

GENERAL PURPOSE FINANCIAL STATEMENTS

**CITY OF DEWITT, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM**

**Years Ended
DECEMBER 31, 2022 AND 2021**

**CITY OF DEWITT, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM**

Years Ended December 31, 2022 and 2021

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City of DeWitt, Arkansas

Municipal Waterworks and Sewer System

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue increased by approximately \$35,978 from 2021. Total operating expenses for the year 2021 decreased \$44,503 from 2021. Depreciation expense increased \$784. Labor and related taxes and benefits increased approximately \$18,746 in 2022 as compared to 2021. A 3% raise was given to employees in April of 2022. Repairs and Maintenance expense experienced a decrease of \$109,178. Insurance was up \$9,946 in 2022 over 2021. Operating supplies and chemical expenses increased \$9,924. Utilities increased \$9,847 in 2022 as compared to 2021. Office expenses increased \$294 in 2022. Vehicle expenses increased \$3,759 in 2022. Professional services remained the same. Miscellaneous expenses increased \$11,419 from 2021. Fees and license decreased \$44 in 2022 over 2021. Interest income decreased by \$732. Bad debt, which is not included in operating expenses, experienced a decrease of \$3,987 in 2022.

Allen Chapman continues in the position of Manager.

Brad Chambless resigned in November of 2022. John Henderson was appointed to fill the open position, subject to approval by the City Council.

The purchase of a new backhoe was also approved in 2020 but did not arrive until January 2021. The purchase price of the 2020 Case 580NEP was \$72,472. The old backhoe, a 1987 Case 580K was sold for \$7,000.

Repairs to sewer pipes in 2021, done by CB Underground Utilities totaled \$47,950. Layne made pump repairs in May of 2021 which totaled \$55,890.38.

A new truck was ordered from Petrus in 2021, at a cost of \$24,367. The new 2022 Ram 1500 Quad truck arrived in April 2022. An extended warranty was purchased, making the total cost of the truck \$27,610.

The 2014 Ford pickup was sold by silent bid for \$3,000.

Office computer systems were upgraded in the last quarter of 2021, at a cost of \$6,109.

V. Arlene Castleberry

Certified Public Accountant

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INDEPENDENT ACCOUNTANT'S REPORT

The Board of Directors
City of DeWitt, Arkansas
Municipal Waterworks and Sewer System
DeWitt, Arkansas

I have audited the accompanying general purpose financial statements of the City of Dewitt, Arkansas Municipal Waterworks and Sewer System (the System), a component unit of the City of DeWitt, Arkansas, as of and for the years ended December 31, 2022, and 2021, and the related notes to the financial statements, which collectively comprise the System'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 the accrual basis of accounting. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentations of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United State of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 financial statement presentation.

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

The Board of Directors
City of DeWitt, Arkansas
Municipal Waterworks and Sewer System
DeWitt, Arkansas
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Opinion on the System

In my opinion, the financial statements referred to on the preceding page present fairly, in all material respects, the financial position of the City of DeWitt, Arkansas Municipal Waterworks and Sewer System, a component unit of the City of DeWitt, Arkansas, as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, these financial statements present only the balances and transactions that are directly attributable to the System and are not intended to present and do not present the financial position, results of operations or cash flows of the City of DeWitt, Arkansas, or its proprietary funds. My opinion is not modified with respect to this matter.

V. Arlene Castleberry
Certified Public Accountant

December 14, 2023
Des Arc, Arkansas

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Current Assets:		
Cash	\$ 859,255	\$ 860,164
Accounts Receivable	137,371	137,390
Supplies Inventory	58,803	54,609
Other Current Assets	-	-
	\$ 1,055,429	\$ 1,052,163
Total Current Assets		
Property and Equipment:		
System and Equipment	\$ 8,432,140	\$ 8,422,392
Less Accumulated Depreciation	(5,877,807)	(5,690,369)
	\$ 2,554,333	\$ 2,732,023
Net Property and Equipment		
Total Assets	\$ 3,609,762	\$ 3,784,186

