NEW ISSUE

BOOK-ENTRY ONLY

In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the City comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds (and the interest on the Bonds is exempt from State of Arkansas income taxes and the Bonds are exempt from property taxation in the State of Arkansas.) In the opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code. See ***LEGAL MATTERS****,* *Tax Exemption herein.*

$1,990,000
CITY OF CAMDEN, ARKANSAS
WATER AND SEWER REFUNDING REVENUE BONDS
SERIES 2020

Dated: Date of Delivery Due: December 1, as described below

The Bonds will not be general obligations of the City of Camden, Arkansas (the "City"), but will be special obligations, secured by a pledge of and payable from revenues derived from the operation of the City's water and sewer system (the "System"). The pledge of revenues of the System in favor of the Bonds is on a parity with the pledge in favor of the City's Water and Sewer Revenue Bond, dated October 6, 2011 and the City's Water and Sewer Revenue Bonds, Series 2015. The pledge of revenues of the System in favor of the Bonds is senior to the pledge in favor of the City's Water and Sewer Refunding Revenue Bonds, Series 2016. See **THE BONDS**, Security.

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2021, and the Bonds mature (on December 1 of each year), bear interest and are priced to yield as follows:

MATURITY SCHEDULE

YEAR	AMOUNT	RATE(%)	YIELD(%)	YEAR	AMOUNT	RATE(%)	YIELD(%)
2021	$130,000	2.000	0.750	2028**	$305,000	2.000	1.375*
2022	135,000	2.000	0.800	2029	160,000	1.500	1.600
2023	140,000	2.000	0.900	2030	165,000	2.000	1.750*
2024	145,000	2.000	0.950	2031	145,000	1.750	1.800
2025	140,000	2.000	1.050	2040**	380,000	2.250	2.350
2026	145,000	2.000	1.150*				

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

The Bonds are offered when, as and if issued and received by the Underwriter named below, subject to approval as to legality by Friday, Eldredge & Clark, LLP, Bond Counsel, and subject to satisfaction of certain other conditions.

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

Stephens Inc.

Dated: September 16, 2020

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* Priced to first optional redemption date, December 1, 2025.

** Term Bonds

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

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Authorizing Ordinance described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions in such laws from such registration and qualification.

CONTENTS OF OFFICIAL STATEMENT

OFFICIAL STATEMENT

$1,990,000
CITY OF CAMDEN, ARKANSAS
WATER AND SEWER REFUNDING REVENUE BONDS
SERIES 2020

INTRODUCTION TO THE OFFICIAL STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and exhibit hereto. A full review should be made of the entire Official Statement, as well as the Authorizing Ordinance described herein.

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Camden, Arkansas (the "City"), of its Water and Sewer Refunding Revenue Bonds, Series 2020 in the principal amount of $1,990,000 (the "Bonds"). The Bonds are being issued to current refund the City's Water and Sewer Revenue Bonds, Series 2010 (the "2010 Bonds") and the City’s Water and Sewer Refunding Revenue Bonds, Series 2012 (the "2012 Bonds" and, together with the 2010 Bonds, the "Bonds Refunded"), to fund a debt service reserve and to pay expenses of issuing the Bonds. See **THE BONDS**, Purposes for Bonds.

The City is a city of the first class organized under the laws of the State of Arkansas (the "State") located in Ouachita County, Arkansas, which is in southwestern Arkansas. The City is authorized and empowered under the laws of the State, including particularly Title 14, Chapter 234, Subchapter 2, Title 14, Chapter 235, Subchapter 2 and Title 14, Chapter 164, Subchapter 4 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to issue revenue bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Bonds are not general obligations of the City but are special obligations payable solely from the revenues derived from the operation of the City's water and sewer system (the "System"). The pledge of System revenues in favor of the Bonds is on a parity with the pledge in favor of the City's, Water and Sewer Revenue Bond, dated October 6, 2011 (the "2011 Bond") and the City’s Water and Sewer Revenue Bonds, Series 2015 (the "2015 Bonds" and together with the 2011 Bond the "Parity Bonds"). The pledge of System revenues in favor of the Bonds is senior to the pledge in favor of the City's Water and Sewer Refunding Revenue Bonds, Series 2016 (the "Subordinate Bonds"). See **THE BONDS**, Security.

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation, and Ordinance No. 16-20 adopted on September 9, 2020 (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

The Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in the Bonds purchased. See **THE BONDS**, Book-Entry Only System. The Bonds will contain such other terms and provisions as described herein. See **THE BONDS**, Generally.

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or an integral multiple thereof. Interest is payable June 1, 2021, and semiannually thereafter on each June 1 and December 1. Principal is payable at the principal office of Citizens Bank & Trust Company, Van Buren, Arkansas, as trustee and paying agent (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Bond, together with a written instrument of transfer, to the Trustee. See **THE BONDS**, Generally.

The Bonds are subject to optional redemption on and after December 1, 2025 and are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended. The Bonds maturing on December 1 in the years 2028 and 2040 are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days' notice of redemption. See **THE BONDS**, Redemption.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), (iv) interest on the Bonds is exempt from State income tax and (v) the Bonds are exempt from property taxes in the State. See **LEGAL MATTERS**, Tax Exemption.

It is expected that the Bonds will be available for delivery on or about October 20, 2020 through the facilities of the Depository Trust Company in New York, New York.

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

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Suite 1720, Little Rock, Arkansas 72201; Attention: Public Finance.

THE BONDS

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Closing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

Generally. The Bonds shall be dated, mature and bear interest and interest is payable on the Bonds as set forth on the cover page hereof. The Bonds are issuable in the form of registered Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Authorizing Ordinance. In the event any Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Authorizing Ordinance.

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

No charge shall be made to any owner of any Bond for the privilege of registration, but any owner of any Bond requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. Neither the City nor the Trustee shall be required to transfer or exchange any Bonds selected for redemption in whole or in part.

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

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

Redemption. The Bonds are subject to extraordinary, optional and mandatory sinking fund redemption, as follows:

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

(2) Optional Redemption. The Bonds may be redeemed at the option of the City from funds from any source, on and after December 1, 2025 in whole or in part at any time at par plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Bonds maturing on December 1 in the years 2028 and 2040 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on December 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

BONDS MATURING DECEMBER 1, 2028

Years (December 1)	Principal Amounts
2027	$150,000
2028 (maturity)	155,000

BONDS MATURING DECEMBER 1, 2040

Years (December 1)	Principal Amounts
2032	$45,000
2033	40,000
2034	40,000
2035	45,000
2036	45,000
2037	40,000
2038	40,000
2039	40,000
2040 (maturity)	45,000

In case any outstanding Bond is in a denomination greater than $5,000, each $5,000 of face value of such Bond shall be treated as a separate Bond of the denomination of $5,000.

In the case of any redemption of Bonds prior to maturity, the Trustee shall mail or send via other standard means, including electronic or facsimile communication, a copy of the redemption notice to the registered owners of the Bonds to be redeemed, in each case not less than 30 nor more than 60 days prior to the date of redemption. After the date for redemption no further interest shall accrue on any Bond called for redemption if funds for redemption of such Bond have been deposited with the Trustee as provided in the Authorizing Ordinance.

Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Bonds.**

Purposes for Bonds. The Bonds are being issued to current refund the Bonds Refunded (the "Refunding"), to fund a debt service reserve and to pay expenses of issuing the Bonds. A portion of the Bond proceeds and other available funds of the System will be deposited with the trustee for the owners of the 2010 Bonds and invested in United States Treasury Obligations which will mature and bear interest at such times and in such amounts as will, together with uninvested cash, provide a cash flow sufficient to fully redeem the 2010 Bonds on December 1, 2020, at a redemption price of par plus accrued interest. A portion of the Bond proceeds and other available funds of the System will be deposited with the trustee for the owners of the 2012 Bonds and used to fully redeem the 2012 Bonds on the date the Bonds are issued at a redemption price of par plus accrued interest.

The sources and uses of funds to accomplish the Refunding are estimated by the City as follows:

SOURCES:	
Principal Amount of Bonds	$1,990,000
Existing Funds for Bonds Refunded	175,447
Net Original Issue Premium	31,973
Total Sources	$2,197,420
USES:	
Refunding Costs	$2,029,231
Debt Service Reserve Fund	89,694
Underwriter's Discount	39,800
Costs of Issuance	38,695
Total Uses	$2,197,420

The payment of Underwriter's discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **MISCELLANEOUS,** Underwriting, for a description of the Underwriter's discount.

Security. The Bonds are not general obligations of the City but are special obligations, secured by a pledge of the revenues derived from operation of the System. The pledge of System revenues in favor of the Bonds is on a parity with the pledge in favor of the Parity Bonds and is senior to the pledge in favor of the 2016 Bonds. There is a debt service reserve securing the Bonds in an amount equal to one-half of the maximum annual debt service requirement on the Bonds. The Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE** herein. The City may issue additional bonds ranking on a parity of security with the Bonds. See **THE AUTHORIZING ORDINANCE**, Additional Bonds.

COVID-19 Disclosure. The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Arkansas Governor Asa Hutchinson (the "Governor") has declared a state of emergency due to the outbreak of COVID-19 in the State. There have been significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. If market declines and/or volatility continues, the ability to sell or trade securities in the financial markets could be materially constrained.

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

The full impact of COVID-19 on the City is not known. The City expects that its available funds will be sufficient to fund its essential services and make all debt service payments. The System also expects its available funds are adequate to fund essential services and make all debt service payments. There have not been any material decreases in, or delays in collections of, revenues of the System. To date, the System has not suspended disconnections or waived any late penalties. Furthermore, there has not been a material decrease in water or sewer usage, and the City does not anticipate raising water or sewer rates as a result of COVID-19.

