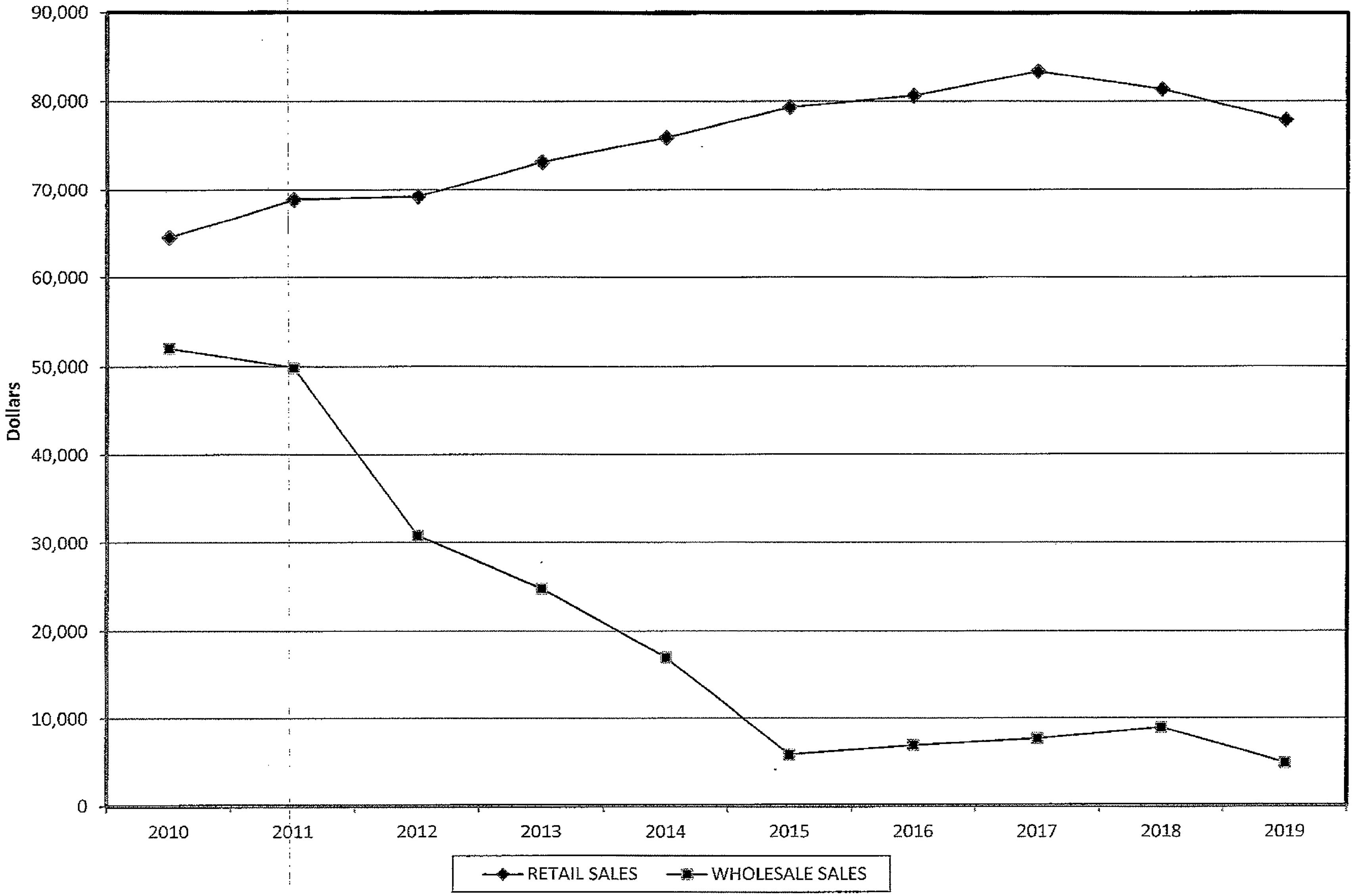
RETAIL & WHOLESALE ELECTRIC SALES ($000)

(UNAUDITED)



