

CITY OF LAMAR
Water & Sewer Department
Independent Auditors' Report
and
Financial Statements

December 31, 2022 and 2021

CITY OF LAMAR
Water & Sewer Department
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December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the City Council of Lamar
Lamar Water and Sewer Department
Lamar, Arkansas

Opinion

We have audited the accompanying financial statements of the Lamar Water and Sewer Department, an enterprise fund of the City of Lamar, Arkansas, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lamar Water and Sewer Department of the City of Lamar, Arkansas, as of December 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lamar, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Lamar Water and Sewer Department, City of Lamar, Arkansas and do not purport to, and do not present fairly the financial position of the City of Lamar, Arkansas, as of December 31, 2022 and 2021, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

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

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

King Jacobs & Lorfing, CPAs, PA
Clarksville, Arkansas
April 17, 2024

CITY OF LAMAR
Water & Sewer Department
Statements of Net Position
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	485,140	526,158
Accounts Receivables	59,974	56,574
Unbilled Receivables	14,759	6,636
Accrued Interest Receivables	861	337
Inventories	54,812	59,303
Prepaid Insurance	4,048	2,762
Prepaid Safe Water	2,493	2,483
Total Current Assets	<u>622,087</u>	<u>654,253</u>
Restricted Assets		
Cash and Investments	<u>97,719</u>	<u>87,225</u>
Property and Equipment		
Water and Sewer Systems	3,424,605	3,393,961
Vehicles and Equipment	219,360	219,360
Construction in Progress	<u>32,564</u>	<u>32,564</u>
	3,676,529	3,645,885
Less: Accumulated Depreciation	<u>(2,152,119)</u>	<u>(2,047,300)</u>
Net Property and Equipment	<u>1,524,410</u>	<u>1,598,585</u>
Other Assets		
Investment in Electric Coop Certificates of Equity	<u>10,013</u>	<u>10,222</u>
Total Other Assets	<u>10,013</u>	<u>10,222</u>
Total Assets	<u><u>2,254,229</u></u>	<u><u>2,350,285</u></u>

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

CITY OF LAMAR
Water & Sewer Department
Statements of Net Position
December 31, 2022 and 2021

LIABILITIES AND NET POSITION

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Current Installment of Long-Term Debt	104,514	97,498
Accounts Payable	58,724	44,985
Due to City of Lamar	17,996	17,996
Accrued Interest	12,069	10,305
Accrued Expenses	4,484	4,313
Total Current Liabilities	<u>197,787</u>	<u>175,097</u>
Long-Term Debt	<u>943,663</u>	<u>1,039,954</u>
Other Liabilities		
Customer Deposits	<u>60,359</u>	<u>57,984</u>
Total Liabilities	<u>1,201,809</u>	<u>1,273,035</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	476,232	461,133
Restricted	97,719	87,225
Unrestricted	478,469	528,892
Total Net Position	<u>1,052,420</u>	<u>1,077,250</u>
Total Liabilities and Net Position	<u><u>2,254,229</u></u>	<u><u>2,350,285</u></u>

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

CITY OF LAMAR
Water & Sewer Department
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenue		
Water and Sewer Revenue	556,931	525,399
Connection Fees and Service Charges	15,540	13,573
Total Operating Revenues	<u>572,471</u>	<u>538,972</u>
Operating Expenses		
Depreciation	104,819	110,008
Employee Benefits	20,323	21,718
Contract Labor	0	2,045
Insurance	6,195	5,487
Miscellaneous	6,962	6,092
Office Expense	10,410	12,665
Payroll Taxes	5,407	5,832
Postage	2,899	2,990
Professional Expenses	10,394	7,994
Repair and Maintenance	92,230	69,501
Salaries	69,061	75,589
Supplies	692	1,287
Utilities	40,739	35,692
Vehicle Expense	10,460	10,721
Water and Sewer Testing	3,604	4,555
Water Purchased	205,943	187,685
Total Operating Expenses	<u>590,138</u>	<u>559,861</u>
Income from Operations	<u>(17,667)</u>	<u>(20,889)</u>
Non-operating Revenues (Expenses)		
Interest Income	2,808	2,835
ARPA Funds	27,364	-
Miscellaneous Income	1,042	1,335
Interest Expense	(38,377)	(41,918)
Total Other Income (Expense)	<u>(7,163)</u>	<u>(37,748)</u>
Change in Net Position	(24,830)	(58,637)
Net Position - Beginning of Year	1,077,250	1,135,887
Net Position - End of Year	<u>1,052,420</u>	<u>1,077,250</u>