The City has implemented several changes to its operations to protect its employees and the public. The City has closed the City's offices to the public and requires City employees to wear face coverings and practice social distancing. The System implemented a similar approach to protecting its employees by closing buildings to the public, requiring employees to wear personal protective equipment and practicing social distancing.

THE CITY AND THE COUNTY

Location. The City is a city of the first class organized and existing under the laws of the State. The City is located in Ouachita County, Arkansas (the "County") in the southwestern part of the state. The City is located 98 miles southwest of Little Rock, Arkansas and 207 miles southwest of Memphis, Tennessee.

The Population. The following table sets forth the population trends for the City and County since 1970: [(1)]

Year	City	County
1970	15,147	30,896
1980	15,356	30,541
1990	14,380	30,574
2000	13,154	28,790
2010	12,183	26,120
2019[(2)]	10,749	23,382

[(1)]Sources: United States Census Bureau
[(2)]Estimate as of July 1.

Transportation. The City is served by U.S. Highway Nos. 79 and 278. The Union Pacific System makes daily shipments from the City to major cities across the United States.

A municipal airport with a 6,501 foot, paved and lighted runway serves public aircrafts. The nearest commercial airport is 98 miles away in Little Rock, Arkansas.

The Port of Camden has loading facilities and a nine-and-a-half-foot channel that connects with the Mississippi River.

Government. The government of the City operates under the mayor-council form of government, pursuant to which a mayor is elected for a four-year term and eight city council members are elected for two-year terms. The current mayor (whose term expires December 31, 2022) and council members of the City (whose terms expire December 31, 2020) and their principal occupations are as follows:

Name	Occupation
Julian Lott	Mayor
Chris Aregood	Truck Driver
Lawrence "Joe" Askew	Lockheed Martin
Irene Galbert	Retired
James Bell	Advertising
L. E. Lindsey	Certified Public Accountant
Marvin Moore	Boiler Operator
Harry "Chip" Simmons, Jr.	Lockheed Martin
Terrie Smith	State Trooper

Medical Facilities. Ouachita County Medical Center is located in the City and has approximately 98 beds. Approximately 15 physicians and surgeons serve the City.

Banks. The City is served by three banks: Generations Bank, BancorpSouth and Farmers Bank & Trust Company.

Education. Primary and secondary education for the City's inhabitants are provided by a public school system which is fully accredited by the Arkansas State Department of Education. Southern Arkansas University Tech is located within seven (7) miles of the City. Southern Arkansas University is located in Magnolia, approximately 30 miles from the City. Henderson State University and Ouachita Baptist University are located in Arkadelphia, approximately 40 miles from the City.

Economy. The economy of the City is a mixture of agriculture, commerce and industry. Highland Industrial Park is located seven (7) miles from the City and is the largest industrial park in a five-state area with 15,000 acres and over 5,000,000 square feet of manufacturing and warehouse buildings. It is the region's largest employment center with approximately 3,500 employees primarily consisting of companies in the defense industry. Set forth below are the major employers with over 200 employees located in or near the City:

Company	Product or Service	Number of Employees
Lockheed Martin	Defense	927
Aerojet	Defense	925
Ouachita County Medical Center	Health care	437
Camden-Fairview School District	Education	434
General Dynamics	Defense	290
ARM Tech	Defense	281
Bearden Lumber	Saw Mill	224

Litigation. There is no material litigation pending or threatened against the City that would materially adversely affect the financial condition of the City.

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

Year	Per Capita Personal Income
2014	$33,096
2015	33,954
2016	33,945
2017	35,026
2018	36,907

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

Total personal income estimates for the County are as follows: (1)

Year	Total Personal Income
2014	$819,565,000
2015	825,785,000
2016	815,188,000
2017	834,466,000
2018	871,227,000

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

	Annual Average Unemployment Rate (%)	
Year	County	State
2015	6.3	5.0
2016	5.8	4.0
2017	4.6	3.7
2018	4.5	3.6
2019	5.2	3.5
2020*	7.8	8.3

*As of June 2020.

THE SYSTEM

Governance. The System is managed by a Water and Sewer Commission (the "Commission"). Members of the Commission are appointed by, and the Commission reports directly to, the Mayor and City Council. The present members of the Commission are as follows:

Name	Occupation	Expiration of Term
Tina Davis	Farmers Bank	November 23, 2026
Eddie Sullivan	Operation Manager, Highland Industrial Park	November 23, 2022
Mike Smith	Edward Jones	November 23, 2020
Russell Delezen	Retired	November 23, 2024
Rudie Galbert	Retired	November 23, 2024

Operating Data.

Waterworks. The City has used surface water from the Ouachita River since 1943 for its drinking water. Five pumps move the raw water to the City's water treatment plant which has a maximum day capacity rating of 9.0 MGD.

On average, the water treatment plant treats approximately 3.0 MGD. The water treatment plant components consist of five river pumps, a splitter box, two flocculation clarifiers, six filters, one clearwell, five storage tanks, two booster stations, and four high service pumps. Raw water is moved from the splitter box into the two clarifiers where the flocculation process occurs. The clarified water flows over weirs and is directed to the six tri-media filters where lime is added. After filtering, the water is moved to the clearwell where more chlorine and lime are added. Four high service pumps move the treated water from the clearwells to five ground storage tanks.

Sewer System. The City operates a gravity wastewater collection system that has approximately 225 miles of sewer main with 12 lift stations. All sewage flowing from the City is pumped to the wastewater treatment plant by means of a pumping station. The discharge from the pumping station travels through two bar screens and two degritting units to a Parshall flume which functions as a flow measurement device. After passing through the Parshall flume, the sewage flow enters an aeration basin where it undergoes a treatment process known as an activated sludge process. Following this process, the sewage enters a division box that directs the flow to each of two final clarifiers. After final clarification, the clear liquid flows into the chlorination flume, goes to a detention basin where sulfur dioxide is added to de-chlorinate the liquid which is then discharged into an outfall line which flows into the Ouachita River. The City's wastewater treatment plant began operating on October 15, 1982 and was upgraded as recently as 2008. It is designed to treat 3.5 MGD.

Water Users. The following table reflects the number of water customers of the System in the various classifications for the years indicated:

Year	Residential*	Commercial	Water Associations	Total
2015	4,939	631	5	5,575
2016	5,100	665	5	5,770
2017	5,097	670	5	5,772
2018	4,977	662	5	5,644
2019	4,976	648	5	5,629

*Sprinkler meters included in residential numbers.

Sewer Users. The following table reflects the number of sewer customers of the System in the respective classifications for the years indicated:

Year	Residential	Commercial	Industrial	Total
2015	4,012	573	1	4,586
2016	4,096	562	1	4,659
2017	4,090	565	1	4,656
2018	4,018	561	1	4,580
2019	4,001	549	1	4,551

None of the water associations which have contracted to purchase water from the City are customers of the City's sewer system.

Major System Users. No user of the System accounted for more than 5% of System revenues in 2019. The following table sets forth information on the top five System users for the year 2019 based upon revenues.

User	Water Revenues	Sewer Revenues	Total Revenues
Harmony Grove Water Association	$224,339	--	$224,339
Highway 4 & 24 Water Association	132,501	--	132,501
Frenchport Water Association	115,552	--	115,552
Camden Housing Authority	69,441	91,227	160,668
Wire Road Water Association	60,543	--	60,543

The System has contracts with four of the five largest System users (see the caption "Water Rates - Water Associations" herein). None of the contracts are take, take or pay or requirements contracts. As such, there can be no guarantee that any of the water associations will continue to require water in the amounts previously required. There can also be no guarantee that any of the above-listed users will continue to utilize water in the amounts previously utilized. The diminution of use or disconnection by any of the above-listed major users could adversely affect the System in a material way.

Daily Water Usage. The following table shows historical water usage statistics for the System for the years indicated:

	2015	2016	2017	2018	2019
Average Daily Use in Gallons	1,946,400	1,863,700	1,909,393	2,609,003	1,771,523
Maximum Daily Use in Gallons	3,574,000	2,800,000	3,191,000	3,482,000	4,700,000

Rates and Charges. The rates and charges for water and sewer service provided to customers of the System are fixed by City ordinances. The latest rate ordinances were adopted in June 2015. Rates for water provided to water associations are established under the terms of five water purchase contracts, as more specifically described under the caption "Water Rates - Water Associations" herein. The water rates are subject to adjustment every year. The current rate for water associations is $3.00 per 1,000 gallons with the last increase having gone into effect on August 1, 2020.

Water and sewer rates are as follows:

Water Rates (effective August 1, 2020)

Meters. Except for fire hydrants and automatic fire sprinkler systems, all water shall be measured through meters.

Monthly Metered Customer Base Water Charge. Each metered customer is to be charged a monthly base charge for water as follows: $14.10 (inside city) and $26.60 (outside city).

Additional Monthly Water Charges. In addition to the monthly base charge, the following rate applies to the amount of water used per 1,000 gallons or a portion thereof per month: $3.00 per 1,000 gallons or portion thereof.

Outside City Customers. The term "outside city" used in the foregoing minimum and additional monthly charges for residential, commercial, and industrial users refers to all residential, commercial, or industrial customers except the City receiving service outside the City limits and to nonresident residential, commercial, or industrial consumers who purchase water within the City limits, which water is then transported to a point outside the City limits for use or resale.

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Water Associations. The City has entered into water purchase contracts with certain water associations, as described in the following table. None of these contracts are take, take or pay or requirements contracts. The current rate (effective August 1, 2020) charged to these water associations is $3.00 per 1,000 gallons or portion thereof. In addition to the $3.00 per 1,000 gallons rate, Harmony Grove Water Association pays the City $2,741 per month under its contract with the City.

