

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

December 31, 2021 and 2020

CITY OF LAMAR  
Water & Sewer Department  
Table of Contents  
December 31, 2021 and 2020

	PAGE
Independent Auditors' Report.....	1
Statements of Net Position.....	3
Statements of Revenues, Expenses, and Changes in Net Position .....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7

# King & Jacobs & Lorfing

Certified Public Accountants • Since 1958

---

Adele King Jacobs, CPA  
Rhonda B. Lorfing, CPA

1216 South Rogers  
Clarksville, AR 72830

T: 479.754.2478  
F: 479.754.2473

## 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

February 24, 2023

CITY OF LAMAR  
Water & Sewer Department  
Statements of Net Position  
December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 526,158	\$ 600,014
Accounts Receivables	56,574	58,727
Unbilled Receivables	6,636	13,111
Accrued Interest Receivables	337	302
Inventories	59,303	58,478
Prepaid Insurance	2,762	3,351
Prepaid Safe Water	2,483	-
Total Current Assets	<u>654,253</u>	<u>733,984</u>
Restricted Assets		
Cash and Investments	<u>87,225</u>	<u>86,364</u>
Property and Equipment		
Water and Sewer Systems	3,393,961	3,161,164
Vehicles and Equipment	219,360	217,851
Construction in Progress	32,564	232,740
	<u>3,645,885</u>	<u>3,611,755</u>
Less: Accumulated Deprecation	<u>(2,047,300)</u>	<u>(1,937,292)</u>
Net Property and Equipment	<u>1,598,585</u>	<u>1,674,463</u>
Other Assets		
Investment in Electric Coop Certificates of Equity	<u>10,222</u>	<u>9,846</u>
Total Other Assets	<u>10,222</u>	<u>9,846</u>
Total Assets	<u><u>\$ 2,350,285</u></u>	<u><u>\$ 2,504,657</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, 2021 and 2020