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

CITY OF LAMAR
Water & Sewer Department
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash Received from Customers	560,949	547,599
Cash Paid to Suppliers and Payment of		
Other Operating Activities	(396,001)	(393,429)
Cash Paid to Employees	(69,061)	(75,589)
Net Cash Provided by Operating Activities	<u>95,887</u>	<u>78,581</u>
Cash Flows from Non-Capital Financing Activities:		
Increase (Decrease) in Meter Deposits	2,375	1,325
Other Non-Operating Income	28,615	961
Net Cash Provided by Non-Capital Financing Activities	<u>30,990</u>	<u>2,286</u>
Cash Flows from Investing Activities:		
Investment Income	2,284	2,800
Net Cash Provided by Investing Activities	<u>2,284</u>	<u>2,800</u>
Cash Flows from Capital & Related Financing Activities:		
Construction Loan Process	-	225,000.00
Capital Expenditures	(33,797)	(216,573)
Payments on Debt Obligations	(89,275)	(122,543)
Interest paid on Debt Obligations	(36,613)	(42,547)
Net Cash from Capital & Related Financing Activities	<u>(159,685)</u>	<u>(156,663)</u>
Net Increase (Decrease) in Cash	(30,524)	(72,996)
Cash at Beginning of Year	613,383	686,379
Cash at End of Year	<u><u>582,859</u></u>	<u><u>613,383</u></u>
Reconciliation of Earnings from Operations to		
Net Cash Provided by Operating Activities		
Income from Operations	(17,667)	(20,889)
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	104,819	110,008
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivables	(11,522)	8,628
(Increase) Decrease in Inventories	4,490	(825)
(Increase) Decrease in Prepaid Insurance	(1,286)	589
(Increase) Decrease in Prepaid Safe Water	(11)	(2,483)
Increase (Decrease) in Accounts Payable	16,893	(15,118)
Increase (Decrease) in Accrued Expenses	171	(1,329)
Total Adjustments	<u>113,554</u>	<u>99,470</u>
Net Cash Provided by Operating Activities	<u><u>95,887</u></u>	<u><u>78,581</u></u>
Cash Paid during the Year for:		
Interest	38,377	41,918
Non-Cash Investing, Capital & Financing Activities:		
Capital Assets Included in Accounts Payable at Year End	-	3,153

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

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

NOTE – 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Lamar Water & Sewer Department is an enterprise fund of the City of Lamar, Arkansas with 687 connections billed as of December 31, 2022 and 691 connections billed as of December 31, 2021. The Department is governed by the mayor and the city council, and is responsible for the operation and maintenance of their water and sewer system.

Basis of Accounting

The Department is 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, regardless of the timing of the related cash flows.

The Department's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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 reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash equivalents include checking accounts, savings accounts, certificates of deposits, and short-term investments with maturities of three months or less in which the Department can effectively deposit or withdraw cash at any time without significant prior notice or penalty.

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

Receivables and Uncollectible Accounts

Significant receivables include amounts due from customers primarily for utility services. The Department uses the direct write-off method for uncollectible receivables. Revenues are adjusted for the uncollectible accounts written off. No allowance for uncollectible accounts has been estimated. Financial instruments that potentially subject the department to credit risk consist primarily of trade receivables.

Inventory Valuation

Material and supplies inventories are stated at lower of cost (computed on a first-in, first-out basis) or market.

Capital Assets and Depreciation

Property and equipment are recorded at cost when placed in service. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from five to sixty-six years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, but are charged to expense as incurred. Acquisitions of property and equipment in excess of \$1,500 and useful life over one year are capitalized at cost or fair market value of the donation. Depreciation on construction in progress begins at the time the asset is completed and placed in service.

Equity Classifications

The Department classifies Net Position into the following three components:

Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position – Consists of amounts which have external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations imposed by law.

Unrestricted Net Position – Consists of Net Position that do not meet the definition of “Invested in Capital Assets, Net of Related Debt”, or “Restricted Net Position”.

Operating Revenues and Expenses

Operating revenues and expenses are distinguished from other revenues (expenses) items. Operating revenues generally result from providing services in connection with the Department’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues (expenses), but remain a major component of the overall revenues and expenses of the Department.

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

Restricted and Unrestricted Funds

Restricted Assets and Restricted Net Position include accounts required by bond indentures. When both restricted and unrestricted resources are available for use, generally it is the Department's policy to use unrestricted resources first and to transfer restricted funds as needed.

Income Taxes

As a municipally owned utility, the Department is exempt from federal and state income tax.