Date	Purchaser	Quantity Purchased	Term
December 23, 1985	Buena Vista/Ogemaw Water Association	Such quantity as may be required by Purchaser, not to exceed 1,750,000* gallons per month	40 years
October 13, 1988**	Wire Road Water Association	Such quantity as may be required by Purchaser, not to exceed 2,250,000 gallons per month	40 years
September 16, 1991	Hwy. 4 & 24 Water Association, Inc.	Such quantity as may be required by Purchaser, with no agreed upon maximum	40 years
July 7, 2011	Harmony Grove Water Association	Such quantity as may be required by Purchaser, not to exceed 648,000 gallons per day	50 years
September 1, 2020	Frenchport Water Association	Such quantity as may be required by Purchaser, not to exceed 350,000 gallons per day	40 years

Sewer Rates (effective August 1, 2020)

Minimum Monthly Sewer Charge. Each customer shall be charged a monthly sewer base charge of $16.00.

A $5.00 surcharge is added to the sewer base charge for all customers residing outside the City.

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* Reduced from 4,000,000 when the Wire Road Water Association contract was approved on October 13, 1988.

** On October 13, 1988, the Camden Water and Sewer Commission approved the purchase of water from the System by the Wire Road Water Association pursuant to the terms of the contract with the Buena Vista/Ogemaw Water Association.

Additional Monthly Sewer Charges. In addition to the monthly sewer base charge, the following sewer rate applies to the amount of metered water consumption per month: $4.05 per 1,000 gallons or portion thereof.

Capital Improvement Plans. The City has authorized a 20-Year Master Improvement Plan (the "Master Plan") for the System. The City intends to accomplish the Master Plan in four phases. Each phase of the Master Plan will include $5,000,000 in capital improvements to the System, for a total of $20,000,000 in capital improvements over the 20-year period. The City issued the 2015 Bonds to finance the costs of phase one of the Master Plan. The City anticipates financing all or a portion of the costs of the remaining three phases of the Master Plan by the issuance of water and sewer revenue bonds. The City may issue additional water and sewer revenue bonds in 2021 to finance the costs of phase two.

Litigation. There is no material litigation or administrative proceeding pending or threatened against the System.

THE AUTHORIZING ORDINANCE

The Bonds are being issued and secured pursuant to the Authorizing Ordinance, to which reference may be had in its entirety for a detailed statement of its provisions, the description set forth below being a summary of certain provisions. The City will covenant as set forth below in the Authorizing Ordinance.

Rates and General Covenants to Operate. (a) The rates charged for services of the System heretofore fixed by ordinances of the City, and the conditions, rights and obligations pertaining thereto, as set out in those ordinances are ratified, confirmed and continued.

(b) The System shall be continuously operated as a revenue-producing undertaking and the City will not sell or lease the same, or any substantial portion thereof. However, nothing shall be construed to prohibit the City from making such dispositions of properties of the System and such replacements and substitutions for properties of the System as shall be necessary or incidental to the efficient operation of the System as a revenue-producing undertaking.

(c) The City covenants that the rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant ("Accountant") a certificate that the Net Revenues ("Net Revenues" being defined as gross revenues of the System less the expenses of operation and maintenance of the System, including all expense items properly attributable to the operation and maintenance of the System under generally accepted accounting principles applicable to municipal water and sewer systems other than depreciation, interest and amortization expenses), with the reduced rates, will always be equal to at least 110% of the maximum annual principal and interest requirements on all outstanding bonds to which System revenues are pledged ("System Bonds"). The City further covenants that the rates shall, if and when necessary from time to time, be increased in such manner as will produce Net Revenues at least equal to 110% of the maximum annual principal and interest requirements on all System Bonds.

Funds and Disposition of Revenues. (a) All revenues derived from the operation of the System shall be first deposited into a special fund designated "Waterworks and Sewer Revenue Fund" (the "Revenue Fund") in a depository bank selected by the City that is a member of the Federal Deposit Insurance Corporation ("FDIC").

(b) There shall be first paid from the Revenue Fund into a special fund designated "Waterworks and Sewer Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), on the first business day of each month, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair and maintenance of the System for such month and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and Maintenance Fund each month.

If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid therein during the next succeeding month. If in any fiscal year a surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to meet the requirements thereof during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred to the Revenue Fund.

(c) There shall next be transferred from the Revenue Fund into a special fund created with the Trustee and designated the "2020 Water and Sewer Revenue Bond Fund" (the "Bond Fund"), on the first business day of each month until all outstanding Bonds with interest thereon have been paid in full or provision made for such payment, a sum equal to one-sixth (1/6) of the next installment of interest and one-twelfth (1/12) of the next installment of principal of the Bonds.

The City shall also pay into the Bond Fund such additional sums as necessary to provide the Trustee's fees and expenses plus any arbitrage rebate due the United States Treasury under Section 148 of the Code. The City shall receive a credit against monthly deposits into the Bond Fund for all interest earnings on moneys in the Bond Fund and for transfers to the Bond Fund derived from earnings on the Debt Service Reserve received during the preceding month.

There is created, as a part of the Bond Fund, a Debt Service Reserve which the City agrees to continuously maintain in an amount equal to one-half of the maximum annual debt service requirement on the Bonds (the "Required Level"). Should the Debt Service Reserve become impaired or be reduced below the Required Level, the deficiency shall be cured by an additional monthly payment equal to one-twelfth (1/12) of the deficiency until the impairment or reduction is corrected.

If for any reason there shall be a deficiency in the payments made into the Bond Fund so that there are unavailable sufficient moneys therein to pay the principal of and interest on the Bonds as the same become due, any sums then held in the Debt Service Reserve shall be used to the extent necessary to pay such principal and interest. The Debt Service Reserve shall be used solely as described in the Authorizing Ordinance and shall secure only the Bonds and not any additional bonds.

If System revenues are insufficient to make the required payment by the first business day of the following month into the Bond Fund, then the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund by the first business day of the next month.

If a surplus shall exist in the Bond Fund over and above the amount required for making all such payments when due and over and above the Required Level for the Debt Service Reserve, such surplus may be applied to the payment of the principal of, redemption premium, if any, and interest on any Bonds that may be called for redemption prior to maturity or deposited into the Revenue Fund.

(d) Simultaneously with making the deposit into the Bond Fund, there shall be transferred from the Revenue Fund into the special fund designated "2015 Water and Sewer Revenue Bond Fund" created to secure the 2015 Bonds and the special fund designated "2011 Water and Sewer Revenue Bond Fund" created to secure the 2011 Bond (collectively, the "Parity Bond Funds") amounts equal to the required monthly deposit into each fund. The obligation to make the required monthly deposits into the Bond Fund and the Parity Bond Funds shall rank on a parity of security. If the City issues any additional parity bonds, the obligation to make payments into debt service and any debt service reserve funds for those bonds shall rank on a parity of security with the obligation to make payments into the Bond Fund and the Parity Bond Funds. In the event the System revenues remaining after the required monthly deposit into the Operation and Maintenance Fund are insufficient to make the full monthly deposits into the Bond Fund, the Parity Bond Funds and the bond funds for the additional parity bonds, the amount deposited into each shall be reduced proportionately.

(e) There shall next be transferred from the Revenue Fund into the bond fund for the Subordinate Bonds the amount required by the ordinance authorizing such bonds.

(f) After making the payments set forth above, there shall be transferred from the Revenue Fund into a special fund heretofore created and designated the "Waterworks and Sewer System Depreciation Fund" (the "Depreciation Fund"), on the first business day of each month, three percent (3%) of gross revenues of the System for the preceding month. The moneys in the Depreciation Fund shall be used solely for the purpose of paying the costs of short-lived assets and replacements made necessary by the depreciation of the System and for the purpose of paying the costs of damage caused by unforeseen catastrophes.

If any surplus shall be accumulated in the Depreciation Fund over and above the amount which shall be necessary to defray the cost of the probable replacements during the then current fiscal year and next ensuing fiscal year, such surplus may be deposited into the Revenue Fund.

(g) Any surplus in the Revenue Fund after making all disbursements and providing for all funds described above may be used, at the option of the City, for any lawful municipal purpose authorized by the City.

Additional Parity Bonds. So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of pledge on Revenues over the pledge securing the Bonds.

The City may issue additional bonds ranking on a parity with the Bonds if, but only if: (1) there shall have been filed with the Trustee a statement by an Accountant reciting, based upon necessary investigation, that Net Revenues (as defined under **THE AUTHORIZING ORDINANCE**, Rates and General Covenants to Operate) for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall equal not less than 110% of the maximum annual principal and interest requirements on the then outstanding System Bonds and the additional bonds then proposed to be issued; or (2) there shall have been filed with the Trustee a statement by an Accountant reciting, based upon necessary investigation, that Net Revenues for the next ensuing fiscal year, including the Net Revenues to be derived from any extensions, betterments and improvements to be constructed out of the proceeds of the additional bonds then proposed to be issued, as reflected by a certificate of a duly qualified consulting engineer not in the regular employ of the City, and taking into consideration any rate increase adopted before issuance of the additional bonds, shall be equal to not less than 110% of the maximum annual principal and interest requirements on the then outstanding System Bonds and the additional bonds then proposed to be issued. In making the computation set forth in clause (1) above, the City and the Accountant may treat any increase in rates for the System enacted subsequent to the first day of such preceding fiscal year as having been in effect throughout such fiscal year and may include in Net Revenues for such fiscal year the amount that would have been received had the increase been in effect throughout such fiscal year.