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ -	\$ -
Current Portion of Long Term Liabilities	-	3,362
	\$ -	\$ 3,362
Total Current Liabilities		
Long Term Liabilities:		
Meter Deposits Payable	\$ 94,270	\$ 93,746
Note Payable - John Deere Financial	-	3,362
Current Portion of Long Term Liabilities	-	(3,362)
	\$ 94,270	\$ 93,746
Total Long Term Liabilities		
Net Assets:		
Contributions in Aid of Construction	\$ 1,132,236	\$ 1,132,236
Unappropriated Net Assets	2,383,256	2,554,842
	\$ 3,515,492	\$ 3,687,078
Total Net Assets		
Total Liabilities and Net Assets	\$ 3,609,762	\$ 3,784,186

See Accountant's Audit Report and Notes to Financial Statements

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System

STATEMENT OF ACTIVITIES
Years Ended December 31, 2022 AND 2021

	Water	Sewer	Other	Total	
				2022	2021
Operating Revenues:					
Water Service	\$ 461,454			\$ 461,454	\$ 429,207
Sewer Service		\$ 174,105		174,105	174,820
Other			\$ 15,453	15,453	11,007
	<u>\$ 461,454</u>	<u>\$ 174,105</u>	<u>\$ 15,453</u>	<u>\$ 651,012</u>	<u>\$ 615,034</u>
Operating Expenses:					
Labor	\$ 78,343	\$ 126,657	\$ 88,689	\$ 293,689	\$ 272,163
Benefits	-	-	39,981	39,981	45,179
Insurance	-	-	47,120	47,120	37,174
Utilities	47,885	26,861	8,480	83,226	73,379
Repairs and Maintenance	7,786	10,488	2,334	20,608	129,786
Vehicle Expense	6,475	6,465	-	12,940	9,181
Chemicals	26,425	311	-	26,736	19,668
Operating Supplies	6,805	6,191	12,080	25,076	22,220
Professional Services	-	-	5,580	5,580	5,580
Office Expense	-	-	16,747	16,747	16,453
Miscellaneous	371	1,666	14,242	16,279	4,860
Payroll Taxes	6,123	5,918	10,379	22,420	20,002
Fees and License	7,394	4,333	-	11,727	11,771
Depreciation	55,578	149,722	-	205,300	204,516
Total Operating Expenses	<u>\$ 243,185</u>	<u>\$ 338,612</u>	<u>\$ 245,632</u>	<u>\$ 827,429</u>	<u>\$ 871,932</u>
Net Operating Revenue (Expense)	\$ 218,269	\$ (164,507)	\$ (230,179)	\$ (176,417)	\$ (256,898)
Other Revenues (Expense):					
Interest Income	\$ -	\$ -	\$ 2,128	\$ 2,128	\$ 5,084
Gain on Sale of Vehicle	1,500	1,500	-	3,000	7,000
Bad Debt	(214)	(83)	-	(297)	(4,284)
Total Other Revenues (Expense)	<u>\$ 1,286</u>	<u>\$ 1,417</u>	<u>\$ 2,128</u>	<u>\$ 4,831</u>	<u>\$ 7,800</u>
Net increase (decrease) in Assets	<u>\$ 219,555</u>	<u>\$ (163,090)</u>	<u>\$ (228,051)</u>	<u>\$ (171,586)</u>	<u>\$ (249,098)</u>

See Accountant's Audit Report and Notes to Financial Statements

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System
STATEMENT OF CHANGES IN NET ASSETS
Years Ended December 31, 2022 AND 2021

	<u>Unappropriated Net Assets</u>	<u>Contributions in Aid of Construction</u>	<u>Total</u>
December 31, 2020	<u>\$ 2,803,940</u>	<u>\$ 1,132,236</u>	<u>\$ 3,936,176</u>
2021 Net Increase (Decrease)	<u>(249,098)</u>		<u>(249,098)</u>
December 31, 2021	<u>\$ 2,554,842</u>	<u>\$ 1,132,236</u>	<u>\$ 3,687,078</u>
2022 Net Increase (Decrease)	<u>(171,586)</u>		<u>(171,586)</u>
December 31, 2022	<u>\$ 2,383,256</u>	<u>\$ 1,132,236</u>	<u>\$ 3,515,492</u>

