

REPORT OF INDEPENDENT AUDITOR
AND FINANCIAL STATEMENTS AND
OTHER INFORMATION

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS**

DECEMBER 31, 2021 AND 2020

JACK CHAMI CPA PLLC
WHITE HALL, ARKANSAS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Net Position	4 - 5
Statements of Revenues, Expenses and Changes in Net Position	6 - 7
Statements of Cash Flows	8 - 9
Notes to Financial Statements	10 - 36
Schedules of Findings and Response	37 - 39
OTHER INFORMATION	
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	40 - 41
Schedule of Revenues, Expenditures and Changes in Net Positions Budget and Actual (Non-GAAP Budgetary Basis)	42 - 43
Schedule of Names and Titles of Principal Officers	44

JACK CHAMI, CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT
7207 SHERIDAN ROAD • P.O. BOX 20463 • WHITE HALL, ARKANSAS 71612
OFFICE: (870) 534-1617 • FAX: (888) 589-4818

REPORT OF INDEPENDENT AUDITOR

Members of the City Council
City of Dumas, Arkansas

Opinions

I have audited the accompanying financial statements (Statements of Net Position, Statements of Revenue, Expenses and change in Net Position and Statements of Cash Flows) (business-type activities) of the City of Dumas Water and Sewer Department (the "Department") (An Enterprise Fund of the City of Dumas, Arkansas), a component unit of the City of Dumas as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Dumas, Arkansas, Water and Sewer Department, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audits in accordance with auditing standards generally accepted in the United State of America. My responsibilities under those standards are further described in the Audit's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Dumas Water and Sewer Department, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Department's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Information

The Schedule of Revenues, Expenditures and Changes in Fund Net Assets Budget and Actual (Non-GAAP Budgetary Basis) and Schedule of Names and Titles of Principal Officers, on pages 40 and 42, are presented for purposes of additional analysis and information and are not a required part of the basic financial statements.

Other Information

The Schedule of Revenues, Expenditures and Changes in Fund Net Assets Budget and Actual (Non-GAAP Budgetary Basis) is the responsibility of management and was derived from, and relates directly to, underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, Expenditures and Changes in Fund Net Assets Budget and Actual (Non-GAAP Budgetary Basis) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1, the financial statements of the City of Dumas, Arkansas, Water and Sewer Department are intended to present the financial position, the changes in financial position, and cash flows of only the funds related to the City of Dumas Water and Sewer Department, a component unit of the City of Dumas, for the years 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America. These financial statements do not purport to, and do not, present fairly the financial position and results of operations of the City of Dumas, Arkansas, as of December 31, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my independent auditor's report dated October 28, 2022 on my consideration of the Department's internal control over financial reporting and on compliance and other matters based on my audit of the financial statements performed in accordance with Government Auditing Standards. The purpose of that report is to describe the scope of my 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 the Department's internal control over financial reporting and compliance.

Jack Chami, CPA PLLC

Jack Chami, CPA PLLC
White Hall, Arkansas
October 28, 2022

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,608,871	\$ 1,309,256
Investments - certificates of deposit	286,392	286,392
Accounts receivable		
Customers	389,913	308,389
Inventories	38,824	30,795
Total current assets	<u>2,324,000</u>	<u>1,934,832</u>
NONCURRENT ASSETS		
Restricted cash	503,008	460,823
Investments - certificates of deposit	347,296	347,296
Restricted investments	36,409	87,684
Due from city general fund	84	-
Total noncurrent assets	<u>886,797</u>	<u>895,803</u>
CAPITAL ASSETS		
Land	82,572	82,572
Utility plant in service	10,525,331	10,300,033
Machinery and equipment	446,480	431,822
	11,054,383	10,814,427
Less accumulated depreciation	6,608,246	6,378,526
Net capital assets	<u>4,446,137</u>	<u>4,435,901</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension related deferred outflows	26,646	33,742
	<u><u>\$ 7,683,580</u></u>	<u><u>\$ 7,300,278</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current portion of bonds payable	\$ 110,000	\$ 120,684
Accounts payable	37,918	17,121
Bond interest payable	3,737	5,269
Sales tax payable	7,808	10,408
Due to other funds	40,126	41,346
Total current liabilities	<u>199,589</u>	<u>194,828</u>
NONCURRENT LIABILITIES		
Customer deposits	94,990	86,916
Bonds payable	2,073,239	2,134,980
Long-term debt	-	70,625
Net pension liability	(5,911)	13,464
Total noncurrent liabilities	<u>2,162,318</u>	<u>2,305,985</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	<u>44,592</u>	<u>46,478</u>
FUND NET POSITIONS		
Invested in capital assets, net of related debt	2,282,897	2,109,613
Restricted for debt service	162,908	152,558
Restricted for maintenance	386,830	295,353
Restricted for Winchester project	500	-
Unrestricted	2,443,946	2,195,463
Total fund net positions	<u>5,277,081</u>	<u>4,752,987</u>
	<u>\$ 7,683,580</u>	<u>\$ 7,300,278</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Water revenues	\$ 760,312	\$ 668,917
Sewer revenues	767,803	597,257
Other revenues	<u>53,552</u>	<u>46,708</u>
Total operating revenues	<u>1,581,667</u>	<u>1,312,882</u>
OPERATING EXPENSES		
Salaries	297,831	349,425
Utilities	173,085	160,916
Insurance	14,524	14,915
Maintenance and operating supplies	150,384	123,052
Payroll taxes	22,348	26,514
Office expense and supplies	7,515	10,436
Rent	60,000	60,000
Vehicle expense	26,179	22,088
Depreciation	229,721	233,083
Legal and accounting	24,342	12,075
Permits and licenses	7,464	5,433
Engineering and testing	51,224	47,223
Employees benefit	42,877	52,389
Pension expense (benefit)	(14,167)	18,810
Other operating expenses	<u>19,449</u>	<u>15,041</u>
Total operating expenses	<u>1,112,776</u>	<u>1,151,400</u>
OPERATING INCOME	<u>468,891</u>	<u>161,482</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
NONOPERATING REVENUES (EXPENSES)		
Grant revenue	186,105	-
Interest income	14,473	14,132
Interest expense	(52,954)	(78,986)
Costs related to bond transactions	(74,847)	(38,872)
Underwriter's discount on 2015 bond	(15,773)	-
Bond discount amortization	(1,801)	(1,293)
Total nonoperating revenues (expenses)	<u>55,203</u>	<u>(105,019)</u>
NET INCOME	<u>524,094</u>	<u>56,463</u>
CHANGE IN NET POSITION	524,094	56,463
FUND NET POSITION, BEGINNING OF YEAR	<u>4,752,987</u>	<u>4,696,524</u>
FUND NET POSITION, END OF YEAR	<u>\$ 5,277,081</u>	<u>\$ 4,752,987</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,500,059	\$ 1,280,831
Cash paid to suppliers	(463,995)	(440,203)
Cash paid to general fund for rent	(60,000)	(60,000)
Cash paid to general fund for payroll related expenses	(363,056)	(428,328)
Net cash provided by operating activities	<u>613,008</u>	<u>352,300</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to (from) other funds	(1,220)	21,781
Net (decrease) increase in customer deposits	8,074	(280)
Government grant income	186,105	-
Net cash provided (used) by noncapital financing activities	<u>192,959</u>	<u>21,501</u>
CASH FLOWS (TO) FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(239,957)	(140,618)
Underwriter's discount on bond issue	-	(33,716)
Proceeds from issuance of revenue bond	1,205,480	1,195,000
Proceeds from loan	-	70,625
Pay off of loan	(176,105)	-
Principal paid on bonds obligation	(1,190,000)	(1,260,000)
Bond issue and underwriter cost	(74,847)	(38,871)
Interest paid on bonds obligation	(54,486)	(81,037)
Net cash used by capital and related financing activities	<u>(529,915)</u>	<u>(288,617)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>14,473</u>	<u>14,132</u>
Net cash provided by investing activities	<u>14,473</u>	<u>14,132</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	290,525	99,317
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,857,763</u>	<u>1,758,446</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,148,288</u>	<u>\$ 1,857,763</u>
	<u>2021</u>	<u>2020</u>
ADJUSTMENTS TO RECONCILE NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 468,891	\$ 161,482
Items not requiring (providing) cash:		
Depreciation and amortization	229,721	233,083
Change in:		
Accounts receivable	(81,524)	(32,051)
Inventories	(8,029)	(825)
Accounts payable	18,198	(8,034)
Pension payable	(14,165)	(1,355)
Due from other funds	<u>(84)</u>	<u>-</u>
	<u>\$ 613,008</u>	<u>\$ 352,300</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The City of Dumas Water and Sewer Department (the "Department"), a component unit, is an operating entity of the City of Dumas (the "City"). The Department is independent with respect to revenue, expenses, assets and liabilities, is prohibited by loan agreements from converting any revenue or assets to general use and is not responsible for any other departments' debt. These financial statements include only those funds that relate to the operations of the Department. The Department is located in South East region of the State of Arkansas and provides water and sewer services for the City of Dumas and provide water services only to Wells Bayou and Pendleton, both of which are rural communities located in Desha County.