Accounts and Records. The City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the registered owner of any of the Bonds at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an Accountant at least once each year, and a copy of the audit shall be delivered to the Trustee and made available to registered owners requesting the same in writing. In the event that the City fails or refuses to make the audit, the Trustee or any registered owner of the Bonds may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Maintenance; Insurance. The City covenants and agrees that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. While any of the Bonds are outstanding, the City agrees that, to the extent comparable protection is not otherwise provided to the satisfaction of the Trustee, it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risk thereof, properties of the System, to the extent that such properties would be covered by insurance by private companies engaged in similar types of businesses, against loss or damage thereto from fire, lightning, tornados, winds, riot, strike, civil commotion, malicious damage, explosion, extended coverage and against any other loss or damage from any other causes customarily insured against by private companies engaged in similar types of business. The insurance policies are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of said insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Revenue Fund and if such proceeds shall be insufficient for such purposes the deficiency shall be supplied first from moneys in the Depreciation Fund, and second from moneys in the Operation and Maintenance Fund and third from surplus moneys in the Revenue Fund. Nothing shall be construed as requiring the City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing the City from doing so.

Defeasance. Any Bond shall be deemed to be paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond (whether at maturity or upon redemption, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) direct or fully guaranteed obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Government Securities") and/or (2) cash fully insured by the FDIC and/or fully collateralized with Government Securities sufficient to make such payment (provided that such deposit will not affect the tax-exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, such Government Securities maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of any Bonds within the meaning of the Authorizing Ordinance, the Trustee shall hold in trust, for the benefit of the owners of such Bonds, all such moneys and/or Government Securities.

When all the Bonds shall have been paid within the meaning of the Authorizing Ordinance, if the Trustee has been paid its fees and expenses and if all arbitrage rebate due the United States under Section 148(f) of the Code has been paid or provided for to the satisfaction of the Trustee, the Trustee shall take all appropriate action to cause (i) the pledge and lien of the Authorizing Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to the Authorizing Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of the City.

Default and Remedies. (a) If there be any default in the payment of the principal of or interest on any of the Bonds, or if the City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in the Authorizing Ordinance, the Trustee may, and upon the written request of the registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of the State. And in the case of a default in the payment of the principal of and interest on any of the Bonds, the Trustee may, and upon the written request of registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the registered owners of the Bonds with power to charge and collect or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, maintenance and repair and to pay any Bonds and interest outstanding and to apply System revenues in conformity with the laws of Arkansas and with the Authorizing Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No registered owner of any of the outstanding Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except in the manner described in the Authorizing Ordinance. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Bonds.

(c) No remedy conferred upon or reserved to the Trustee or to the registered owners of the Bonds is intended to be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Authorizing Ordinance or by law.

(d) The Trustee may, and upon the written request of the registered owners of not less than a majority in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the Authorizing Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(e) In any proceeding to enforce the provisions of the Authorizing Ordinance the Trustee or any plaintiff Bondholder shall be entitled to recover costs of such proceeding, including reasonable attorneys' fees.

<u>Amendment of Authorizing Ordinance</u>. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds and no variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth below.

The Trustee may consent to any variation or change in the Authorizing Ordinance to cure any ambiguity, defect or omission therein or any amendment thereto or which, in the opinion of the Trustee, is not materially adverse to the interests of the owners of the Bonds, without the consent of the owners of the outstanding Bonds.

The owners of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Authorizing Ordinance to the contrary notwithstanding, to consent to and approve, the adoption by the City of such ordinance supplemental hereto as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance; provided, however, that nothing contained in the Authorizing Ordinance shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien or pledge superior to the lien and pledge created by the Authorizing Ordinance, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the registered owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by giving sixty (60) days' notice in writing to the City Clerk and the registered owners of the Bonds, and the majority in value of the registered owners of the outstanding Bonds or the City, so long as it is not in default under the Authorizing Ordinance, at any time, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the City shall designate a new Trustee by a written instrument filed in the office of the City Clerk. Every successor Trustee shall be a trust company or bank in good standing; duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than $25,000,000. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective registered owners of the Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee. Notwithstanding the above, neither the removal of the Trustee nor the resignation by the Trustee shall be effective until a successor Trustee shall have been appointed.

Investments. (a) Moneys held for the credit of the Bond Fund shall be continuously invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in Permitted Investments, all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, as follows: not later than the payment date for interest or principal and interest for moneys in the debt service portion of the Bond Fund; and not later than five (5) years or the final maturity of the Bonds, whichever is earlier, for moneys in the Debt Service Reserve.

(b) Moneys held for the credit of the Revenue Fund, the Operation and Maintenance Fund and the Depreciation Fund may be invested and reinvested by the City in Permitted Investments or other investments permitted by law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular fund will be required for purposes intended.

(c) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund, except that interest earnings and profits on investments of moneys in the Debt Service Reserve which increase the amount thereof above the Required Level shall to the extent of any such excess be applied as a credit to monthly payments required to be deposited into the Bond Fund.

(d) "Permitted Investments" are defined as (i) Government Securities, (ii) direct obligations of an agency, instrumentality or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government, (iii) certificates of deposit or demand deposits of banks, including the

Trustee, which are insured by FDIC or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by State law to secure public funds or (iv) money market funds invested exclusively in Government Securities or investments described in (ii) above.

CONTINUING DISCLOSURE AGREEMENT

Past Compliance. In the past five years, the City has been a party to certain continuing disclosure agreements in connection with four outstanding bond issues. The City has been obligated to file certain information with the Municipal Securities Rulemaking Board (the "MSRB") on its Electronic Municipal Market Access system ("EMMA") within the time periods set forth in the agreements. The City has reviewed its past compliance with such agreements. While the City has not made a determination as to materiality, the following constitutes a non-exhaustive summary of the City's review of compliance with continuing disclosure obligations over the past five years.

The continuing disclosure agreements required the City to file the audited financial statements of the System. The City was required to file the audited financial statements of the System on EMMA within 180 days after the end of the City's fiscal year (December 31); provided, however, that if such audited financial statements were not available, the City was required to make such filing within 30 days of the audited financial statements becoming available. The audited financial statements of the System for the years ended December 31, 2015, 2016, 2017, 2018 and 2019 have all been timely filed.

The continuing disclosure agreements required the City to disclose certain statistical information related to the System in annual reports that are filed with the MSRB. The annual reports for the fiscal years ended December 31, 2015, 2016, 2018, and 2019 were timely filed and contained all of the required statistical information. The annual report for the fiscal year ended December 31, 2017 was not filed on EMMA for three of the City's outstanding bond issues.

Notices concerning the City's failure to comply with its continuing disclosure obligations as summarized above were not timely filed on EMMA.

The City's continuing disclosure agreements also obligated the City to file a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5). No notices of such events were required to be filed in the past five years.

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

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

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

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

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

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

"Financial Obligation" shall mean a

(A) debt obligation;

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the System's fiscal year (presently December 31) commencing with the report after the end of the 2020 fiscal year, provide to the MSRB through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the System may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within thirty (30) days of becoming available. If the fiscal year of the System changes, it shall give notice of such change in the manner as for a Listed Event.

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

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

(d) As and to the extent an Annual Report or Notice of Listed Event is required to be filed under the Continuing Disclosure Agreement, the City shall submit such Annual Report or Notice of Listed Event to the MSRB through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org, or any other similar system that is acceptable to the Securities and Exchange Commission. All documents provided to the MSRB pursuant to the Continuing Disclosure Agreement shall be in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the following:

(1) Information of the type set forth in this Official Statement under the caption **THE SYSTEM** with respect to (i) the number of water and sewer users by category for the fiscal year then ended and the four previous fiscal years; and (ii) the top five (5) users of the System for the previous fiscal year and a statement as to which users, if any, accounted for 5% or more of System revenues for the preceding fiscal year; and

(2) The annual financial statements of the System (which may be included in the annual audit of the City) prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America. If there are no accounting principles generally accepted in the United States of America at the time the annual financial statements are prepared, then the annual financial statements shall be prepared in accordance with State law. If there are no auditing standards generally accepted in the United States of America at the time the annual financial statements are audited, then the annual financial statements shall be audited in accordance with State law.

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

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders, if material.
8. Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

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

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

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

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

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

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

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

Termination of Reporting Obligation. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Bonds.

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

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

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

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

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

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

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

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

<u>Duties of Trustee and Dissemination Agent and Right of Indemnity</u>. The Dissemination Agent (if other than the Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding

liabilities due to the Dissemination Agent's or the Trustee's gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Underwriter and the Beneficial Owners and shall create no rights in any other person or entity.

FINANCIAL INFORMATION

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

Set forth below is a Summary Statement of Revenues and Expenses of the System for the fiscal years ended 2015-2019.

	Fiscal Year Ended December 31				
	2015	2016	2017	2018	2019
Operating Revenues	$3,716,687	$4,199,990	$4,222,344	$4,523,856	$4,495,290
Operating Expenses Excluding Depreciation and Amortization	(2,391,653)	(2,393,990)	(2,678,666)	(2,849,395)	(3,274,604)
Net Operating Income Before Depreciation And Amortization	1,325,034	1,806,000	1,543,678	1,674,461	1,220,686
Depreciation and Amortization	(824,106)	(778,250)	(830,784)	(893,199)	(938,673)
Net Operating Income (Loss)	500,928	1,027,750	712,894	781,262	282,013
Investment Income	14,505	58,679	39,349	44,549	73,765
Interest Expense	(359,800)	(471,261)	(436,982)	(415,679)	(396,041)
Other Income (Expense)	(136,481)	(105,983)	(29,000)	1,000	--
Net Income (Loss)	$19,152	$509,185	$286,261	$411,132	($40,263)

DEBT SERVICE COVERAGE

The following table shows the estimated Net Revenues of the System available for debt service, the amount of maximum annual debt service expected to be due while the Bonds are outstanding, and the extent to which debt service is estimated to be covered by such funds:

System Revenues (1)	$4,569,055
Less: Operating Expenses(2)	(3,274,604)
Net Revenues Available for Debt Service(A)	$1,294,451
Maximum Annual Debt Service Requirements on the Bonds and Parity Bonds(B) (3) (4)	$580,980
Debt Service Coverage (A/B)	2.23x
Maximum Annual Debt Service Requirements on the Bonds, Parity Bonds and Subordinate Bonds(C) (3) (4)	$1,032,218
Debt Service Coverage (A/C)	1.25x

(1) System revenues are based on the System's audited financial statements for the fiscal year ended December 31, 2019, and include operating revenues plus investment income ($73,765).
(2) Total expenses before depreciation, interest and bond amortization expenses. Based on the System's audited financial statements for the fiscal year ended December 31, 2019.
(3) In June 2015, the City increased water and sewer rates. See **THE SYSTEM**. The first phase of the rate increases became effective on August 1, 2015, with annual increases effective on each August 1 thereafter. The final phase of rate increases became effective on August 1, 2020.
(4) Using a year ending December 31.