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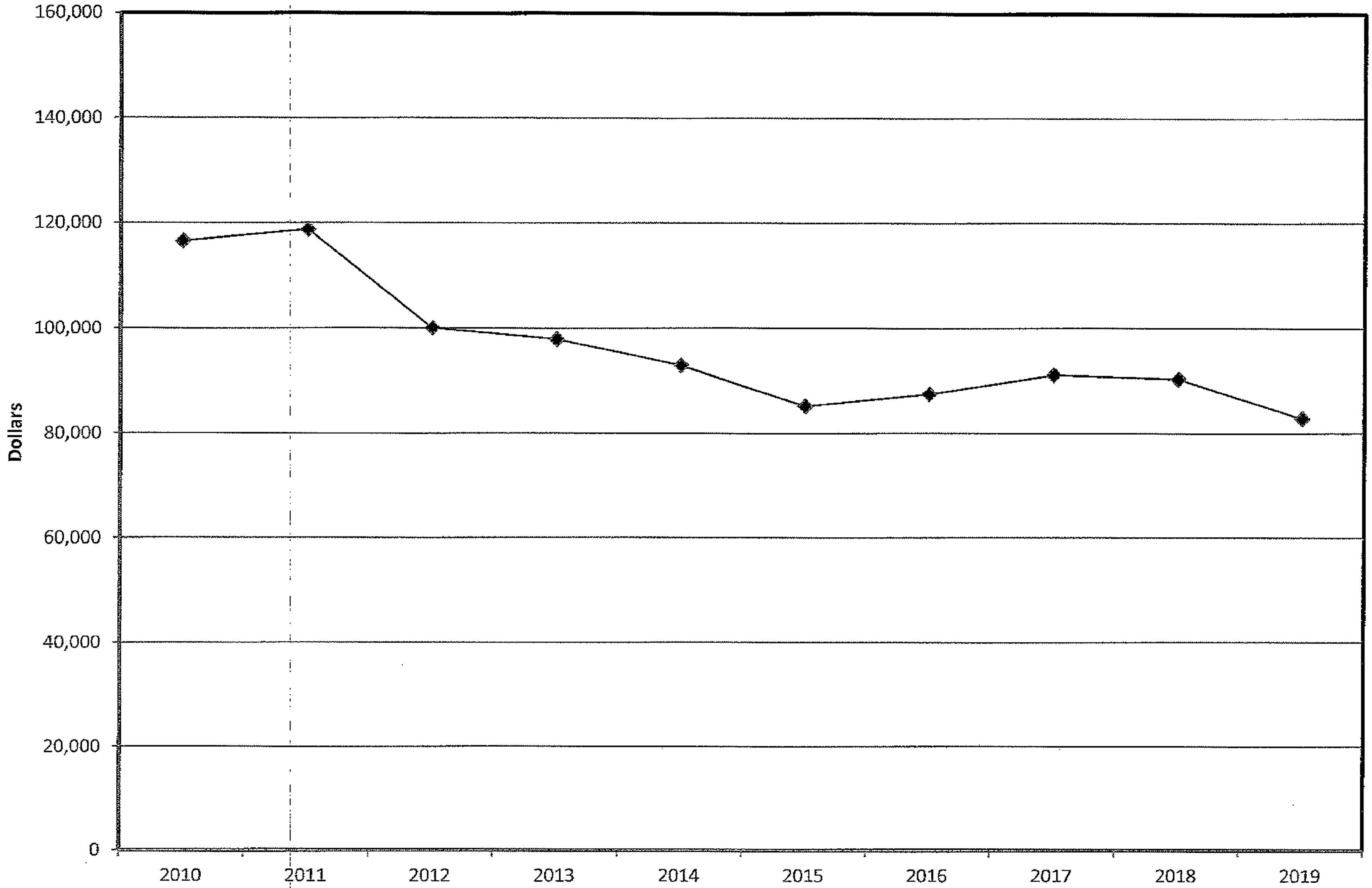
TOTAL ELECTRIC SALES ($000) (UNAUDITED)