The Department prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Therefore, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of when cash is received or paid. Accounting principles generally accepted in the United States of America applicable to municipal government proprietary units, such as the Department, generally include pronouncements of the Financial Accounting Standards Board ("FASB") relating to for-profit businesses and, in addition, certain pronouncements of the Governmental Accounting Standards Board ("GASB").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. These estimates represent management's evaluation of information available as of the date the financial statements were prepared and are subject to varying degrees of reliability. Accordingly, actual results could differ from the estimates reflected in these financial statements.

Cash Equivalents

For purposes of the statement of cash flows, the Department considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Fund Descriptions and Restricted Cash Fund Requirements

A description of cash funds and their requirements is as follows:

Revenue Fund – The Revenue Fund receives all revenues from customers and disburses them as required.

Operations and Maintenance Fund – The Operations and Maintenance Fund pays the necessary and ordinary maintenance and operational expenditures of the Department.

Cash Fund Descriptions and Restricted Cash Fund Requirements (Continued)

Bond and Debt Service Reserve Funds – These Funds receive amounts sufficient to cover the annual principal and interest payments on outstanding debt, as well as related trustee’s fees. The Bond Fund is also required to maintain a debt service reserve in an amount equal to the lesser of the maximum annual principal and interest requirements or 10% of the principal amount of the bonds. Payments on the bonds are handled in the Bond Fund.

Depreciation Fund –The Depreciation Fund is maintained in order to pay for repairs to the Department. Each month, after the required payment is made to the operations and maintenance account, 3% of the remaining revenues received are deposited into the depreciation fund.

The above listed funds have been established by ordinances passed by the City Council. The City Council members meet monthly to discuss the Department’s performance, monitor and approve all expenses and disbursements out of these funds. The City Council confirms that disbursements are appropriate and in compliance with the purpose of the fund used for disbursement.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Department provides credit to its customers on terms that are customary for municipal utilities. The Department terminates service to delinquent customers and, in addition, holds deposits that can be offset against delinquent account balances. Department management reviews accounts receivable on a periodic basis and provides an allowance for accounts they determine are uncollectable. In estimating uncollectable amounts, management uses significant judgment and considers factors such as geographic location, overall economic conditions and historical customer performance. While management feels the Department's processes effectively address its exposure to doubtful accounts, changes in economic conditions in the Department's geographically concentrated service area may require adjustment to the allowance recorded by the Department. At December 31, 2021 and 2020, management determined that an allowance for doubtful accounts was not necessary. Provisions for receivable water for the years 2021 and 2020 are:

	<u>2021</u>	<u>2020</u>
Accounts receivable		
Billed	\$ 113,578	\$ 94,033
Unbilled	175,313	121,330
Other receivables	1,261	622
Delinquent receivables	<u>99,761</u>	<u>92,404</u>
	<u><u>\$ 389,913</u></u>	<u><u>\$ 308,389</u></u>

Inventory

Inventories consist primarily of items and supplies that can be utilized to provide the Department's services such as water and sewer pipes, water meters, clamps and chemicals. Inventories are stated at the lower of cost using the first-in, first-out (FIFO) method or the net realizable value.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Water and sewer plant and machinery and equipment placed in service are stated at original cost. The Department provides for depreciation on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of the assets by category are as follows:

Water plant	40 years
Sewer plant	40 years
Machinery and equipment	5-20 years

This City capitalizes new purchased assets of \$5,000 or above.

Revenue Recognition

Revenues from water and sewer sales are recognized at the time of service delivery based on actual or estimated water meter readings. Please see footnote 10 for more details on revenue recognition.

Reclassifications

Certain reclassifications were made to the amounts in the 2020 financial statements in order to conform to the 2021 financial statement presentation.