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DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds for each year ending December 31:

Year (Ending December 31)	Principal	Interest	Total Debt Service
2021	$ 130,000	$ 44,096.08	$ 174,096.08
2022	135,000	36,987.50	171,987.50
2023	140,000	34,287.50	174,287.50
2024	145,000	31,487.50	176,487.50
2025	140,000	28,587.50	168,587.50
2026	145,000	25,787.50	170,787.50
2027	150,000	22,887.50	172,887.50
2028	155,000	19,887.50	174,887.50
2029	160,000	16,787.50	176,787.50
2030	165,000	14,387.50	179,387.50
2031	145,000	11,087.50	156,087.50
2032	45,000	8,550.00	53,550.00
2033	40,000	7,537.50	47,537.50
2034	40,000	6,637.50	46,637.50
2035	45,000	5,737.50	50,737.50
2036	45,000	4,725.00	49,725.00
2037	40,000	3,712.50	43,712.50
2038	40,000	2,812.50	42,812.50
2039	40,000	1,912.50	41,912.50
2040	45,000	1,012.50	46,012.50
TOTALS	$1,990,000	$328,908.58	$2,318,908.58

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Set forth below are the debt service requirements for the Bonds, the Parity Bonds, and the Subordinate Bonds for each year ending December 31:

Year (Ending December 31)	Bonds Debt Service	Parity Bonds Debt Service	Subordinate Bonds Debt Service	Total Debt Service
2021	$ 174,096.08	$405,767.24	$452,355.00	$ 1,032,218.32
2022	171,987.50	405,592.26	450,955.00	1,028,534.76
2023	174,287.50	404,247.25	449,455.00	1,027,989.75
2024	176,487.50	402,724.37	447,855.00	1,027,066.87
2025	168,587.50	405,417.27	451,155.00	1,025,159.77
2026	170,787.50	402,767.27	448,565.00	1,022,119.77
2027	172,887.50	404,967.29	450,690.00	1,028,544.79
2028	174,887.50	401,154.59	452,050.00	1,028,092.09
2029	176,787.50	401,567.32	447,800.00	1,026,154.82
2030	179,387.50	401,592.31	447,800.00	1,028,779.81
2031	156,087.50	406,267.32	452,200.00	1,014,554.82
2032	53,550.00	403,060.45	450,800.00	907,410.45
2033	47,537.50	404,492.36	448,050.00	900,079.86
2034	46,637.50	401,929.87		448,567.37
2035	50,737.50	403,992.37		454,729.87
2036	49,725.00	30,467.07		80,192.07
2037	43,712.50	30,492.37		74,204.87
2038	42,812.50	30,492.40		73,304.90
2039	41,912.50	30,492.40		72,404.90
2040	46,012.50	30,474.52		76,487.02
2041		30,492.45		30,492.45
2042		30,492.44		30,492.44
2043		30,492.45		30,492.45
2044		30,482.95		30,482.95
2045		30,492.48		30,492.48
2046		30,492.51		30,492.51
2047		30,492.51		30,492.51
2048		6,245.23		6,245.23
TOTALS	$2,318,908.58	$6,427,641.32	$5,849,730.00	$14,596,279.90

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LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the legality of the Bonds or the proceedings and authority under which the Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the Bonds.

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel.

Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from all State income taxes and the Bonds are exempt from property taxation in the State.

Also, in the opinion of Bond Counsel, interest on the Bonds under existing law is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds and the System. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

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

Prospective purchasers of the Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder’s interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

An exception allows a deduction of certain interest expense allocable to "qualified tax-exempt obligations." The City has designated the Bonds as "qualified tax-exempt obligations" and has covenanted not to use the System and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds," within the meaning of the Code, and has represented that the City and its subordinate entities have not and do not reasonably expect to issue more than $10,000,000 of such tax-exempt obligations (other than private-activity bonds (excluding from that term "qualified 501(c)(3) bonds" under Section 145 of the Code)) during calendar year 2020.

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

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

As shown on the front cover of this Official Statement, certain of the Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excludable from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

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

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

It is not an event of default on the Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

MISCELLANEOUS

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

Underwriting. Stephens Inc., as underwriter (the "Underwriter"), has agreed, subject to certain conditions precedent, to purchase the Bonds from the City at a purchase price of $1,982,172.80 (principal amount plus net original issue premium of $31,972.80 less Underwriter's discount of $39,800. The Underwriter is committed to purchase all of the Bonds if any are purchased.

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

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

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

The execution and delivery of this Official Statement on behalf of the City has been authorized by the City.

CITY OF CAMDEN, ARKANSAS

By: /s/ Julian Lott
Mayor

Dated: As of the Cover Page hereof.

EXHIBIT A

Independent Auditor's Report and Financial Statements

Camden Water Utilities
A Component Unit of the City of Camden, Arkansas

For the Year Ended December 31, 2019

EMRICH &
SCROGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Contents

Marc J. Emrich, CPA, CGMA
Stacy D. Scroggins, CPA, CGMA

EMRICH & SCROGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
www.eldocpa.com

Members
American Institute of
Certified Public Accountants

Independent Auditor's Report

To the Board of Commissioners
Camden Water Utilities
Camden, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of Camden Water Utilities (the "Utility"), a component unit of the City of Camden, Arkansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

Management's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Camden Water Utilities as of December 31, 2019, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the pension schedules on pages 20 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

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procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Our audit was conducted for the purpose of forming an opinion on the Utility's basic financial statements. The combining statements of operations and operating expenses on pages 22 and 23 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 our opinion, the combining statements of operations and operating expenses are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2020, on our consideration of the Utility's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Utility's internal control over financial reporting and compliance.

Emrich & Scroggins, LLP

Emrich & Scroggins, LLP
Certified Public Accountants

El Dorado, Arkansas

August 17, 2020

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Introduction

This management's discussion and analysis of the financial performance of Camden Water Utilities (the "Utility") provides an overview of the Utility's financial activities for the year ended December 31, 2019. It should be read in conjunction with the accompanying financial statements of Camden Water Utilities.

Financial Highlights

- Current assets increased from $3,664,745 in 2018 to $3,686,867 in 2019, an increase of $22,122 (0.6%).
- Restricted assets decreased from $1,451,188 in 2018 to $1,108,709 in 2019, a decrease of $342,479 (23.6%). This decrease was primarily due to spending down of the 2015 bond proceeds for capital improvements.
- Capital assets decreased $232,432 (1.1%) from $21,504,816 in 2018 to $21,272,384 in 2019 due to depreciation of $938,673 exceeding capital improvements of $706,241.
- The Utility's net pension liability increased $209,659 (21.7%) from $964,978 in 2018 to $1,174,637 in 2019. Deferred outflows of resources and deferred inflows of resources related to the net pension liability increased (decreased) by $32,486 and ($45,853), respectively
- The Utility reported operating income of $282,013 in 2019, which represents a decrease of $499,249 (63.9%) from the operating income reported in 2018 of $781,262. The decrease in operating income resulted primarily from an increase in operating expense of $470,683.
- Non-operating revenues (expenses) included investment income of $73,765 and interest expense of ($396,041).

Using this Annual Report

The Utility's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Utility, including resources held by the Utility but restricted for specific purposes by creditors, regulators or enabling legislation. The Utility is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any organization's finances is, "Did the organization as a whole end the year better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Utility's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Utility's net position and changes in them. The Utility's total net position – the difference between assets and liabilities – are one measure of the Utility's financial health or financial position. Over time, increases or decreases in the Utility's net position are an indicator of whether its financial health is improving or declining.

The Statement of Cash Flows

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to questions such as which activity provided cash, which activity used cash and what was the change in cash balances during the reporting period.

Net Position

The Utility's net position represents the difference between its assets and liabilities reported in the Statement of Net Position. Of the Utility's total net position, $8,963,425 (73.9%) signifies the Utility's investment in capital assets (i.e., land, utility plant, buildings and improvements, machinery and equipment and construction in progress), less any outstanding debt used to acquire those assets. Although the Utility's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources since the capital assets themselves cannot be liquidated to satisfy outstanding debt obligations.

Of the Utility's total net position, $94,591 (0.8%) was restricted for debt service and $580,581 (4.8%) was restricted for capital projects; these amounts are shown net of related liabilities. The remaining $2,478,675 (20.5%) of the Utility's net position was unrestricted and may be used to meet ongoing obligations to customers and creditors.

