

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

December 31, 2023 and 2022

CITY OF LAMAR  
Water & Sewer Department  
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December 31, 2023 and 2022

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# King & Jacobs & Lorfing

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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, 2023 and 2022, 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, 2023 and 2022, 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 present fairly the financial position of the City of Lamar, Arkansas, as of December 31, 2023 and 2022, 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, 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.

## **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.

## **Required Supplementary Information**

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*King Jacobs & Lorfing, CPAs, PA*

King Jacobs & Lorfing, CPAs, PA  
Clarksville, Arkansas  
January 31, 2025

CITY OF LAMAR  
Water & Sewer Department  
Statements of Net Position  
December 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 400,321	\$ 485,140
Accounts Receivables	55,331	59,974
Unbilled Receivables	19,003	14,759
Accrued Interest Receivables	862	861
Receivable from Insurance	18,688	-
Inventories	41,773	54,812
Prepaid Insurance	3,260	4,048
Prepaid Safe Water	2,450	2,493
Total Current Assets	<u>541,688</u>	<u>622,087</u>
Restricted Assets		
Cash and Investments	<u>90,375</u>	<u>97,719</u>
Property and Equipment		
Water and Sewer Systems	3,442,018	3,424,605
Vehicles and Equipment	219,360	219,360
Construction in Progress	32,564	32,564
	<u>3,693,942</u>	<u>3,676,529</u>
Less: Accumulated Depreciation	<u>(2,256,875)</u>	<u>(2,152,119)</u>
Net Property and Equipment	<u>1,437,067</u>	<u>1,524,410</u>
Other Assets		
Investment in Electric Coop Certificates of Equity	<u>10,426</u>	<u>10,013</u>
Total Other Assets	<u>10,426</u>	<u>10,013</u>
Total Assets	<u><u>\$ 2,079,556</u></u>	<u><u>\$ 2,254,229</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, 2023 and 2022

LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
Current Liabilities		
Current Installment of Long-Term Debt	\$ 96,817	\$ 104,514
Accounts Payable	49,407	58,724
Due to City of Lamar	0	17,996
Accrued Interest	9,257	12,069
Accrued Expenses	3,967	4,484
Total Current Liabilities	<u>159,448</u>	<u>197,787</u>
Long-Term Debt	<u>846,825</u>	<u>943,663</u>
Other Liabilities		
Customer Deposits	61,984	60,359
Total Liabilities	<u>1,068,257</u>	<u>1,201,809</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	493,426	476,232
Restricted	90,375	97,719
Unrestricted	427,498	478,469
Total Net Position	<u>1,011,299</u>	<u>1,052,420</u>
Total Liabilities and Net Position	<u><u>\$ 2,079,556</u></u>	<u><u>\$ 2,254,229</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Revenue		
Water and Sewer Revenue	\$ 571,275	\$ 556,931
Connection Fees and Service Charges	14,934	15,540
Total Operating Revenues	<u>586,209</u>	<u>572,471</u>
Operating Expenses		
Bad Debt	1,174	-
Depreciation	104,756	104,819
Employee Benefits	21,563	20,323
Insurance	6,442	6,195
Miscellaneous	10,376	6,962
Office Expense	9,810	10,410
Payroll Taxes	5,525	5,407
Postage	3,754	2,899
Professional Expenses	3,289	10,394
Repair and Maintenance	105,167	92,230
Salaries	74,195	69,061
Supplies	1,335	692
Utilities	40,686	40,739
Vehicle Expense	8,522	10,460
Water and Sewer Testing	4,794	3,604
Water Purchased	234,953	205,943
Total Operating Expenses	<u>636,341</u>	<u>590,138</u>
Income from Operations	<u>(50,132)</u>	<u>(17,667)</u>
Non-operating Revenues (Expenses)		
Interest Income	12,361	2,808
ARPA Funds	9,762	27,364
Miscellaneous Income	3,508	1,042
Interest Expense	(34,617)	(38,376)
Total Other Income (Expense)	<u>(8,986)</u>	<u>(7,162)</u>
Income before Contributions and Transfers	(59,118)	(24,829)
Transferred Payable to City to Net Position	17,996	-
Change in Net Position	<u>(41,122)</u>	<u>(24,829)</u>
Net Position - Beginning of Year	1,052,421	1,077,250
Net Position - End of Year	<u>\$ 1,011,299</u>	<u>\$ 1,052,421</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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 586,607	\$ 560,949
Cash Paid to Suppliers and Payment of Other Operating Activities	(472,042)	(396,001)
Cash Paid to Employees	(74,195)	(69,061)
Net Cash Provided by Operating Activities	<u>40,370</u>	<u>95,887</u>
Cash Flows from Non-Capital Financing Activities:		
Increase (Decrease) in Meter Deposits	1,625	2,375
Other Non-Operating Income	12,858	28,615
Net Cash Provided by Non-Capital Financing Activities	<u>14,483</u>	<u>30,990</u>
Cash Flows from Investing Activities:		
Investment Income	12,361	2,284
Net Cash Provided by Investing Activities	<u>12,361</u>	<u>2,284</u>
Cash Flows from Capital & Related Financing Activities:		
Capital Expenditures	(17,414)	(33,797)
Payments on Debt Obligations	(104,535)	(89,275)
Interest paid on Debt Obligations	(37,428)	(36,613)
Net Cash from Capital & Related Financing Activities	<u>(159,377)</u>	<u>(159,685)</u>
Net Increase (Decrease) in Cash	(92,163)	(30,524)
Cash at Beginning of Year	582,859	613,383
Cash at End of Year	<u>\$ 490,696</u>	<u>\$ 582,859</u>
Reconciliation of Earnings from Operations to Net Cash Provided by Operating Activities		
Income from Operations	\$ (50,132)	\$ (17,667)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	104,756	104,819
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivables	398	(11,522)
(Increase) Decrease in Receivables from Insurance	(18,688)	
(Increase) Decrease in Inventories	13,039	4,490
(Increase) Decrease in Prepaid Insurance	788	(1,286)
(Increase) Decrease in Prepaid Safe Water	43	(11)
Increase (Decrease) in Accounts Payable	(9,317)	16,893
Increase (Decrease) in Accrued Expenses	(517)	171
Total Adjustments	<u>90,502</u>	<u>113,554</u>
Net Cash Provided by Operating Activities	<u>\$ 40,370</u>	<u>\$ 95,887</u>
Cash Paid during the Year for:		
Interest	\$ 34,617	\$ 38,377

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



CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2023 and 2022

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 682 connections billed as of December 31, 2023 and 687 connections billed as of December 31, 2022. 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  
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Notes to Financial Statements  
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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. 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  
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December 31, 2023 and 2022

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, 2023. 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	\$ 494,837
FDIC Insured Time and Demand Deposits	(455,286)
Pledged Collateral	(18,598)
Collateral by Government Securities held by financial institution in the Department's name	(20,954)
Uncollateralized Deposits	<u>\$ 0</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  
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Notes to Financial Statements  
December 31, 2023 and 2022

**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>2023</u>	<u>2022</u>
<u>Unrestricted</u>		
Operations and Maintenance Checking	\$ (211)	\$ 25,609
Customer Deposits Checking	65,274	63,422
Depreciation 2016 Bond Fund Checking	40,564	57,508
Revenue Fund Checking	16,699	69,471
Certificate of Deposit	137,346	133,010
Depreciation Funds Certificate of Deposit	47,959	46,266
Certificate of Deposit	13,898	13,510
Certificate of Deposit	54,144	52,284
Certificate of Deposit	24,649	24,059
Total Unrestricted Cash	<u>\$ 400,321</u>	<u>\$ 485,140</u>
<u>Restricted Assets</u>		
Construction Fund	\$ 28	\$ 27
Debt Service Certificate of Deposit	69,394	67,456
Revenue Bond Fund	20,954	30,236
Total Restricted Assets	<u>\$ 90,375</u>	<u>\$ 97,719</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. Bad debts written off in 2023 and 2022 were \$1,174 and \$0.