NOTE 2: CASH, CERTIFICATES OF DEPOSIT AND RESTRICTED FUNDS

The Department maintains cash and cash equivalents, certificates of deposit and restricted fund accounts shown on the statement of fund net assets on deposit with two local financial institutions that provide insurance through the Federal Deposit Insurance Corporation ("FDIC") on balances up to \$250,000. Funds on deposit with these two financial institutions exceeded, at certain times throughout the year, the Federal Deposit Insurance Corporation ("FDIC") limit. These financial institutions have pledged securities to collateralize balances in excess of FDIC limits. The pledged collateral is held by the financial institutions in the Department's name. The amounts of collateralized uninsured deposits were approximately \$2,026,000 and \$1,641,000 at December 31, 2021 and 2020, respectively.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 2: CASH, CERTIFICATES OF DEPOSIT AND RESTRICTED FUNDS (CONTINUED)

Cash, cash equivalents and restricted funds consisted of the following at December 31:

	2021	2020
Unrestricted		
Revenue fund	\$ 1,521,337	\$ 1,188,843
Operations and maintenance fund	87,534	120,413
	<u>1,608,871</u>	<u>1,309,256</u>
Restricted		
Depreciation fund	386,830	337,418
Water customer deposits	102,459	108,252
Restricted for 2015 debt service	-	9,294
Restricted for 2020 debt service	5,950	5,859
Restricted for 2021 debt service	7,269	-
Restricted for Winchester Project	500	-
	<u>503,008</u>	<u>460,823</u>
	<u>\$ 2,111,879</u>	<u>\$ 1,770,079</u>

Investments consisted of the following at December 31:

	2021	2020
Unrestricted		
Certificate of deposits	\$ 633,688	\$ 633,688
Restricted		
Restricted for 2015 bond debt service	-	51,228
Restricted for 2020 bond debt service	36,409	36,456
	<u>36,409</u>	<u>87,684</u>
	<u>\$ 670,097</u>	<u>\$ 721,372</u>

Certificates of deposits are purchased with maturities of six to thirty six months and earn interest ranging from 0.15% to 1.00%. See note 1 for restrictions.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 3: CAPITAL ASSETS:

Capital asset activity for the Department for the year ended December 31, was as follows:

	<u>2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>2021</u>
Land	\$ 82,572	\$ -	\$ -	\$ 82,572
Utility plant in service	10,234,433	73,566	-	10,307,999
Office machinery and equipment	18,275	-	-	18,275
Vehicles and equipment	413,547	14,658	-	428,205
Winchester project	65,600	151,732	-	217,332
	10,814,427	239,956	-	11,054,383
Less accumulated depreciation	6,378,526	229,720	-	6,608,246
	<u><u>\$ 4,435,901</u></u>			<u><u>\$ 4,446,137</u></u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4: LONG-TERM DEBT AND BONDS PAYABLE

On June 02, 2021, the City of Dumas, Arkansas Water and Sewer Department issued \$1,090,000 in Water and Sewer Revenue Bonds, Series 2021, with interest rate of 2.00% to refund \$1,115,000 of outstanding 2015 Series Revenue Bonds. The final maturities of these bonds will be due December 1, 2035.

The proceeds were utilized as follows:

	Total
Proceeds of 2021 bond issue	\$ 1,090,000
Cash from Series 2015 Debt Service Reserve	51,228
Cash from 2015 Series Debt Service Reserve Fund	28,728
Bond issue costs	(54,956)
Payoff of 2015 Revenue Bonds	<u>(1,115,000)</u>
Remaining funds	<u><u>\$ -</u></u>

Bond issue costs of \$54,956 were expensed as required by GASB 65.

On August 25, 2020, the City of Dumas, Arkansas Water and Sewer Department issued \$1,195,000 in Water and Sewer Revenue Refunding Bonds, Series 2020, with interest rates ranging from 1.00% to 2.50% to refund \$1,195,000 of outstanding 2012 Series bonds. The final maturities of these bonds will be due December 1, 2042.

	Total
Proceeds of 2020 bond issue	\$ 1,195,000
Underwriter's Discount	(33,716)
Cash from Series 2012 Debt Service Reserve	33,200
Partial cash from 2012 Series Debt Service CD	31,811
Bond issue costs	(31,295)
Payoff of 2015 Revenue Bonds	<u>(1,195,000)</u>
Remaining funds	<u><u>\$ -</u></u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4: LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

On April 21, 2021, the City of Dumas, Arkansas Water and Sewer Department issued Series 2021B bonds with a principal balance of \$975,000. Series 2021B bonds first payment is due April 15, 2023 with final payment October 15, 2042, repayment length is 20 years at annual lending interest rate of 1.75%. Semi-Annual payments are \$28,994 each and is payable on April and October annually. In addition, to principal and interest, the City of Dumas, Arkansas Water and Sewer Department will pay 1.00% services fee. The fee is included in the semi-annual payments shown earlier in this paragraph.

On the same date, April 21, 2021, the City of Dumas, Arkansas Water and Sewer Department issued Series 2021C bonds with a principal balance of \$3,000,000. Series 2021C bonds first payment is due April 15, 2023 with final payment October 15, 2042, repayment length is 20 years at annual lending interest rate of 1.75%. Semi-Annual payments are \$89,213 each and is payable on April and October annually. In addition, to principal and interest, the City of Dumas, Arkansas Water and Sewer Department will pay 1.00% services fee. The fee is included in the semi-annual payments shown earlier in this paragraph.

Additionally, on September 30, 2021, The City of Dumas Water and Sewer Department entered into an agreement with Arkansas Natural Resources Commission (ANRC) to purchase Series 2021B and Series 2021C bond issues. Payment of principal, interest and the 1.00% services fee will be paid to ANRC at the dates shown in the previous two paragraphs. The cut-off date to the agreement is October 15, 2022. Among other terms, the purchase agreement demand that funds from both Bond Series 2021B and Series, funds will be used in this order:

	<u>Total</u>
Local loan expense	\$ 20,000
Planning and design	535,000
Construction and Contingency	<u>3,420,000</u>
 Aggregate principal amount of bonds	 <u><u>\$ 3,975,000</u></u>

According to the agreement, Bond Series 2021B is identified as ANRC Loan # 01141-CWRLF-L and Bond Series 2021C is identified as ANRC Loan # 01142-CRWLF-L. According to the ANRC loan agreements, funds from Bond Series 2021B (ANRC Loan # 01141-CWRLF-L) will be used to fund Winchester project (see footnote number 8) and will become owed as funds have been disbursed. At December 31, 2021, The City of Dumas Water and Sewer Department owed \$10,000 paid for loan legal expenses. However, Bond Series 2021C (ANRC Loan # 01142-CRWLF-L) is subject to forgiveness as stated in the agreement. The forgiveness is determined by ANRC upon reviewing and approving the disbursements. Accordingly, at December 31, 2021, ANRC, forgave \$186,105 of which \$10,000 was paid for loan legal expenses and \$176,105 to pay off loan to ANRC owed by the City of Dumas Water and Sewer Department at September 30, 2021.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4: LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

Please refer to footnote number 8 on commitments for details on the purpose and the use of this loan.