Table 1: Assets, Liabilities and Net Position

	2019	2018	Difference	Percent Change
Assets				
Current assets	$ 3,686,867	$ 3,664,745	$ 22,122	0.6%
Restricted assets	1,108,709	1,451,188	(342,479)	-23.6%
Capital assets - net	21,272,384	21,504,816	(232,432)	-1.1%
Total Assets	26,067,960	26,620,749	(552,789)	-2.1%
Deferred Outflows of Resources	267,443	234,957	32,486	n/a
Total Assets and Deferred Outflows	$ 26,335,403	$ 26,855,706	$ (520,303)	-1.9%
Liabilities				
Current liabilities	$ 1,266,101	$ 1,232,827	$ 33,274	2.7%
Long-term liabilities	12,880,622	13,348,083	(467,461)	-3.5%
Total Liabilities	14,146,723	14,580,910	(434,187)	-3.0%
Deferred Inflows of Resources	71,408	117,261	(45,853)	n/a
Net Position				
Net investment in capital assets	8,963,425	8,529,116	434,309	5.1%
Restricted for debt service	94,591	86,829	7,762	8.9%
Restricted for capital projects	580,581	932,103	(351,522)	n/a
Unrestricted	2,478,675	2,609,487	(130,812)	-5.0%
Total Net Position	12,117,272	12,157,535	(40,263)	-0.3%
Total Liabilities, Deferred Inflows and Net Position	$ 26,335,403	$ 26,855,706	$ (520,303)	-1.9%

Operating Results and Changes in Net Position

The Utility's overall change in net position was ($40,263) in 2019 compared to $411,132 in 2018, as shown in Table 2, a decrease of $451,395 (109.8%).

Table 2: Operating Results and Changes in Net Position

	2019	2018	Difference	Percent Change
Operating Revenues	$ 4,495,290	$ 4,523,856	(28,566)	-0.6%
Operating Expenses	4,213,277	3,742,594	470,683	12.6%
Operating Income	282,013	781,262	(499,249)	-63.9%
Non-operating Revenues (Expenses)	(322,276)	(370,130)	47,854	-12.9%
Change in Net Position	$ (40,263)	$ 411,132	$ (451,395)	-76.8%

Operating Income

The first component of the overall change in net position is the Utility's operating income – generally, the difference between customer charges and other operating revenues and the expenses incurred to provide those services. As illustrated above, the Utility's operating income decreased $499,249 (63.9%) from $781,262 in 2018 to $282,013 in 2019. Operating revenues decreased $28,566 (0.6%) from $4,523,856 in 2018 to $4,495,290 in 2019. The decrease in operating revenues was primarily due to decreased water usage by Utility customers. Operating expenses increased $470,683 (12.6%) from $3,742,594 in 2018 to $4,213,277 in 2019. The increase in operating expenses was primarily attributable to increases in maintenance, chemicals, utilities and personnel costs.

Non-operating Revenues and Expenses

Non-operating revenues and expenses consist primarily of investment income and interest expense which decreased from ($370,130) in 2018 to ($322,276) in 2019, a decrease of $47,854. Investment income increased $29,216 (13.2%) from $44,549 in 2018 to $73,765 in 2019 due to improved interest rates. Interest expense decreased $19,638 (4.7%) to $396,041 in 2019 as compared to $415,679 in 2018. The Utility incurred no new debt in 2019.

Cash Flows

Changes in the Utility's cash flows are consistent with changes in operating income and non-operating revenues and expenses, discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At December 31, 2019, the Utility had $21,272,384, invested in capital assets, net of accumulated depreciation. In 2019, the Utility recorded capital additions of $706,241, the most significant of which were related to water & sewer infrastructure. Depreciation expense totaled $938,673 in 2019.

Long-term Liabilities

At December 31, 2019, the Utility had $12,308,959 in bonds outstanding, including related bond premiums and discounts, and was in substantial compliance with its bond covenants. The Utility incurred no new debt in 2019 and made principal payments of $657,907 on existing debt.

Other Economic Factors

Due to the need to improve water and sewer facilities, the Utility approved increases in water and sewer rates in 2015 to allow the Commission to operate and maintain the system. The rate increase went into effect in August 2015 and will increase annually through 2020.

Contacting Camden Water Utilities' Financial Management

This financial report is designed to provide our suppliers, taxpayers, customers and creditors with a general overview of the Utility's finances and to show the Utility's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Camden Water Utilities by telephoning (870) 836-7331.

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Statement of Net Position
December 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets	
Cash and cash equivalents	$ 633,342
Cash and cash equivalents - certificates of deposit	2,216,075
Receivables	725,987
Inventories	111,463
Total Current Assets	3,686,867
Restricted Assets	
Cash and cash equivalents	1,108,709
Capital Assets	
Non-depreciable	47,164
Depreciable, net of accumulated depreciation	21,225,220
Total Capital Assets	21,272,384
Total Assets	26,067,960
Deferred Outflows of Resources	
Pension related deferred outflows	267,443
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 26,335,403

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities	
Accounts payable	$ 121,383
Accrued liabilities	68,416
Due to other funds	87,449
Customer deposits	278,333
Current maturities of long-term debt	182,574
Payable from restricted assets:	
Accrued interest payable	43,600
Current maturities of long-term debt	484,346
Total Current Liabilities	1,266,101
Non-current Liabilities	
Long-term debt, net of current portion	11,642,039
Deposit - Harmony Grove Water Association	63,946
Net pension liability	1,174,637
Total Long-term Liabilities	12,880,622
Total Liabilities	14,146,723
Deferred Inflows of Resources	
Pension related deferred inflows	71,408
Net Position	
Net investment in capital assets	8,963,425
Restricted - expendable for debt service	94,591
Restricted - expendable for capital projects	580,581
Unrestricted	2,478,675
Total Net Position	12,117,272
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 26,335,403

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

Operating Revenues	
Water sales	$ 1,557,688
Sewer sales	914,501
Other income	1,927,251
Forfeits, penalties and other charges	95,850
Total Operating Revenues	4,495,290
Operating Expenses	
Water operations	1,891,710
Sewer operations	1,382,894
Depreciation and amortization	938,673
Total Operating Expenses	4,213,277
Operating Income	282,013
Non-operating Revenues (Expenses)	
Investment income	73,765
Interest expense	(396,041)
Gain (loss) on disposal of assets	-
Total Non-operating Revenues (Expenses)	(322,276)
Change in Net Position	(40,263)
Net Position - Beginning	12,157,535
Net Position - Ending	$ 12,117,272

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

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Statement of Cash Flows
For the Year Ended December 31, 2019

Operating Activities	
Receipts from customers	$ 4,443,388
Other receipts	-
Cash paid for supplies and operating costs	(1,752,285)
Cash paid for employee and related costs	(1,385,754)
Net cash provided by (used in) operating activities	1,305,349
Capital and Related Financing Activities	
Purchases of property, plant and equipment	(706,241)
Interest paid on bonds, net of capitalized interest	(401,634)
Retirement of long-term debt	(657,907)
Net cash provided by (used in) capital and related financing activities	(1,765,782)
Investing Activities	
Income on certificates of deposit	73,765
Net cash provided by (used in) investing activities	73,765
Net Increase (Decrease) in Cash and Cash Equivalents	(386,668)
Cash and Cash Equivalents at Beginning of Year	4,344,794
Cash and Cash Equivalents at End of Year	$ 3,958,126
Presented on Statement of Net Position as follows:	
Current assets	
Cash and equivalents	$ 633,342
Certificates of deposit	2,216,075
Restricted assets - cash and equivalents	1,108,709
	$ 3,958,126

(Continued)

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

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$	282,013
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		929,838
Bad debt write-offs		27,510
Changes in pension related accounts:		
Net pension liability		209,659
Deferred outflows		(32,486)
Deferred inflows		(45,853)
Decrease (increase) in current assets:		
Accounts receivable		(79,603)
Inventories		(14,218)
Increase (decrease) in current liabilities:		
Accounts payable		(2,569)
Due to other funds		12,986
Customer deposits		14,742
Accrued expenses		3,330
Total adjustments		1,023,336
Net cash provided by (used in) operating activities	$	1,305,349

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Reporting Entity

The Camden Water Utilities (the "Utility") is a component unit of the City of Camden, Arkansas. The governing board of the Utility is a Board of Commissioners, comprised of 5 members. The Utility provides water and sewer services to customers in the City of Camden and surrounding areas.

Basis of Accounting and Presentation

The Utility is accounted for as an enterprise fund and uses the accrual basis of accounting. The Utility's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental enterprise units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's ongoing operations. The principal operating revenues of the Utility are charges to customers for water and wastewater sales and services. Operating expenses for the Utility include the cost of pumping, treating and delivering water and wastewater discharge, administrative services, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available, the Utility's policy is to use restricted resources first, as required, and then unrestricted resources as they are needed.

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 reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the presentation of cash flows, cash and cash equivalents include all restricted and unrestricted cash on hand, demand deposit accounts, money market deposits accounts and certificates of deposit.

Deposits and Investments

Cash includes amounts in demand and time deposit accounts. The Utility classifies all certificates of deposit and money market accounts insured by direct obligations of the United States government as investments on its statement of net position. Certificates of deposit are reported at cost, which approximates fair value. The Utility occasionally invests in U.S. Government Obligations as permitted by state law.

Receivables

Accounts receivable include balances due from customers for services or water provided. Customer deposits may be required when credit is extended to customers. Payments are considered delinquent if not received on or before the date due, and a 10% late charge is assessed. The Utility uses the direct write-off method of recording bad debts; accordingly, an allowance for doubtful accounts is not included in the financial statements. Management believes that there is no material difference between the direct write-off method used and the allowance method.

Inventories

Inventory consists of material and supplies used in the operation, maintenance or improvements to capital assets. Amounts in inventory are valued at cost, which approximates market values.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

It is generally the Utility's policy that assets to be used in operations with an initial value or cost greater than or equal to $1,000 and an estimated useful life of greater than 1 year are reported as capital assets. Capital assets are recorded at historical cost, including all direct salaries, material and supplies related to construction and improvements completed by Utility personnel. Interest costs related to acquiring or constructing capital assets are also capitalized as part of the related asset. Contributed assets are recorded at the estimated fair value on the date of contribution.