LIABILITIES AND NET POSITION

	<u>2021</u>	<u>2020</u>
Current Liabilities		
Current Installment of Long-Term Debt	\$ 97,498	\$ 83,925
Accounts Payable	44,985	242,547
Due to City of Lamar	17,996	17,996
Accrued Interest	10,305	10,934
Accrued Expenses	4,313	5,642
Total Current Liabilities	<u>175,097</u>	<u>361,043</u>
Long-Term Debt	<u>1,039,954</u>	<u>951,068</u>
Other Liabilities		
Customer Deposits	<u>57,984</u>	<u>56,659</u>
Total Liabilities	<u>1,273,035</u>	<u>1,368,770</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	461,133	639,470
Restricted	87,225	86,364
Unrestricted	528,892	410,053
Total Net Position	<u>1,077,250</u>	<u>1,135,887</u>
Total Liabilities and Net Position	<u>\$ 2,350,285</u>	<u>\$ 2,504,657</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue		
Water and Sewer Revenue	\$ 525,399	\$ 517,375
Connection Fees and Service Charges	13,573	18,471
Total Operating Revenues	<u>538,972</u>	<u>535,846</u>
Operating Expenses		
Depreciation	110,008	106,233
Employee Benefits	21,718	20,906
Contract Labor	2,045	4,593
Insurance	5,487	5,098
Miscellaneous	6,092	3,076
Office Expense	12,665	10,327
Payroll Taxes	5,832	5,495
Postage	2,990	2,344
Professional Expenses	7,994	7,394
Repair and Maintenance	69,501	81,411
Salaries	75,589	72,037
Supplies	1,287	1,707
Utilities	35,692	31,194
Vehicle Expense	10,721	6,776
Water and Sewer Testing	4,555	4,038
Water Purchased	187,685	181,685
Total Operating Expenses	<u>559,861</u>	<u>544,314</u>
Income from Operations	<u>(20,889)</u>	<u>(8,468)</u>
Non-operating Revenues (Expenses)		
Interest Income	2,835	4,367
Miscellaneous Income	1,335	553
Interest Expense	(41,918)	(45,140)
Total Other Income (Expense)	<u>(37,748)</u>	<u>(40,220)</u>
Change in Net Position	(58,637)	(48,688)
Net Position - Beginning of Year	1,135,887	1,184,576
Net Position - End of Year	<u>\$ 1,077,250</u>	<u>\$ 1,135,887</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, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 547,599	\$ 539,852
Cash Paid to Suppliers and Payment of		
Other Operating Activities	(393,429)	(380,759)
Cash Paid to Employees	(75,589)	(72,037)
Net Cash Provided by Operating Activities	<u>78,581</u>	<u>87,056</u>
Cash Flows from Non-Capital Financing Activities:		
Increase (Decrease) in Meter Deposits	1,325	1,212
Other Non-Operating Income	961	432
Net Cash Provided by Non-Capital Financing Activities	<u>2,286</u>	<u>1,644</u>
Cash Flows from Investing Activities:		
Investment Income	2,800	4,592
Net Cash Provided by Investing Activities	<u>2,800</u>	<u>4,592</u>
Cash Flows from Capital & Related Financing Activities:		
Construction Loan Process	225,000	-
Capital Expenditures	(216,573)	(16,939)
Payments on Debt Obligations	(122,543)	(80,121)
Interest paid on Debt Obligations	(42,547)	(45,721)
Net Cash from Capital & Related Financing Activities	<u>(156,663)</u>	<u>(142,782)</u>
Net Increase (Decrease) in Cash	(72,996)	(49,490)
Cash at Beginning of Year	686,379	735,869
Cash at End of Year	<u>\$ 613,383</u>	<u>\$ 686,379</u>
Reconciliation of Earnings from Operations to		
Net Cash Provided by Operating Activities		
Income from Operations	\$ (20,889)	\$ (8,468)
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	110,008	106,233
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivables	8,628	4,006
(Increase) Decrease in Inventories	(825)	(20,939)
(Increase) Decrease in Prepaid Insurance	589	(1,217)
(Increase) Decrease in Prepaid Safe Water	(2,483)	-
Increase (Decrease) in Accounts Payable	(15,118)	16,093
Increase (Decrease) in Accrued Expenses	(1,329)	(8,651)
Total Adjustments	<u>99,470</u>	<u>95,525</u>
Net Cash Provided by Operating Activities	<u>\$ 78,581</u>	<u>\$ 87,056</u>
Cash Paid during the Year for:		
Interest	\$ 41,918	\$ 45,721
Non-Cash Investing, Capital & Financing Activities:		
Capital Assets Included in Accounts Payable at Year End	\$ 3,153	\$ 185,597

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



CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2021 and 2020

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 691 connections billed as of December 31, 2021 and 691 connections billed as of December 31, 2020. 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.

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

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2021 and 2020

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, 2021 and 2020

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, 2021. 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	\$ 616,616
FDIC Insured Time and Demand Deposits	(302,190)
Pledged Collateral	(294,216)
Collateral by Government Securities held by financial institution in the Department's name	<u>(20,210)</u>
Uncollateralized Deposits	<u>\$ -</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.

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.

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Unrestricted</u>		
Operations and Maintenance Checking	\$ (1,900)	\$ 8,776
Customer Deposits Checking	60,827	59,288
Depreciation 2016 Bond Fund Checking	57,472	57,431
Revenue Fund Checking	141,668	207,380
Certificate of Deposit	132,627	132,279
Depreciation Funds Certificate of Deposit	45,944	45,711
Certificate of Deposit	13,416	13,348
Certificate of Deposit	52,190	52,013
Certificate of Deposit	23,915	23,788
Total Unrestricted Cash	<u>\$ 526,158</u>	<u>\$ 600,014</u>
<u>Restricted Assets</u>		
Construction Fund	27	10
Debt Service Certificate of Deposit	66,987	66,646
Revenue Bond Fund	20,211	19,708
Total Restricted Assets	<u>\$ 87,225</u>	<u>\$ 86,364</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 2021 or 2020.

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 2021 and accounted for approximately 5% of water and sewer sales. On December 31, 2021, the Department had accounts receivable of \$6,064 from its four largest users, which represents approximately 11% of the total accounts receivable. The Department does not have a stated policy regarding concentration of credit risk.