	<u>2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>2021</u>
Loan from Arkansas Natural Resources				
The loan calls for annual payment of				
\$19,307 annually at 2.10% for 10 years				
First payment is due December 1, 2021				
After the Department received the				
full loan balance of \$172,525	<u>\$ 70,625</u>	<u>\$ 105,480</u>	<u>\$ 176,105</u>	<u>\$ -</u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4: LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

Bonds payable consisted of the following at December 31:

	<u>2020</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>2021</u>
Series 2015 water and sewer revenue bonds payable in semi-annual payments of principal and interest with interest rates ranging from 1.90% in 2016 to 3.875% in 2035.	1,115,000	-	1,115,000	-
Series 2021 water and sewer revenue bonds payable in semi-annual payments of principal and interest with interest rate at 2.00%	-	1,090,000	30,000	1,060,000
Series 2020 water and sewer revenue bonds payable in semi-annual payments of principal and interest with interest rates ranging from 1.00% in 2021 to 2.50% in 2042.	1,190,000	-	45,000	1,145,000
Series 2021B water and sewer revenue bonds payable in semi-annual payments of principal and interest with interest rate at 1.75%	-	10,000	-	10,000
	2,305,000	1,100,000	1,190,000	2,215,000
Less current maturities	120,684			110,000
	<u>2,184,316</u>			<u>2,105,000</u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4: LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

		<u>Additions</u>	<u>Reductions</u>	
Original issue discount				
2015 Original issue discount	20,134	-	(20,134)	-
2020 Original issue discount	33,716	-	-	33,716
Amortization of original issue discount				
2015 Original issue discount	(4,026)	(335)	4,361	-
2020 Original issue discount	(488)	(1,467)	-	(1,955)
	<u>49,336</u>	<u>(1,802)</u>	<u>(15,773)</u>	<u>31,761</u>
	<u>\$ 2,134,980</u>			<u>\$ 2,073,239</u>

The Department's revenues are pledged to secure payment of the bonds. The bond agreements require, among other things, maintenance of insurance coverage, charging user fees adequate to retire the bonds and the maintenance and financing of certain reserve accounts (Note 1). In December 2015, the Department issued series 2015 revenue bonds to redeem series 2010 bonds. Series 2015 revenue bonds carry lower interest rates. The lower interest rate helps the Department save on interest expense. In addition, in 2012, the Department issued new bonds to finance the construction of new water and sewer lines as well as performing some major maintenance projects. At August 25, 2020, the Department refinanced and paid off the 2012 revenue bond fund and issued 2020 revenue bond fund instead.

The Department was in compliance with the provisions of the bond covenants during the years ended December 31, 2021 and 2020. Please see footnote number 10 for more information.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 4: LONG-TERM DEBT AND BONDS PAYABLE (CONTINUED)

Future maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 110,000	\$ 44,844	\$ 154,844
2023	125,000	43,094	168,094
2024	115,000	41,244	156,244
2025	115,000	39,256	154,256
2026	115,000	37,238	152,238
2027 to 2031	650,000	150,695	800,695
2032 to 2036	605,000	83,082	688,082
2037 to 2041	315,000	32,125	347,125
2042	65,000	1,625	66,625
	<u>\$ 2,215,000</u>	<u>\$ 473,203</u>	<u>\$ 2,688,203</u>

NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Department's financial instruments are cash, certificates of deposit, accounts receivable, supplies inventory, accounts payable, other current liabilities and long-term debt. The recorded values of cash, certificates of deposit, accounts receivable, supplies inventory, accounts payable and other current liabilities approximate their fair values based on their short-term nature. The recorded value of long-term debt approximates its fair value, as interest approximates market rates.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020**

NOTE 6: PENSION PLAN

Plan Description – The Department participates in the City of Dumas Pension Plan and Trust (the "Plan") which is a single-employer sponsored plan administered by the City of Dumas, Arkansas (the "City"). The Plan provides retirement, death and disability benefits to plan members and beneficiaries. Employee groups covered by the Plan are employees of the City of Dumas, excluding firefighters and any active participant in the Arkansas Public Employees Retirement System, the Arkansas Judicial Retirement System or another retirement system sponsored by the state of Arkansas.

The City of Dumas, Arkansas is the sponsor and administrator of the Plan and as such has the authority to establish or amend Plan benefit provisions and all other requirements. In addition to the plan sponsor/administrator, the Plan has a board of trustees consisting of five members. The members are comprised of the Mayor and City Clerk of the City and three retired members of the Plan. The Plan does not issue stand-alone financial statements, nor is it included in another public employee retirement system plan's financial statements.

The Plan was amended and restated effective August 15, 2019 to change the Plan fiscal year from August 15, 2020 to December 31, 2020, resulting in a short plan year from August 15, 2020 to December 31, 2020.

Benefits Provided – The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Retirement benefits are based on 1% of past service average compensation times years of past service plus 1% of each year's compensation earned after date of participation. Employees that become disabled and terminate employment may receive a disability benefit equal to the present value of vested accrued benefits upon the employee's disability retirement date. If retirement benefits have not begun at the time of a participant's death, the Plan's death benefit will be the actuarial equivalent of the employee's vested accrued benefit. The death benefit is payable in the form of a single life annuity.

Cost of Living Adjustment – The Plan does not provide for automatic cost of living adjustments ("COLA") although the plan sponsor may make changes. The Plan has not given a retiree increase. Therefore, any increases are not substantively automatic and no COLA is included in the determination of the total pension liability.

Eligibility – Employees are eligible for retirement benefits after attaining 65 years of age with five years of accredited service and are eligible for early retirement after attaining 55 years of age.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

Vesting – Employees become vested in the Plan in accordance with the following schedule:

<u>Years of Vesting Service</u>	<u>Percentage</u>
Less than 5	0%
5 but less than 6	25%
6 but less than 7	30%
7 but less than 8	35%
8 but less than 9	40%
9 but less than 10	45%
10 but less than 11	50%
11 but less than 12	60%
12 but less than 13	70%
13 but less than 14	80%
14 but less than 15	90%
15 or more	100%

Notwithstanding the forgoing schedule, employees become fully (100%) vested upon attainment of normal retirement age while an employee, death while an employee, suffering a disability while an employee or attainment of early retirement age while an employee.

As of the measurement date on January 1, 2021, the Plan had 51 active employees, 14 inactive employees entitled to, but not yet receiving benefits and 7 inactive employees or beneficiaries currently receiving benefits. As of the prior measurement date, August 15, 2020, the Plan had 53 active employees, 13 inactive employees entitled to, but not yet receiving benefits and 7 inactive employees or beneficiaries currently receiving benefits.