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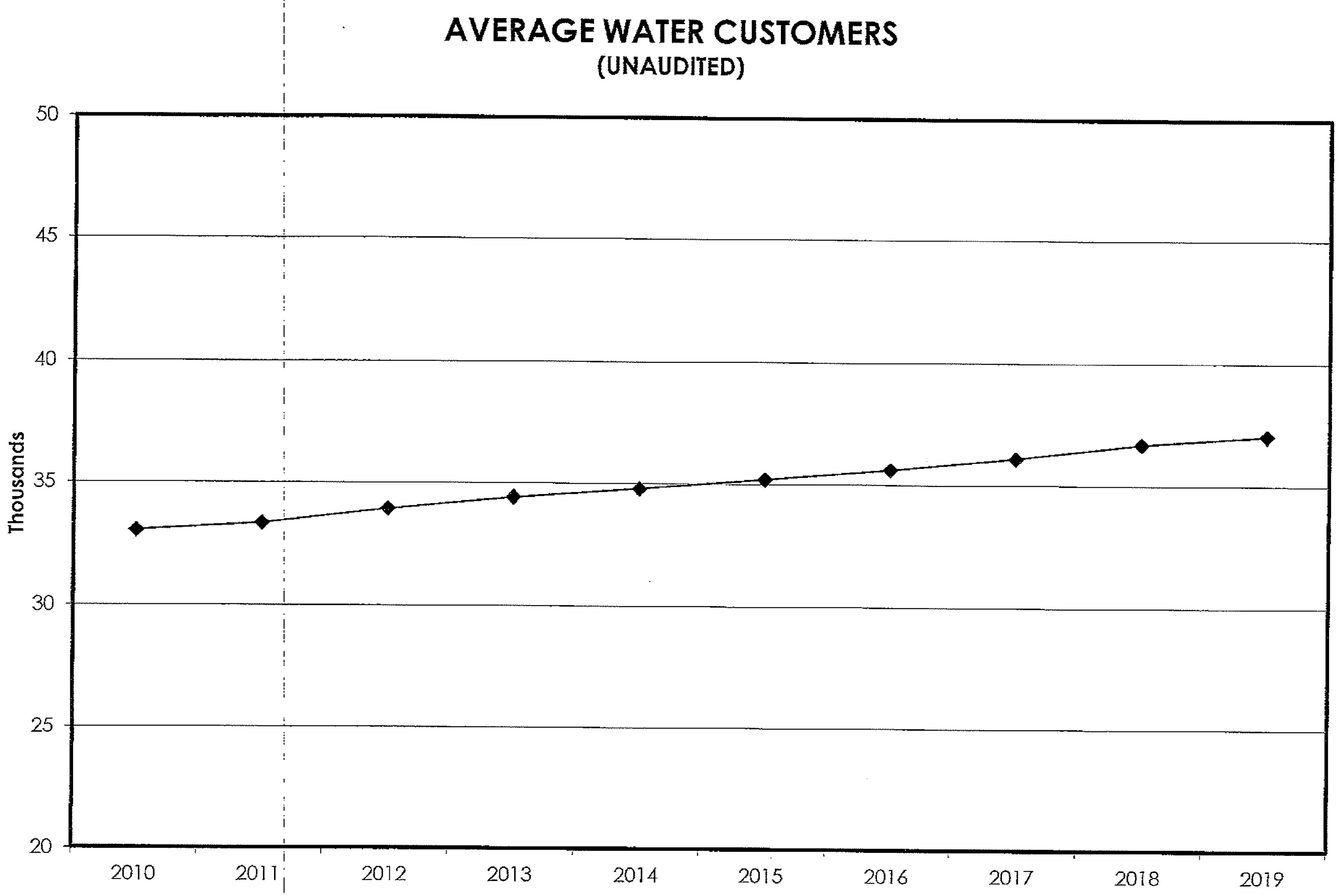
CWL WATER DEPARTMENT
SCHEDULES OF STATISTICAL DATA (UNAUDITED)
Years Ended December 31, 2019 and 2018

	2019	2018	Increase (Decrease)
AVERAGE NUMBER OF CUSTOMERS	37,043	36,704	339
CONSUMPTION PER CUSTOMER (IN GALLONS)	117,065	120,263	(3,198)
AVERAGE SALES PRICE PER 1,000 GALLONS (IN DOLLARS)	2.38	2.33	0.05
ELECTRICITY CONSUMED			
Total kilowatt-hours	10,699,881	10,949,860	(249,979)
Kilowatt-hours per 1,000 gallons of water pumped	2.03	2.09	(0.06)

CWL WASTEWATER DEPARTMENT
SCHEDULES OF STATISTICAL DATA
Years Ended December 31, 2019 and 2018

	2019	2018	Increase (Decrease)
AVERAGE NUMBER OF CUSTOMERS	24,818	24,508	310

See disclaimer of opinion on supplementary information.