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2021 and 2020

**NOTE 5 - FIXED ASSETS AND CONSTRUCTION IN PROGRESS**

Changes in fixed assets and accumulated depreciation for 2021 are as follows:

Description	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Water and Sewer System	\$ 3,161,164	\$ 232,797	\$ -	\$ 3,393,961
Vehicles and Equipment	217,851	1,509	-	219,360
Construction in Progress	232,740	32,620	(232,797)	32,564
Totals Property, Plant, & Equipment	3,611,755	266,926	(232,797)	3,645,884
Less: Accumulated Depreciation	(1,937,292)	(110,008)	-	(2,047,300)
Totals Property, Plant, & Equipment, Net	<u>\$ 1,674,463</u>	<u>\$ 156,918</u>	<u>\$ (232,797)</u>	<u>\$ 1,598,585</u>

Depreciation expense was \$110,008 in 2021 and \$106,233 in 2020. Money spent in 2021 on the new meter project and sewer expansion for Watroak Dr. was added to construction in progress. These projects were completed in 2021 and moved to water and sewer system fixed assets.

**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, 2021 and 2020:

	2021	2020
(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.	\$ 176,145	\$ 199,375
(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.	101,752	117,347
(C) <u>Bond Payable</u> , dated January 13, 2004,		

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2021 and 2020

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.	59,936	61,508
(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.	43,573	45,327
(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	125,881	128,715
(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	432,644	454,307
(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	2,037	14,075
(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	8,824	14,339
(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	186,661	0
Total Long-Term Debt	<u>\$ 1,137,452</u>	<u>\$ 1,034,993</u>

CITY OF LAMAR  
Water & Sewer Department  
Notes to Financial Statements  
December 31, 2021 and 2020

Long Term Debt Maturity Schedule

		<u>Principal</u>	<u>Interest</u>
Due in:	2022	97,498	39,016
	2023	96,272	35,317
	2024	96,817	31,711
	2025	100,549	27,979
	2026	104,463	24,065
	2027-2031	316,381	79,479
	2032-2036	218,859	41,173
	2037-2041	42,790	13,347
	2042-2046	32,938	6,424
	2047-2051	28,218	2,382
	2052	2,666	20
Total Debt		<u>\$ 1,137,452</u>	<u>\$ 300,913</u>

Long-Term Debt Schedule

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21	Due in One Year
1989 USDA Loan	\$ 199,375	\$ -	\$ 23,231	\$ 176,145	\$ 24,660
2003 AR Natural Resources Bond	117,347	-	15,595	\$ 101,752	16,304
2004 USDA Bond	61,508	-	1,572	\$ 59,936	1,629
2008 AR Natural Resources Bond	45,327	-	1,754	\$ 43,573	1,841
2012 USDA Bond	128,715	-	2,834	\$ 125,881	2,465
2016 AR Natural Resources Bond	454,307	-	21,663	\$ 432,644	22,421
2017 Centennial Bank Note	14,075	-	12,038	\$ 2,037	2,037
2019 Centennial Bank Note	14,339	-	5,515	\$ 8,824	5,812
2021 AR Natural Resources Bond	-	225,000	38,339	\$ 186,661	20,329
	<u>\$ 1,034,993</u>	<u>\$ 225,000</u>	<u>\$ 122,541</u>	<u>\$ 1,137,452</u>	<u>\$ 97,498</u>

NOTE 9 - RATE STRUCTURE

The water rate structure for 2021 is as follows:

0-1,999 gallons	\$ 21.68 minimum
2,000-4,999	8.900 per thousand gallons
5,000-14,999	7.210 per thousand gallons
15,000-above	5.780 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, 2021 and 2020

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:

	2021	2020	2019	2018	2017
Required Employer Contributions	\$11,560	\$10,919	\$11,101	\$11,591	\$13,310
Percentage Contributed	100%	100%	100%	100%	100%

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been reviewed through February 24, 2023 which is the date that the financial statements were available to be issued.