Contributions – Participants are not required or permitted to contribute to the Plan. The City is required to contribute to the Plan at an actuarially determined rate. Actuarially determined contributions are determined based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions are based on the employees' annual covered salary. The City's contribution rate and actuarially determined contribution for the years ended December 31, 2021 and 2020, were 6.81% and 6.46% and \$112,462 and \$100,818, respectively. Actual contributions for the years ended December 31, 2021 and 2020 were equal to 100% of required contributions. The City allocates 20% of the actuarially determined contribution to the Department based on the Department's portion of covered payroll. Accordingly, the Department's portion of the contribution for the years ended December 31, 2021 and 2020 was \$22,492 and \$20,164, respectively, which resulted in contribution rates of 6.73% and 6.32% for the Department, respectively.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

Net Pension Liability – The Plan’s net pension liability was measured as of January 1, 2021 and August 15, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability in the actuarial valuation was determined using the following actuarial assumptions, as of January 1, 2021 and August 15, 2020:

The assumptions used were as follows:

Cost Method:	The aggregate cost method based on a level percent of compensation has been used in determining funding. The entry age normal cost method has been used in determining total pension liability.
Asset Valuation Method:	Market value.
Pre-Retirement Mortality:	None assumed
Post-Retirement Mortality:	RP 2000 table.
Voluntary Terminations:	None assumed
Investment Rate of Return:	5.5% annually
Expected Retirement Pattern:	Retirement was assumed to occur on the Normal Retirement Date.
Salary Growth:	0.0%

Target Allocation and Long-term Expected Rate of Return – The long-term expected rate of return on Plan investments was 5.50% for the plan years ended December 31, 2020 and August 14, 2020. The Plan invests in equity mutual funds, bonds and real estate investments. The target allocation and best estimates of arithmetic real rates of return for each major asset class at December 31, 2020 and August 14, 2020 are summarized in the following table:

Asset Class	Period Ended December 31, 2021		Year Ended August 14, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Equity Mutal Funds	27%	5.50%	27%	5.50%
Bonds	70%	5.50%	70%	5.50%
Real Estate Investments	3%	5.50%	3%	5.50%
	100%		100%	

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

Single Discount Rate – A single discount rate of 5.5% was used to measure the Total Pension Liability. This single discount rate was based on the expected rate of return on pension plan investments of 5.5%. The single discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Department Allocation – The City allocates pension liabilities, pension expense and related deferred inflows and outflows to the Department based on the percentage of the Department's covered payroll to total covered payroll of the Plan, estimated at 20%.

Changes in Net Pension Liability – Changes in the Plan's net pension liability for the Plan short-year ended December 31, 2020, were as follows:

	<u>Total Pension Liability</u>	<u>Total Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at August 14, 2020	\$ 1,821,331	\$ 1,754,011	\$ 67,320
Changes for the year:			
Service cost	32,954	-	32,954
Interest	97,911	-	97,911
Difference between expected and actual experience	(6,375)	-	(6,375)
Contributions - Employer	-	32,433	(32,433)
Net investment income	-	165,512	(165,512)
Benefit payments	(150,165)	(150,165)	-
Other changes	(23,420)	-	(23,420)
Net changes	<u>(49,095)</u>	<u>47,780</u>	<u>(96,875)</u>
Balance at December 31, 2020	<u>\$ 1,772,236</u>	<u>\$ 1,801,791</u>	<u>\$ (29,555)</u>
Department's Allocated Portion (20%)	<u>\$ 354,447</u>	<u>\$ 360,358</u>	<u>\$ (5,911)</u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

Changes in the Plan's net pension liability for the Plan year ended August 14, 2020, were as follows:

Balance at August 14, 2019	\$ 1,872,713	\$ 1,610,646	\$ 262,067
Changes for the year:			
Service cost	74,736	-	74,736
Interest	105,291	-	105,291
Difference between expected and actual experience	(167,991)	-	(167,991)
Contributions - Employer	-	100,818	(100,818)
Net investment income	-	105,965	(105,965)
Benefit payments	(63,418)	(63,418)	-
Net changes	<u>(51,382)</u>	<u>143,365</u>	<u>(194,747)</u>
Balance at August 14, 2020	<u>\$ 1,821,331</u>	<u>\$ 1,754,011</u>	<u>\$ 67,320</u>
Department's Allocated Portion (20%)	<u>\$ 364,266</u>	<u>\$ 350,802</u>	<u>\$ 13,464</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Department's proportionate share of the net pension liability for the years ended December 31, 2020 and 2019, calculated using the discount rate of 5.50%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate of one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	<u>1% Decrease (4.50%)</u>	<u>Current Discount Rate (5.50%)</u>	<u>1% Increase (6.50%)</u>
Department's proportionate share (20%) of the net pension liability at December 31, 2020	<u>\$ 41,583</u>	<u>\$ (5,911)</u>	<u>\$ (45,690)</u>
Department's proportionate share (20%) of the net pension liability at August 14, 2020	<u>\$ 62,298</u>	<u>\$ 13,464</u>	<u>\$ (27,528)</u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the years ended December 31, 2021 and 2020, the Department recognized pension expense (benefit) of (\$14,167) and \$18,810, respectively. At December 31, 2021 and 2020, the Department's deferred outflows and inflows of resources were as follows:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,091	\$ 41,822
Net difference between projected and actual investment earnings on pension plan investments	18,555	2,770
Contributions subsequent to the measurement date	-	-
Plan Total	<u>\$ 26,646</u>	<u>\$ 44,592</u>
<hr/>		
2020		
Differences between expected and actual experience	\$ 7,183	\$ 43,422
Net difference between projected and actual investment earnings on pension plan investments	6,395	3,056
Contributions subsequent to the measurement date	20,164	-
Plan Total	<u>\$ 33,742</u>	<u>\$ 46,478</u>

At December 31, 2021 and 2020, the Department reported \$0 and \$20,164, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date. The deferred outflows resulting from contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the following Plan year.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

The Department's portion of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions is projected to be recognized in pension expense as follows:

Projected to be recognized in the years ending December 31,

2022	\$ (2,213)
2023	(2,238)
2024	(2,890)
2025	(2,582)
2026	(1,420)
Thereafter	<u>(6,602)</u>
	<u><u>\$ (17,946)</u></u>

Components of Net Pension Liability – The components of the net pension liability as of the Plan's measurement dates of January 1, 2021 and August 15, 2020, were as follows:

	<u>January 1, 2021</u>	
	<u>Plan</u>	<u>Department Portion (20%)</u>
Total pension liability	\$ 1,772,236	\$ 354,447
Plan's fiduciary net position	<u>1,801,791</u>	<u>360,358</u>
Net pension liability	<u><u>\$ (29,555)</u></u>	<u><u>\$ (5,911)</u></u>
Plan fiduciary net position as a % of total pension liability	<u>101.67%</u>	<u>101.67%</u>
	<u>August 15, 2020</u>	
Total pension liability	\$ 1,821,331	\$ 364,266
Plan's fiduciary net position	<u>1,754,011</u>	<u>350,802</u>
Net pension liability	<u><u>\$ 67,320</u></u>	<u><u>\$ 13,464</u></u>
Plan fiduciary net position as a % of total pension liability	<u>96.30%</u>	<u>96.30%</u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