Costs related to major additions and betterments of capital assets are capitalized, while costs of repairs and maintenance that do not add value or extend the useful life of the related asset are expended as incurred.

Depreciation is provided using the straight-line method over the following estimated useful lives:

Plant and infrastructure	5 - 50 years
Equipment	5 - 7 years
Transportation	5 years

Management evaluates events or changes in circumstances affecting capital assets to determine whether impairment has occurred. Such events or changes may include physical damage, obsolescence, changes in or new laws or regulations, construction stoppage or environmental factors. If it is determined that an asset is impaired and that impairment is other than temporary, impairment losses are recorded. There were no impairment losses recorded for the year ended December 31, 2019.

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are financial statement elements distinct from assets and liabilities and represent a consumption or production of net position that applies to future periods and so will not be recognized as an outflow or inflow of resources until then.

Compensated Absences

The Utility policies permit full-time employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits as earned. Sick leave benefits are recognized only when the time off occurs.

Long-term Obligations

Long-term obligations are reported net of any applicable premiums or discounts. Premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Debt issuance costs, including underwriter fees, are reported as period costs when incurred.

Net Position

The Utility's net position is classified in three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. *Restricted net position* presents assets which are restricted either for debt service or capital projects, net of related payables. Net position restricted for debt service is related to assets which are restricted for use pursuant to bond agreements. Net position restricted for capital projects is related to bond proceeds, capital contributions, and contributions receivable which are restricted to certain capital projects. *Unrestricted net position* is the remaining assets less the remaining liabilities that do not meet the definition of net position invested in capital assets, net of related debt; or net position restricted for debt service or capital projects.

Revenue Recognition

Revenues for water supply, treatment and distribution services are recognized in the period during which the services are provided.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation of Administrative Expenses and Transfers

Substantially all indirect administrative expenses not directly attributable to water or sewer are allocated based on water and sewer revenues.

Income Taxes

As a municipal owned utility, the Utility is exempt from federal and state income taxes.

Retirement Benefits

The Utility participates in the Arkansas Public Employees Retirement System ("APERS"), a cost-sharing multiple-employer defined benefit plan, which provides retirement benefits to the Utility's employees. Pension items are allocated to the Utility based on contributions paid to APERS. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of APERS and additions to/deductions from APERS' fiduciary net position have been determined on the same basis as they are reported by APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT INCOME

At December 31, 2019, the Utility's deposits consisted of demand accounts and time deposit accounts, and the Utility also holds investments of $2,216,075 in certificates of deposit and $292 in an open-ended money market account. The open-ended money market account is a Federated Treasury Obligation Fund, which is a publicly traded money market mutual fund comprised of short-term United States (U.S.) Treasury Securities. These balances are classified as cash and cash equivalents in the Utility's Statement of Net Position due to their highly liquid nature.

Custodial Credit Risk

State of Arkansas (the State) statutes require the Utility to maintain cash balances on deposit with financial institutions located within the State. There is risk that, in the event of a bank failure, these deposits may not be returned to the Utility. To mitigate this risk, it is generally the Utility's policy to obtain collateral for all deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) insurance and that such collateral be held in the Utility's name by an agent of the Utility. At December 31, 2019, all balances held in demand and time deposit accounts were secured by collateral held in the Utility's name by the Utility's agent.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with the investment policies complying with state statutes. Funds may be invested in: (1) direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, (2) certificates of deposit at financial institutions when secured by acceptable collateral, (3) time deposit accounts at financial institutions, to the extent fully insured, (4) any bond, note or other indebtedness insured by U.S. government or those agencies insured and guaranteed by the federal government and (5) in equity securities, to a limited extent.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Water Utility				
Land and land rights	$ 32,125	$ -	$ -	$ 32,125
Construction in progress	-	-	-	-
Sewer Utility				
Land and land rights	15,039	-	-	15,039
Total Capital Assets, Not Being Depreciated	47,164	-	-	47,164
Capital Assets, Being Depreciated				
Water Utility				
Plant and infrastructure	27,007,570	535,783	-	27,543,353
Equipment	457,515	-	-	457,515
Transportation	306,919	-	-	306,919
Sewer Utility				
Plant and infrastructure	19,466,621	170,458	-	19,637,079
Equipment	1,437,355	-	-	1,437,355
Transportation	118,843	-	-	118,843
Total Capital Assets, Being Depreciated	48,794,823	706,241	-	49,501,064
Total Capital Assets	48,841,987	706,241	-	49,548,228
Total Accumulated Depreciation	27,337,171	938,673	-	28,275,844
Capital Assets, Net	$ 21,504,816	$ (232,432)	$ -	$ 21,272,384

NOTE 4 – LONG-TERM DEBT

Long-term debt payable at December 31, 2019 was comprised of the following:

Water and Sewer Revenue Bonds, Series 2010

The $1,355,000 Water and Sewer Revenue Bonds, Series 2010 (the Series 2010 Bonds) were issued for the purpose of financing the construction of extensions, betterments and improvements to the Utility's water and sewer system. The Series 2010 Bonds are special obligations of the Utility, payable from revenues of the water and wastewater system. Annual interest rates range from 2.00% to 5.00%. Principal payments are due annually on December 1 with the final payment scheduled in 2040. Interest payments are due semiannually on June 1 and December 1.

NOTE 4 – LONG-TERM DEBT (Continued)

USDA 3% Water and Sewer Revenue Bond

The $700,000 3% Water and Sewer Revenue Bond (the USDA Bond) was issued in 2011 for the purpose of financing the construction of extensions, betterments and improvements to the Utility's water and sewer system. The USDA Bond is a special obligation of the Utility, payable from revenues of the water and wastewater system. Annual interest rate is 3.00%. Interest and principal payments are due monthly with the final payment scheduled in 2051.

Water and Sewer Refunding Revenue Bonds, Series 2012

The $1,355,000 Water and Sewer Refunding Revenue Bonds, Series 2012 (the Series 2012 Bonds) were issued for the purpose of refunding the Utility's Water and Sewer Refunding Revenue Bonds, Series 2006, which refunded prior bonds. The Series 2012 Bonds are special obligations of the Utility, payable from revenues of the water and wastewater system. Annual interest rates range from 2.00% to 4.00%. Principal payments are due annually on October 1 with the final payment scheduled in 2031. Interest payments are due semiannually on April 1 and October 1.

Water and Sewer Revenue Bonds, Series 2015

The $5,395,000 Water and Sewer Revenue Bonds, Series 2015 (the Series 2015 Bonds) were issued for the purpose of financing the construction of extensions, betterments and improvements to the Utility's water and sewer system. The Series 2015 Bonds are special obligations of the Utility, payable from revenues of the water and wastewater system. Annual interest rates range from 1.25% to 4.25%. Principal payments are due annually on December 1 with the final payment scheduled in 2035. Interest payments are due semiannually on June 1 and December 1.

Water and Sewer Refunding Revenue Bonds, Series 2016

The $5,970,000 Water and Sewer Refunding Revenue Bonds, Series 2016 (the Series 2016 Bonds) were issued for the purpose of refunding the Utility's Water and Sewer Refunding Revenue Bonds, Series 2002 and to pay expenses for issuing the bonds. The Series 2016 Bonds are special obligations of the Utility, payable from revenues of the water and wastewater system. Annual interest rates range from 2.00% to 4.00%. Principal payments are due annually on October 1 with the final payment scheduled in 2033. Interest payments are due semiannually on April 1 and October 1.

Changes in long-term debt for the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Revenue bonds, 2010	$ 1,040,000	$ -	$ (45,000)	$ 995,000	$ 45,000
Revenue bonds, 2011	592,064	-	(12,907)	579,157	11,920
Revenue bonds, 2012	1,160,000	-	(75,000)	1,085,000	75,000
Revenue bonds, 2015	4,705,000	-	(220,000)	4,485,000	225,000
Revenue bonds, 2016	5,385,000	-	(305,000)	5,080,000	310,000
Total Bonds Payable	$ 12,882,064	$ -	$ (657,907)	12,224,157	$ 666,920
	Unamortized premiums on bonds			95,834	
	Unamortized discounts on bonds			(11,032)	
				$ 12,308,959	

NOTE 4 – LONG-TERM DEBT (Continued)

Presented on the statement of net position under the following captions:

Current maturities of long-term debt	$	182,574
Current maturities of long-term debt payable from restricted assets		484,346
Long-term debt, net of current portion		11,642,039
	$	12,308,959

The sinking fund requirements as of December 31, 2019 were as follows:

Year Ending December 31,	Bonds Payable Principal	Interest	Total to be Paid
2020	$ 666,920	$ 404,673	$ 1,071,593
2021	682,282	390,248	1,072,530
2022	697,656	375,211	1,072,867
2023	713,041	357,636	1,070,677
2024	733,438	339,479	1,072,917
2025-2029	3,988,572	1,370,251	5,358,823
2030-2034	3,780,463	662,485	4,442,948
2035-2039	659,276	107,934	767,210
2040-2044	160,320	39,390	199,710
2045-2049	133,959	18,501	152,460
2050	8,230	407	8,637
	$ 12,224,157	$ 4,066,215	$ 16,290,372

The terms of the bond agreements impose certain restrictive covenants on the Utility. Generally, the Utility is required to establish and maintain rates to provide net revenues, as defined, in each fiscal year at least equal to 125% of the maximum annual principal and interest requirements on all outstanding bonds to which the Utility's water and wastewater revenues are pledged.

NOTE 5 – RESTRICTED NET POSITION

At December 31, 2019, the Utility had restricted net assets of $675,172. Of this amount, $94,591 was restricted for debt service and $580,581 was restricted for capital projects.