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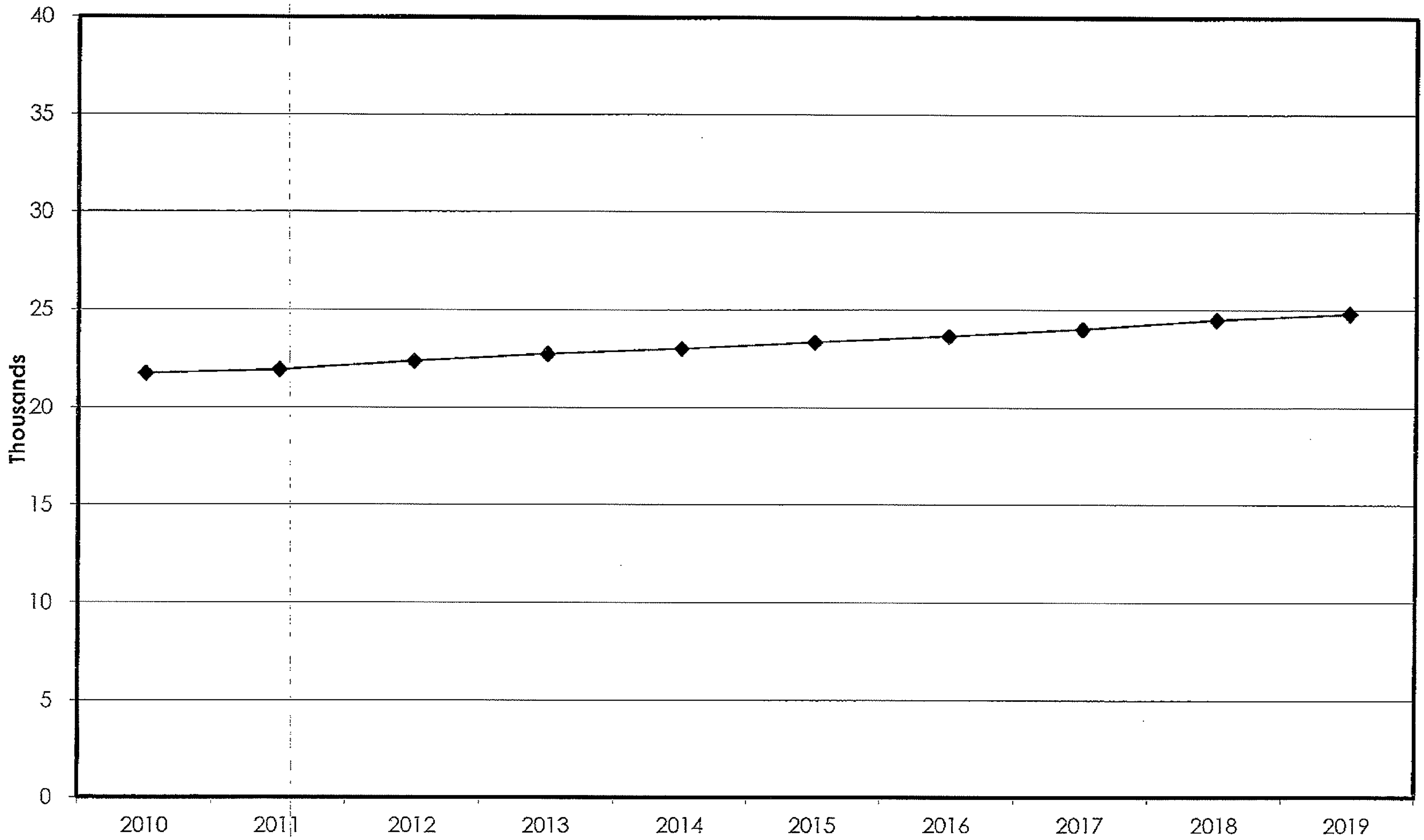
AVERAGE WASTEWATER CUSTOMERS
(UNAUDITED)



CWL
SCHEDULE OF FINANCIAL AND OPERATING RATIOS (UNAUDITED)
December 31, 2019 and 2018

	2019	2018
1. Current Ratio	8.22	5.11
2. Return on Investment	4.11%	2.75%
3. Operating Margin	8.42%	8.84%
4. Plant In Service Per Retail Customer	$2,164	$2,078

1. **CURRENT RATIO** – Total current assets divided by total current liabilities.
2. **RETURN ON INVESTMENT** – Income before contributions divided by average net position.
3. **OPERATING MARGIN** – Income from operations divided by operating revenues.
4. **PLANT IN SERVICE PER RETAIL CUSTOMER** – Undepreciated cost of utility plant divided by the average number of customers.

See disclaimer of opinion on supplementary information.

FROST, PLLC
Certified Public Accountants

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*

Board of Directors
City Water and Light Plant of the City of Jonesboro (Arkansas)
Jonesboro, Arkansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of City Water and Light Plant of the City of Jonesboro (Arkansas) ("CWL"), as of December 31, 2019, and the related statements of net position, 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 April 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CWL's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CWL's internal control. Accordingly, we do not express an opinion on the effectiveness of CWL'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Frost, PLLC

Certified Public Accountants

Little Rock, Arkansas
April 21, 2020