For the Plan Years Ended August 14, 2018 through December 31, 2020

	<u>December 31, 2020</u>	<u>August 14, 2020</u>	<u>August 14, 2019</u>	<u>August 14, 2018</u>
Total Pension Liability				
Service Cost	\$ 32,954	\$ 74,736	\$ 75,086	\$ 72,426
Interest	97,911	105,291	103,756	96,205
Differneces between expected and actual experience	(6,375)	(167,991)	(47,754)	9,052
Other changes	(23,420)	-	-	-
Benefit payments	<u>(150,165)</u>	<u>(63,418)</u>	<u>(137,666)</u>	<u>(95,155)</u>
Net change in total pension liability	(49,095)	(51,382)	(6,578)	82,528
Total pension liability - beginning	<u>1,821,331</u>	<u>1,872,713</u>	<u>1,879,291</u>	<u>1,796,763</u>
Total Pension Liability - Ending	<u>1,772,236</u>	<u>1,821,331</u>	<u>1,872,713</u>	<u>1,879,291</u>
Plan Fiduciary Net Position				
Contributions - employer	32,433	100,818	97,823	92,461
Net investment income	165,512	105,965	72,461	49,558
Benefit payments	(150,165)	(63,418)	(137,666)	(95,155)
Net change in plan net position	47,780	143,365	32,618	46,864
Plan fiduciary net position - beginning	<u>1,754,011</u>	<u>1,610,646</u>	<u>1,578,028</u>	<u>1,531,164</u>
Plan Fiduciary Net Position - Ending	<u>1,801,791</u>	<u>1,754,011</u>	<u>1,610,646</u>	<u>1,578,028</u>
Net pension liability	<u>\$ (29,555)</u>	<u>\$ 67,320</u>	<u>\$ 262,067</u>	<u>\$ 301,263</u>
Plan fiduciary net position as a percentage of total pension liability	101.67%	96.30%	86.01%	83.97%
Covered employee payroll	\$ 1,656,528	\$ 1,634,818	\$ 1,561,194	\$ 1,554,665
Net pension liability as a percentage of covered employee payroll	-1.78%	4.12%	16.79%	19.38%
Approximate rate of return on average invested assets	5.60%	7.20%	4.90%	3.40%

Information in this schedule represents the Plan as a whole. The Department's portion of these amounts is 20% as allocated by the City to the Department. The information has been determined as of the measurement date (January 1, 2020 for fiscal year ended December 31, 2021 and August 15 for prior years) of the Department's net pension liability.

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled under the provisions of GASB 68, the Department will only present available information.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 6: PENSION PLAN (CONTINUED)

For the Plan Years Ended August 25, 2011 through August 15, 2020

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Department's required contributions	\$ 22,492	\$ 20,164	\$ 19,565	\$ 18,492	\$ -
Department contributions in relation to the required contribution	<u>22,492</u>	<u>20,164</u>	<u>19,565</u>	<u>18,492</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered-employee payroll	\$ 334,147	\$ 319,239	\$ 287,786	\$ 268,780	\$ -
Contributions as a percentage of covered-employee payroll	6.73%	6.32%	6.80%	0.00%	0.00%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Department's required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Department ontributions in relation to the required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020**

NOTE 6: PENSION PLAN (CONTINUED)

Key assumptions for actuarially determined contributions are as follows:

Cost method:	Entry age normal
Asset valuation:	Market value
Investment rate of return:	5.5% annually
Mortality:	RP 2000 table

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled under the provisions of GASB 68, the Department will only present available information.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 7: INSURANCE

The Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered through participation with other Arkansas municipal entities in a public entity risk pool known as Arkansas Public Entity Risk Management Association (APERMA). APERMA insures several municipalities in the State of Arkansas. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past two fiscal years. APERMA ceased operations as of January 30, 2020 as a result of major challenges in the business environment. Consequently, the Department, and after obtaining the City Council members' approval, was able to obtain coverage with Arkansas Municipal League.

Management of the Department does not believe that any additional assessments related to periods prior to December 31, 2021 will be material.

NOTE 8: COMMITMENTS

WINCHESTER

On August 13, 2019 the City Council approved the proceeding with the City of Winchester Waste Water Improvement Project. According to the project Memorandum of Agreement (MOA) the City of Winchester, Drew County, Arkansas agrees to pay \$2,029 per month for the purpose of transmitting Winchester's sewage to the existing Dumas system. The agreed upon amount is due on or before the 15th of each month in which the invoice is submitted. The City of Dumas Water and Sewer Department will have access to the books and records of the Departments that pertain to Winchester's sewer service in order for Winchester quantify the fairness of the service price. The Department will be responsible for the construction, installation, owning and operating the infrastructure necessary to collect sewage conveyed and discharged from Winchester. The Department shall own all of the sewer system and possess all rights and privileges to the project. The Department agrees to accept, collect and treat all sewage conveyed and discharged from Winchester to Dumas. On May 20, 2020 the Department signed a Wholesale Sewer Service Agreement with the City of Winchester. Under this agreement the Department will receive a forgivable loan of \$3,000,000 for 20 years at 2.50% annual interest. 100% of the proceeds from this loan must be used to construct and install infrastructure necessary to collect sewage conveyed and discharged from the Winchester corporate limits. The \$3,000,000 loan is exclusive from the \$975,000 loan mentioned earlier in this paragraph. The \$975,000 will be paid back by the Department at the rate of \$28,994 semi-annually. Funding for the project will required that the City of Dumas (the Department) to issue two sets of bonds, Series 2021B for \$975,000 be used for improvements to the existing sewer system of the City of Dumas, including but limited to, replacement of 1,500 of sewer lines and upgrading pump station. Series 2021C for \$3,000,000 proceeds to be used to construct and install the infrastructure necessary to collect sewage conveyed and discharged from within Winchester limits and to bring the sewer discharges from Winchester to be treated it in the facilities in Dumas. Among other terms, Series 2021B will have to be repaid to ANRC according to the amortization schedule included in the bond purchase agreement, however, Series 2021C will be forgiven when funds are being released from ANRC to the Department for completed construction as work progresses.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020**

NOTE 8: COMMITMENTS (CONTINUED)

WINCHESTER

The Department entered into an agreement with McClelland Consulting Engineers, Inc. (the “Engineers”) April 9, 2020 to provide services related to Winchester Waste Water Improvement Project. The services include, but not limited to, planning, design and construction of the project. Work progress of this agreement is listed under submittal schedule section of the agreement. On January 24, 2020, the Department signed an agreement with ARNC to borrow \$172,525 to fund the cost of this agreement, of which a \$70,625 was advanced in 2020. The Department entered to a loan agreement with ANRC date November 1, 2020 to provide temporary financing of a portion of the costs of planning and designing the improvements (the design loan). On April 21, 2021, the City Council adopted Ordinance No. 965 authorizing the issuance and the sale of Series 2021B and the Series 2021C Bond. The loan of \$172,525 was paid back to ANRC using proceeds from the issuance of Bond Series 2021C. Please refer to note 4 for more information.

During 2021, no construction took place. The Engineering firm worked on the design and obtaining the licenses and easements needed in order to start working on the project. The Department received funds from Bond Series 2021B and Series 2021C. Please see footnote no. 4 for more information. The remaining funds will kept under the custody of ANRC. When an invoice is submitted to the Department for payment, the Mayor of Dumas review the invoice and if approved by Mayor, the invoice is submitted to ANRC. Once ANRC approved the invoice, ARNC sends the funds to the Department whom, in its turn, make payment on the invoices submitted. Additionally, Resolution 1369 was adopted to authorize the Mayor to sign documents related directly to the Winchester project on behalf of the City of Dumas.