See Accountant's Audit Report and Notes to Financial Statements

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System

STATEMENT OF CASH FLOWS
Years Ended December 31, 2022 AND 2021

	2022	2021
<u>Cash Flows from Operating Activities:</u>		
Net Increase (Decrease) in Net Assets	\$ (171,586)	\$ (249,098)
Adjustments to reconcile Net Increase (Decrease) to net Cash provided by (used in) operating activities:		
Depreciation	205,300	204,516
Change in Accounts Receivable	19	(339)
Change in Supplies Inventory	(4,194)	(437)
Change in Other Current Assets	-	-
Change in Accounts Payable	-	(1,106)
Change in Meter Deposits Payable	524	2,727
Net Cash Provided By (Used in) Operating Activities		\$ (43,737)
<u>Cash Flows from Investing Activities:</u>		
Purchases of Property and Equipment		\$ (78,581)
Net Cash Provided By (Used in) Investing Activities		\$ (78,581)
<u>Cash Flows from Financing Activities:</u>		
Purchases of Property and Equipment		\$ (6,723)
Net Cash Provided By (Used in) Financing Activities		\$ (6,723)
Net Increase (Decrease) in Cash and Cash Equivalents		\$ (129,041)
Cash and Cash Equivalents at the Beginning of Year		989,205
Cash and Cash Equivalents at the End of the Year		\$ 860,164

See Accountant's Audit Report and Notes to Financial Statements

**City of DeWitt, Arkansas
Municipal Waterworks and Sewer System**

**Notes to Financial Statements
December 31, 2022 and 2021**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

DeWitt Municipal Waterworks and Sewer System is a component unit of the City of DeWitt, Arkansas. These financial statements are presented as an enterprise fund from the books and records of the DeWitt Municipal Waterworks and Sewer System and are not intended to present the financial position, results of operations, or cash flow of the City of DeWitt.

Basis of Accounting: These financial statements are presented using the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized as they are incurred.

Cash and Cash Equivalents: For purposes of the Statements of Cash Flow, the company considers all certificates of deposit and all liquid cash investments with original maturities of less than three months to be cash equivalents.

Accounts Receivable: Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

Property and Equipment: Property and equipment is stated at cost, or at the estimated value for assets acquired prior to historical records. Additions to the system are stated at cost. Depreciation has been provided using the straight-line method over the estimated useful lives of the assets.

Income Taxes: The City, and thus the System, is exempt from income taxes under Section 115 of the Internal Revenue Code.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**City of DeWitt, Arkansas
Municipal Waterworks and Sewer System**

**Notes to Financial Statements
December 31, 2022 and 2021**

Note 2: Property and Equipment:

Property and equipment consist of the following:

	2022	2021
Sewer System	\$5,845,279	\$ 5,845,279
Machinery and Equip	220,076	220,076
Water System	1,745,785	1,745,785
Machinery and Equipment	227,825	227,825
Land	127,422	127,422
Vehicles	173,422	163,674
Furniture and Fixtures	42,335	42,335
Buildings	49,996	49,996
 Total Property and Equipment	 \$8,432,140	 \$8,442,392
 Accumulated Depreciation	 (5,877,807)	 (5,690,369)
 Net Property and Equipment	 \$2,554,333	 \$2,732,023

In January of 2021, the purchase of a Case CE 580N Backhoe was completed. The purchase price of the item was \$72,472.00.

In the last quarter of 2021, computers were upgraded at a cost of \$6,109.33

In April 2022, a 2022 Ram 1500 Quad and an extended warranty was purchased at a price of \$27,610. A Ford 2014 pickup was sold by sealed bids for \$3,000.

Note 3: Retirement:

DeWitt Municipal Waterworks contributes five percent of salary to the SAR SEPP retirement plan of eligible employees. Employees are eligible after one year of service. The maximum amount an employee could contribute for the year 2022 was \$19,500 or twenty-five percent of their salary. For the year 2022 employees over the age of 50 were allowed to make catch-up contributions of an additional \$6,500. Contributions by the system totaled \$11,361 and \$12,953 for the years ended December 31, 2022, and 2021, respectively.

**City of DeWitt, Arkansas
Municipal Waterworks and Sewer System**

**Notes to Financial Statements
December 31, 2022 and 2021**

Note 4: Long Term Liabilities:

The System had no Long Term Liabilities at December 31, 2022.