NOTE 2 – CASH AND CASH EQUIVALENTS

The City of Lamar Water and Sewer Department maintained cash balances at three banks on December 31, 2022. Deposits are required to be held in banks with FDIC membership. Deposits in excess of FDIC insured limits are to be collateralized by pledged securities or invested in United States government direct obligations. Cash accounts at banks are insured by the FDIC up to \$250,000. Details of cash insured and uninsured are as follows:

Total Bank Balances	\$ 584,046
FDIC Insured Time and Demand Deposits	(500,000)
Pledged Collateral	(43,568)
Collateral by Government Securities held by financial institution in the Department's name	<u>(30,237)</u>
Uncollateralized Deposits	<u>\$ 10,241</u>

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U. S. agencies instrumentalities or the State of Arkansas; bonds of any city, county, school district of the State of Arkansas; bonds of any state; or a surety bond having aggregate value at least equal to the amount of the deposits. The Lamar Water & Sewer Department has not formally adopted deposit and investment policies.

As of December 31, 2022, Lamar Water & Sewer Department had \$10,241 of uncollateralized deposits with Bank OZK in certificate of deposits. The city of Lamar also had a certificate of deposit of \$74,634 for a total uncollateralized deposit of \$84,875. This was discovered on January 24, 2024 and the city was notified. The city has since rectified this oversight with Bank OZK and all funds over the FDIC insurance amount have been collateralized for the year ending December 31, 2023.

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 3 – CASH & RESTRICTED ASSETS

Certain resources of the Department, set aside for the repayment of the Department's revenue bonds, are classified as restricted assets on the statements of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

	<u>2022</u>	<u>2021</u>
<u>Unrestricted</u>		
Operations and Maintenance Checking	\$ 25,609	\$ (1,900)
Customer Deposits Checking	63,422	60,827
Depreciation 2016 Bond Fund Checking	57,508	57,472
Revenue Fund Checking	69,471	141,668
Certificate of Deposit	133,010	132,627
Depreciation Funds Certificate of Deposit	46,266	45,944
Certificate of Deposit	13,510	13,416
Certificate of Deposit	52,284	52,190
Certificate of Deposit	24,059	23,915
Total Unrestricted Cash	<u>\$ 485,140</u>	<u>\$ 526,158</u>
<u>Restricted Assets</u>		
Construction Fund	\$ 27	\$ 27
Debt Service Certificate of Deposit	67,456	66,987
Revenue Bond Fund	30,236	20,211
Total Restricted Assets	<u>\$ 97,719</u>	<u>\$ 87,225</u>

NOTE 4 – ACCOUNTS RECEIVABLE, MAJOR CUSTOMERS, & ASSOCIATED RISKS

Accounts Receivable

The Department believes the balance in accounts receivable is collectible and that any amounts that may not be collectible would not be material to the financial statements. There were no bad debts written off in 2022 or 2021.

Accounts Receivable are as follows:

	<u>January 1, 2021</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Accounts Receivable	\$ 58,727	56,574	59,974

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

Credit Risk & Concentration of Credit Risk

Financial instruments that potentially subject the Department to credit risk consist primarily of accounts receivable from customers. The Department provides water & sewer services to customers within the city of Lamar, Arkansas. The Department requires a security deposit to offset any credit risk. These deposits are kept in a separate bank account. Lamar Schools was the largest customer in 2022 and accounted for approximately 5% of water and sewer sales. On December 31, 2022, the Department had accounts receivable of \$7,985 from its four largest users, which represents approximately 13% of the total accounts receivable. The Department does not have a stated policy regarding concentration of credit risk.

NOTE 5 - FIXED ASSETS AND CONSTRUCTION IN PROGRESS

Changes in fixed assets and accumulated depreciation for 2022 are as follows:

Description	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Water and Sewer System	\$ 3,393,961	\$ 30,644	\$ -	\$ 3,424,605
Vehicles and Equipment	219,360	-	-	219,360
Construction in Progress	32,564	-	-	32,564
Totals Property, Plant, & Equipment	3,645,884	30,644	-	3,676,528
Less: Accumulated Depreciation	(2,047,300)	(104,819)	-	(2,152,119)
Totals Property, Plant, & Equipment, Net	<u>\$ 1,598,585</u>	<u>\$ (74,175)</u>	<u>\$ -</u>	<u>\$ 1,524,409</u>

Depreciation expense was \$104,819 in 2022 and \$110,008 in 2021.

NOTE 6- DUE TO CITY OF LAMAR

Current Liabilities include a payable to the City of Lamar for past expenses the City paid on behalf of the Lamar Water & Sewer Department.

NOTE 7 – DEBT SERVICE REQUIREMENTS

The 1989, 2004, 2012 and 2016 bond issues require debt service reserves and depreciation reserves to be maintained. These requirements are being met.