PICKENS

At November 30, 2020, Dumas City Council gave the Mayor permission to sign a contract with Arkansas Natural Resources Commission funding application for total estimated cost of \$376,995. Under this contract, the Department will run the main water line from Dumas to connect with Pickens (an unincorporated community), Desha County, Arkansas main water line. Pickens will purchase wholesale water for all locations south of Walnut Lake. The Department will take over water provisions for Walnut Lake Country Club and all residents north of the Lake. This project will provide Pickens with a more reliable source of water. The Pickens Wholesale Water Contract is connected with the Winchester Easement Project.

New regulations relevant to this project were adopted in 2021 requiring a water rate study to be performed before making any progress on this project. In compliance with the new regulations, the department halted activities on the project until the new requirements are met.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 8: COMMITMENTS (continued)

MITCHELLEVILLE

At December 11, 2020 The Department signed a Memorandum of Agreement (MOA) with Arkansas Natural Resources Commission. The purpose of the MOA is to obtain funding assistance from the Clean Water Revolving Loan Fund Program (CWRLF) administered by the Arkansas Natural Resources Commission (ANRC). Project funding, along with planning and design requirements of the program, must be fulfilled and the RLF application must be certified complete in accordance with the program requirements of the ANRC. The purpose of this MOA is to establish project funding and define the conditions and terms under which planning, design and application documents will be submitted by the BORROWER and reviewed by the ANRC.

Funds have been approved from the ANRC RLF program. Funding shall consist of a loan in the amount of \$2,440,172 with a pay with a maximum twenty (20) year repayment and a loan with principal forgiveness in an amount not to exceed \$1,626,781. The total amount of both loans will be \$4,066,953. The interest rate will be determined at the time the bond term sheet is provided. At loan closing, ANRC will forgive the principal forgiveness amount. If, for any reason, the Borrower does not utilize the entire Funding Amount, then in such event the Principal Forgiveness Amount will be reduced proportionally to equal the amount of actual funds disbursed.

The loan proceeds to be used to construct and install the infrastructure necessary to collect sewage conveyed and discharged from within the City of Mitchellville, Desha County, Arkansas limits. PICKENS

On October 26, 2021, a memorandum of agreement (MOA) was signed between the City of Dumas (Dumas) and the City of Mitchellville (Mitchellville). The purpose of the MOA is to establish that an agreement has been reached for the cities of Dumas and Mitchellville to enter to a joint contract to complete the Mitchellville Sewer Project. A legal and binding contract that will clearly identify the roles and responsibilities of each party as they relate to providing the consolidated description of the services that serve both Dumas and Mitchellville. According to the terms of the MOA, Dumas will received from Mitchellville sewer fees based on water usage monthly for the service of collecting conveyed and discharges sewage from Mitchellville. Dumas will maintain the right to check water meters and meter readings if the fees submitted by Mitchellville becomes questionable. A resolution of intent regarding the sewer project was adopted by the City Council of the City of Dumas. Under the resolution, the city of Dumas proposes to acquire, construct and equip improvements to the sewer facilities of its water and sewer system. In addition the City proposes to obtain funds to accomplish the project from the proceeds of water and sewer revenue bonds to be issued by the City in the maximum amount of \$4,100,000 and purchased by the Arkansas Development Finance Authority as a part of the Clean Water State Revolving Loan Fund Program administered by the Arkansas Natural Resources Commission (ANRC). No construction was made on this project as of December 31, 2021.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 9: RELATED PARTY TRANSACTIONS

Rent expense of \$60,000 was paid for each of the years ended December 31, 2021 and 2020, and represents amounts paid to the City for office space used by the Department. The Department has no written lease for this space. The amount of rent paid to the City is approved annually by the City Council ordinance adopting the Department's operating budget for the year.

Additionally, the Department reimbursed the City \$360,923 and \$426,437 for the years ended December 31, 2021 and 2020, respectively, for payroll and health insurance, costs.

NOTE 10: REVENUE RECOGNITION

City of Dumas Water and Sewer Department earns revenue from selling water and sewer to the public in the area in which the Department operates. Customers are both individuals and businesses that resides and operates in the geographic area the Department operates in. Water sales are based on the actual quantity of water used by customers times rates approved by the City Council. At times when meter reading is inaccurate or unavailable, an exception is made to base the consumption on an estimate based on the customers' history temporarily until a new water meter is installed. However, sewer sales is based on water consumption. Water is pumped and delivered to the customers through the water network owned by the Department known as the water plant. Similarly, sewer is carried away or pumped away using resources available to the Department (sewer plant). Generally, the Department supplies customers with water before it bills for it and due to the timing of reading meters, consumption of water and calculating the sewer consumption is billed on the following two month. After calculating amount due on water and sewer, sales taxes are applied and added to the invoices. Unbilled receivables have been estimated and accrued as revenue from the date of the last reading of the meters based on the billing cycle for balance on of unbilled receivable, see note 1 under accounts receivable.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Notes to Financial Statements
For the Years Ended December 31, 2021 and 2020

NOTE 11: EVALUATION OF SUBSEQUENT EVENTS

The Department has evaluated subsequent events through October 28, 2022, the date which the financial statements were available to be issued.

The Department's management has determined that there were no other significant subsequent events that should be disclosed in the financial statements or in the notes to the financial statements.

The Department, upon the permission from the City Council, started the process aimed at replacing the manual meters used currently with electronic ones. The replacement of the meters will provide for faster, better and more accurate reading of the meters. In addition electronic readings will be more timely. The replacement cost is estimated to be \$360,300 which includes installation of 1400 to 1500 meters, software and training on site at the City of Dumas. The Department contacted Neptune Electronic Water Meters, however, the process is still in the data collection and analysis. No decision has been made to act on the plan yet.

Proceeds from Bond Series 2021C (ANRC Loan # 01142-CRWLF-L) of \$1,891,642 have been forgiven as of October 28, 2022 (see note number 8). The remaining balance of the bond is \$1,108,358.

During the City Council meeting held June 14th, 2022, an ordinance authorizing the construction of extensions, betterments and improvements to the sewer facilities of the City of Dumas; authorizing the issuance of Water and Sewer Revenue Bonds for the purpose of financing all or a portion of the cost of construction; providing for the payment of the principal of and interest on the bonds and prescribing other matters relating thereto.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Repeat Finding # 2021-1

Condition

Due to the limited number of City office personnel, I noted that some personnel are responsible for incompatible duties of sending monthly bills to customers, collecting cash from customers, updating customers' records in the system, giving credit to customers on their invoices and depositing cash at the bank. This is a repeat finding.

Criteria

Management is responsible for establishing and maintaining proper segregation of duties that ensure effective internal control over the accounting cycle.

Effect

Because of the lack of segregation of duties, there is an increase risk that fraud or error could occur and not be prevented or detected in a timely manner.