Accounts Receivable are as follows:

	<u>January 1, 2022</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Accounts Receivable	56,574	59,974	55,331

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2023 and 2022

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 2023 and accounted for approximately 5% of water and sewer sales. On December 31, 2023, 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 2023 are as follows:

Description	Balance 12/31/22	Additions	Deletions	Balance 12/31/23
Water and Sewer System	\$ 3,424,605	\$ 17,414	\$ -	\$ 3,442,019
Vehicles and Equipment	219,360	-	-	219,360
Construction in Progress	32,564	-	-	32,564
Totals Property, Plant, & Equipment	3,676,528	17,414	-	3,693,942
Less: Accumulated Depreciation	(2,152,119)	(104,756)	-	(2,256,875)
Totals Property, Plant, & Equipment, Net	<u>\$ 1,524,409</u>	<u>\$ (87,342)</u>	<u>\$ -</u>	<u>\$ 1,437,067</u>

Depreciation expense was \$104,756 in 2023 and \$104,819 in 2022.

NOTE 6 – DUE TO CITY OF LAMAR

Current Liabilities included a payable to the City of Lamar for past expenses the City paid on behalf of the Lamar Water & Sewer Department. This payable was transferred to Net Position in 2023.

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.

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2023 and 2022

**NOTE 8 – LONG-TERM DEBT**

Long-term debt consisted of the following loans and bonds at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
(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.	\$ 125,297	\$ 151,481
(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.	68,402	93,691
(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.	56,571	58,291
(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.	39,799	41,732
(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	120,655	123,416
(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	387,017	410,223
(G) <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	0	3,011
(H) <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	<u>145,901</u>	<u>166,332</u>
Long-Term Debt	<u>\$ 943,642</u>	<u>\$ 1,048,177</u>

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
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Long Term Debt Maturity Schedule

		<u>Principal</u>	<u>Interest</u>
Due in:	2024	\$ 96,817	\$ 31,712
	2025	100,549	27,979
	2026	104,463	24,065
	2027	100,671	19,956
	2028	59,674	17,011
	2029-2033	238,930	63,620
	2034-2038	154,559	26,338
	2039-2043	41,806	10,298
	2044-2048	26,113	4,615
	2049-2052	20,060	985
Total Debt		<u>\$ 943,642</u>	<u>\$ 226,579</u>

Long-Term Debt Schedule

	Balance			Balance	Due in
	12/31/22	Additions	Deletions	12/31/23	One Year
1989 USDA Loan	\$ 151,481	\$ -	\$ 26,185	\$ 125,297	\$ 27,796
2003 AR Natural Resources Bond	93,691	-	25,289	68,402	17,822
2004 USDA Bond	58,291	-	1,720	56,571	1,782
2008 AR Natural Resources Bond	41,732	-	1,933	39,799	2,030
2012 USDA Bond	123,416	-	2,761	120,655	2,838
2016 AR Natural Resources Bond	410,223	-	23,206	387,017	24,018
2019 Centennial Bank Note	3,011	-	3,011	-	-
2021 AR Natural Resources Bond	166,332	-	20,431	145,901	20,532
	<u>\$1,048,177</u>	<u>\$ -</u>	<u>\$104,535</u>	<u>\$ 943,642</u>	<u>\$ 96,817</u>

NOTE 9 - RATE STRUCTURE

The water rate structure for 2023 is as follows:

0-1,999 gallons	\$ 23.45 minimum
2,000-4,999	9.630 per thousand gallons
5,000-14,999	7.800 per thousand gallons
15,000-above	6.250 per thousand gallons

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

0-1,999 gallons	\$ 15.75 minimum
2,000-above	2.100 per thousand gallons

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2023 and 2022

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 5.25% for January – June 2023 and 5.5% for July – December 2023 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:

	2023	2022	2021	2020	2019
Required Employer Contributions	\$10,980	\$10,580	\$11,560	\$10,919	\$11,101
Percentage Contributed	100%	100%	100%	100%	100%

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been reviewed through January 31, 2025 which is the date that the financial statements were available to be issued.