NOTE 8 – LONG-TERM DEBT

Long-term debt consisted of the following loans and bonds at December 31, 2022 and 2021:

	2022	2021
(A) <u>Loan Payable</u> , dated December 7, 1989, to the United States Department of Agriculture, final payment due December 7, 2029, collateralized by revenues of the Water & Sewer Department. This loan is payable in monthly installments of \$2,880 at 6% interest.	\$ 151,481	\$ 176,145

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
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(B) <u>Bond Payable</u> , dated June 14, 2003, to the Arkansas Natural Resources Commission, final payment due December 14, 2027, collateralized by the property and equipment in the expansion project. This loan is payable in semi-annual installments of \$10,350.83 at 4.5% interest.	93,691	101,752
(C) <u>Bond Payable</u> , dated January 13, 2004, to the United States Department of Agriculture, final payment due January 13, 2044, collateralized by the revenues of the Water & Sewer Department. This loan is payable in monthly installments of \$359 at 4.5% interest.	58,291	59,936
(D) <u>Bond Payable</u> , dated June 1, 2008, to the Arkansas Natural Resources Commission, final payment due December 1, 2037, collateralized by the property and equipment in the expansion project. This loan is payable in annual installments of \$4,020 at 5% interest.	41,732	43,573
(E) <u>Bond Payable</u> , dated July 3, 2012, to the United States Department of Agriculture, final payment due July 3, 2052, collateralized by the revenues of the Water & Sewer Department. This loan is payable in monthly installments of \$510 at 2.75% interest	123,416	125,881
(F) <u>Bond Payable</u> , dated November 15, 2016, to the Arkansas Natural Resources Commission, final payment due June 1, 2036, collateralized by the property and equipment in the improvement project. This loan is payable in of \$37,654 beginning June 1, 2018, at 3.5% interest	410,223	432,644
(G) <u>Note Payable</u> , dated February 21, 2017, to Centennial Bank, final payment due February 21, 2022, collateralized by the equipment purchased. This note is payable in monthly installments of \$1,034.27 at 4.5% interest	0	2,037
(H) <u>Note Payable</u> , dated June 14, 2019, to Centennial Bank, final payment due June 27, 2023, collateralized by the vehicle purchased. This note is payable in monthly installments of \$513.14 at 5.5% interest	3,011	8,824
(I) <u>Bond Payable</u> , dated January 22, 2021, to the Arkansas Natural Resources Commission, final payment due December 1, 2030, collateralized by the revenues of the Water & Sewer Department. This loan is payable in annual installments of \$23,123 at 0.5% interest	166,332	186,661
Total Long-Term Debt	<u>\$ 1,048,177</u>	<u>\$ 1,137,452</u>

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

Long Term Debt Maturity Schedule

		<u>Principal</u>	<u>Interest</u>
Due in:	2023	\$ 104,514	\$ 37,426
	2024	96,817	31,712
	2025	100,549	27,979
	2026	104,463	24,065
	2027	100,671	19,956
	2028-2032	256,421	70,813
	2033-2037	189,236	33,245
	2038-2042	40,351	11,753
	2043-2047	29,608	5,437
	2048-2052	25,547	1,619
Total Debt		<u>\$ 1,048,177</u>	<u>\$ 264,005</u>

Long-Term Debt Schedule

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22	Due in One Year
1989 USDA Loan	\$ 176,145	\$ -	\$ 24,663	\$ 151,481	\$ 26,181
2003 AR Natural Resources Bond	101,752	-	8,061	\$ 93,691	25,289
2004 USDA Bond	59,936	-	1,645	\$ 58,291	1,703
2008 AR Natural Resources Bond	43,573	-	1,841	\$ 41,732	1,933
2012 USDA Bond	125,881	-	2,465	\$ 123,416	2,761
2016 AR Natural Resources Bond	432,644	-	22,421	\$ 410,223	23,206
2017 Centennial Bank Note	2,037	-	2,037	\$ -	-
2019 Centennial Bank Note	8,824	-	5,813	\$ 3,011	3,011
2021 AR Natural Resources Bond	186,661	-	20,329	\$ 166,332	20,430
	<u>\$ 1,137,452</u>	<u>\$ -</u>	<u>\$ 89,275</u>	<u>\$ 1,048,177</u>	<u>\$ 104,514</u>

NOTE 9 - RATE STRUCTURE

The water rate structure for 2022 is as follows:

0-1,999 gallons	\$ 22.33 minimum
2,000-4,999	9.170 per thousand gallons
5,000-14,999	7.430 per thousand gallons
15,000-above	5.950 per thousand gallons

The sewer rate structure is based on water usage and is as follows:

0-1,999 gallons	\$ 15.00 minimum
2,000-above	2.00 per thousand gallons

CITY OF LAMAR
Water & Sewer Department
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 10 – ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended on by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The required employer contributions for the following years were:

	2022	2021	2020	2019	2018
Required Employer Contributions	\$10,580	\$11,560	\$10,919	\$11,101	\$11,591
Percentage Contributed	100%	100%	100%	100%	100%

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been reviewed through April 17, 2024 which is the date that the financial statements were available to be issued.