Cause

Limited financial resources available for the Department as well as the hardship of finding qualified personnel to handle such jobs

Recommendation

Management should implement and monitor internal controls to decrease the risk of fraud or error by segregating the duties of accounting personnel to the greatest possible degree. This is a repeat finding.

Response

Department management responded and indicated that their office will segregate the duties of accounting personnel to the extent possible with the current staffing levels.

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020**

Finding # 2021-2

Condition

While performing testing of internal controls, Auditor noticed the absence of forms I-9 and W-4 for one of the Department employees and the absence of form W-4 for another employee.

Criteria

Management is responsible for obtaining the forms required by the law and regulations the absence of which may cause ineffective internal controls.

Effect

Because of the lack of the forms, there is an increase risk that fraud or error could occur and not be prevented or detected in a timely manner.

Cause

It is not clear if the forms have been prepared and have been misplaced later or if the forms have never been prepared from the beginning.

Recommendation

Management should implement and monitor internal controls and be very strict on obtaining all the forms needed to comply with laws and regulations immediately after hiring any employees in order to decrease the risk of fraud or error.

Response

Department management responded and indicated that their office will be very prompt at obtaining the needed and required by laws and regulations.

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Repeat Finding # 2021-3

Condition

No adjustments were made to accounts receivable, capital assets and accounts payable to adjust balances to actual at year end.

Criteria

Management is responsible for updating account balances.

Effect

Because of the absence of such adjusting journal entries, there is an increase risk that management may make decisions based on wrong accounts balances.

Cause

Personnel are capable of doing such jobs but they may lack the needed training to perform the duty of updating the accounts

Recommendation

Management need to provide the training and monitor the progress on maintaining up-to-date account balances.

Response

Department management responded and indicated that they will request that the accounting personnel update the accounts with timely information.

OTHER INFORMATION

JACK CHAMI, CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT
7207 SHERIDAN ROAD • P.O. BOX 20463 • WHITE HALL, ARKANSAS 71612
OFFICE: (870) 534-1617 • FAX: (888) 589-4818

INDEPENDENT AUDITORS' 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

Members of the City Council
Dumas, Arkansas

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Water and Sewer Department, a component unit of the City of Dumas, Arkansas (the "Department") which comprises the Statement of Assets and Deferred Outflows of Resources Liabilities, Deferred Inflow of Resources and Net Position as of December 31, 2021 and 2020, and the related statements of Revenues, Expenses and Changes in Net Position and cash flows for the years then ended, and the related notes to the financial statements and Other Information, and have issued my report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, I do not express an opinion on the effectiveness of Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedules of findings as items #2021-1, 2021-2 and 2021-3 that I consider to be significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedules of Findings as items #2021-1, 2021-2 and 2021-3, where the Department was not considered in compliance its policies and procedures related to employees' documentation and depositing cash.

City of Dumas Water & Sewer Department Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in my audit and describe in the accompanying Schedule of Findings. The Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Jack Chami, CPA PLLC

Jack Chami, CPA PLLC
Little Rock, Arkansas
October 28, 2022

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS POSITIONS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Water revenues	\$ 760,312	\$ 702,200	\$ 58,112
Sewer revenues	767,803	672,000	95,803
Penalties	23,472	40,200	(16,728)
Connections and disconnections	13,328	4,000	9,328
Miscellaneous income	7,840	700	7,140
Act 1053	8,912	7,560	1,352
Interest income	14,473	11,000	3,473
Grant revenue	186,105	101,900	84,205
Total revenues	<u>1,782,245</u>	<u>1,539,560</u>	<u>242,685</u>
OPERATING EXPENSES			
Salaries	297,831	299,333	(1,502)
Utilities	173,085	159,650	13,435
Insurance expense	14,524	17,656	(3,132)
Repairs and maintenance	150,384	183,410	(33,026)
Payroll taxes	22,348	23,340	(992)
Office expense and supplies	7,515	8,500	(985)
Rent	60,000	60,000	-
Vehicle expense	26,179	20,500	5,679
Legal and accounting	24,342	13,000	11,342
Permits and licenses	7,464	5,500	1,964
Engineering and testing	51,224	161,399	(110,175)
Employees benefits	42,877	56,929	(14,052)
Employees pension	(14,167)	-	(14,167)
Other operating expenses	19,449	15,990	3,459
Costs related to bond transactions	74,847	7,900	66,947
Interest expense	52,954	-	52,954
Capital outlay	-	261,524	(261,524)
Bond principal payments (1)	-	169,029	(169,029)
Total expenditures and capital outlays	<u>1,010,856</u>	<u>1,463,660</u>	<u>(452,804)</u>

CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS POSITIONS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
EXCESS OF REVENUES OVER EXPENDITURES, CAPITAL OUTLAYS AND TRANSFERS	771,389	75,900	695,489
FUND NET ASSETS, BEGINNING	<u>4,752,987</u>	<u>4,752,987</u>	
FUND NET ASSETS, ENDING (NON-GAAP BUDGETARY BASIS)	<u>5,524,376</u>	<u>\$ 4,828,887</u>	<u>\$ 695,489</u>
ADJUSTMENTS TO GAAP			
Underwriter's discount	(15,773)		
Bond discount amortization (2)	(1,801)		
Depreciation	<u>(229,721)</u>		
	<u>(247,295)</u>		
FUND NET ASSETS, ENDING (GAAP BASIS)	<u>\$ 5,277,081</u>		

**CITY OF DUMAS WATER AND SEWER DEPARTMENT
AN ENTERPRISE FUND OF THE CITY OF DUMAS, ARKANSAS
SCHEDULE OF NAMES AND TITLES OF PRINCIPAL OFFICERS
Year Ended December 31, 2021**

<u>TITLE</u>	<u>NAME</u>
Mayor	Flora Simon
City Council Members	1. Jared May 2. Roy Dalton 3. John Owen 4. Franklin Healey 5. Romona Weatherford 6. Diane Fisher 7. Kenneth Daniels 8. Amber Brown-Madison
City Clerk	Norma Eldridge *
Financial Officer	Lakeshia Lattimore**
Office Administrator	Sheree Jackson***

* Effective January 7, 2019, Mrs. Erma Coburn was re-elected City Clerk of the City of Dumas.

* Erma Coburn resigned her position effective December 31, 2019. Shelly Billingsley was appointed as a City Clerk effective January 21, 2020.

* Norma Eldridge was officially elected to the position of City Clerk November 10, 2020. Norma Eldridge started formally in City Clerk Position January 1, 2021.

** Sherry Douglas resigned her position effective July 12, 2021. Lakeshia Lattimore was hired May 24, 2021 and formally replaced Sherry Douglas July 12, 2021 in the position of the Financial Officer to the City.

*** Sean McCormick services were terminated as the Water and Sewer Department Office Administrator effective July 16, 2020. Sheree Jackson operated in the Water and Sewer Department as an Office Administrator July 16, 2020 and formally became the Office Administrator August 19, 2020.