NOTE 6 – RISK MANAGEMENT

The Utility is exposed to various risks of loss from: torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, life and accident benefits. Commercial insurance and state pool coverage is purchased for claims arising from such matters other than business interruption.

Settled claims have not exceeded coverage in any of the three preceding years and there has been no significant reduction in coverage in fiscal year 2019.

NOTE 7 – PENSION PLAN

Plan description: All eligible Utility employees participate in the Arkansas Public Employees' Retirement Plan (the "Plan"), a multi-employer, cost sharing, defined benefit plan, qualified under Section 401(a) of the Internal Revenue Code, with defined contribution options. The administration and control of the plan is vested in the Board of Trustees of Arkansas Public Employees' Retirement System ("APERS"). The Plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957; detailed information on the Plan can be found in Title 24 of Arkansas Code Annotated. The Plan issues a publicly available financial report that includes financial statements and supplementary information for the Plan which is available on the APERS website, www.apers.org. The report may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201-1015.

Benefits provided: The Plan provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Current retirement law provides for a three percent (3%) COLA to all APERS retirees who have been retired or participated in the Deferred Retirement Option Plan (DROP) for at least twelve months on July 1 of each year. Benefit provisions are established by state law and may be amended only by state legislature.

Contributions: Contributions are set forth in Arkansas statute and the Plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978 was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date have the option to become a contributory member at any time. The Utility is required to contribute a percent of covered salary at an actuarially determined rate. Required employer contributions made during the period July 1, 2018 through June 30, 2019 totaled $142,742. The employer contribution rate applicable was 15.32% of covered payroll.

Pension Liabilities, Pension Expense, and Deferred Inflows of Resources Related to Pensions: At December 31, 2019, the Utility reported a liability of $1,174,637 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utility's proportion of the net pension liability was based on a projection of the Utility's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Utility's proportion was 0.0487%.

For the year ended December 31, 2019, the Utility recognized pension expense of $276,749. At December 31, 2019, the Utility reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 63,756	$ (45,155)
Changes in proportion and differences between employer contributions and share of contributions	101,450	(15,586)
Differences between expected and actual experience	31,969	(1,745)
Net difference between projected and actual investment earnings on pension plan investments	-	(8,922)
Contributions subsequent to the measurement date	70,268	-
Total	$ 267,443	$ (71,408)

NOTE 7 – PENSION PLAN (Continued)

$70,268 reported as deferred outflows of resources related to pensions resulting from Utility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019.

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

Year ended June 30:	Deferred Outflow/Inflow Amounts
2020	$ 91,094
2021	(8,452)
2022	23,201
2023	19,924
2024	-
Thereafter	-
	$ 125,767

Actuarial assumptions: The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Inflation rate	3.25%
Salary increases	3.25% to 9.85%, including inflation
Investment rate of return, net	7.15%

The mortality tables used to measure retired life mortality were the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2006 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2006 Employee benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017. This assumption was first used for the June 30, 2018 valuation. All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017 and were applied to all prior periods included in the measurement.

Investment Rate of Return: The investment return rate used in making the valuation was 7.15% per year, compounded annually (net after investment expenses). This rate of return is not the assumed real rate of return. The real rate of return is the portion of investment return which is more than the wage inflation rate. Considering the assumed wage inflation rate of 3.25%, the 7.15% investment return rate translates to an assumed net real rate of return of 3.90%. The wage inflation assumption was first used for the June 30, 2015 valuation. The investment return assumption was first used for the June 30, 2017 valuation.

NOTE 7 – PENSION PLAN (Continued)

For each major asset class included in the Plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.20%
International Equity	24%	6.33%
Real Assets	16%	3.32%
Absolute Return	5%	3.56%
Domestic Fixed	18%	1.54%
	100%	

Discount rate: A single discount rate of 7.15% 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 7.15% The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Utility's proportionate share of the net pension liability to changes in the discount rate: The following presents the Utility's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as what the Utility's proportionate share of the net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Utility's proportionate share of the net pension liability	$ 1,882,650	$ 1,174,637	$ 590,494

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued APERS financial report. Additional financial and actuarial information is available in APERS' annual financial report for the year ended June 30, 2019. This information and the actuarial valuation report are available on the APERS website, www.apers.org. The reports may also be obtained by writing to APERS, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-501-682-7800.

NOTE 8 – SUBSEQUENT EVENT

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Management has evaluated subsequent events through August 17, 2020, the date the financials statements were available to be issued.

Required Supplementary Information

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Schedule of the Utility's Proportionate Share of the Net Pension Liability – Last Ten Fiscal Years*
December 31, 2019

	2019	2018	2017	2016	2015
Utility's proportion of the net pension liability	0.04868903%	0.04374461%	0.04520710%	0.04207056%	0.04035496%
Utility's proportionate share of the net pension	$ 1,174,637	$ 964,978	$ 1,168,215	$ 1,007,838	$ 743,231
Utility's covered-employee payroll	$ 926,300	$ 878,755	$ 822,967	$ 801,776	$ 733,697
Utility's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.81%	109.81%	141.95%	125.70%	101.30%
Plan fiduciary net position as a percentage of the total pension liability	78.55%	79.59%	75.65%	75.50%	80.39%

*** Information for years prior to 2015 is not available.**

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Schedule of the Utility's Contributions to Pension Plan – Last Ten Years
December 31, 2019

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 141,909	$ 132,131	$ 120,368	$ 116,258	$ 107,333
Contributions in relation to the statutorily required contribution	141,909	132,131	120,368	116,258	107,333
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Utility's covered-employee payroll	$ 926,300	$ 878,755	$ 822,967	$ 801,776	$ 733,697
Contributions as a percentage of covered-employee payroll	15.32%	15.04%	14.63%	14.50%	14.63%

	2014	2013	2012	2011	2010
Statutorily required contribution	$ 104,907	$ 101,973	$ 95,414	$ 81,960	$ 71,007
Contributions in relation to the statutorily required contribution	104,907	101,973	95,414	81,960	71,007
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Utility's covered-employee payroll	$ 707,859	$ 699,074	$ 688,637	$ 632,095	$ 605,210
Contributions as a percentage of covered-employee payroll	14.82%	14.59%	13.86%	12.97%	11.73%

Supplementary Information

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Combining Statement of Operations
For the Year Ended December 31, 2019

	Water	Sewer	Total
Operating Revenues			
Water and sewer sales	$ 1,557,688	$ 914,501	$ 2,472,189
Other income	1,035,977	891,274	1,927,251
Forfeits, penalties and other charges	50,415	45,435	95,850
Total Operating Revenues	2,644,080	1,851,210	4,495,290
Operating Expenses			
Operating exenses	1,891,710	1,382,894	3,274,604
Depreciation and amortization	610,018	328,655	938,673
Total Operating Expenses	2,501,728	1,711,549	4,213,277
Operating Income	142,352	139,661	282,013
Non-operating Revenues (Expenses)			
Investment income	73,757	8	73,765
Interest expense	(302,681)	(93,360)	(396,041)
Gain (loss) on disposal of assets	-	-	-
Total Non-operating Revenues (Expenses)	(228,924)	(93,352)	(322,276)
Change in Net Position	$ (86,572)	$ 46,309	$ (40,263)

CAMDEN WATER UTILITIES
A Component Unit of the City of Camden, Arkansas
Combining Statement of Operating Expenses
For the Year Ended December 31, 2019

	Water	Sewer	Total
Operating Expenses			
Salaries	$ 530,760	$ 432,087	$ 962,847
Less capitalized amount	(901)	-	(901)
Salaries, net	529,859	432,087	961,946
Payroll taxes	41,225	32,886	74,111
Medical insurance	114,173	93,452	207,625
Retirement	155,297	121,452	276,749
Utilities - electric	206,690	212,861	419,551
Utilities - gas	3,146	2,352	5,498
Operations	68,726	12,515	81,241
Laboratory	11,756	5,712	17,468
Maintenance	397,236	260,227	657,463
Chemicals	223,072	57,188	280,260
Sludge removal	-	27,485	27,485
Other expense	13,356	8,661	22,017
Total Operating Expenses	1,764,536	1,266,878	3,031,414
General and Administrative			
Franchise tax	74,928	44,241	119,169
Insurance	30,160	15,301	45,461
Bad debts	10,840	16,670	27,510
Professional fees	11,000	11,000	22,000
Legal and engineering	246	10,496	10,742
Airport sewer system	-	18,308	18,308
Total General and Administrative	127,174	116,016	243,190
Total Operating Expenses	$ 1,891,710	$ 1,382,894	$ 3,274,604

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Camden Water Utilities
Camden, Arkansas

We 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 Camden Water Utilities (the "Utility"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements, and have issued our report thereon dated August 17, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Utility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Camden Water Utility's Response to Findings

The Utility's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Utility's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Utility'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 Utility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Emrich & Scroggins, LLP

Emrich & Scroggins, LLP
El Dorado, Arkansas

August 17, 2020

2019-001 Segregation of Duties

Condition: The Camden Water Utilities did not segregate financial accounting duties relating to initiating, receipting, depositing, disbursing and recording cash transactions to sufficiently reduce the risks of fraud or error.

Criteria: Proper segregation of controls should be in place to provide reasonable assurance that fraud or error does not occur.

Cause: The Utility has limited financial resources which prevent it from fully segregated financial accounting duties.

Effect: Without proper segregation of duties, opportunity for fraud or error exists.

Recommendation: The Utility should evaluate its internal controls and segregate financial duties to the extent possible with the current staffing levels. The Utility should consider additional oversight where segregation is not possible.

Views of Responsible Officials: The Utility will segregate financial duties to the extent possible with the current staffing levels.