

CITY OF WRIGHTSVILLE SEWER SYSTEM

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Bonds & Company, P.A.

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Wrightsville Sewer System
Wrightsville, Arkansas

Opinion

We have audited the financial statements of the City of Wrightsville Sewer System as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Wrightsville Sewer System as of December 31, 2023, and the changes in its financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the City of Wrightsville Sewer System and do not purport to, and do not, present fairly the financial position of the City of Wrightsville, Arkansas, as of December 31, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Wrightsville Sewer System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Matters

Required Supplementary Information

The City of Wrightsville Sewer System has omitted a Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 14-16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 supplementary information on pages 14-16 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bonds & Company, P.A.

Bonds & Company, P. A.
Sherwood, Arkansas

July 23, 2024

FINANCIAL STATEMENTS

**CITY OF WRIGHTSVILLE SEWER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash - Operation and Maintenance	\$ 33,975	\$ 120,642
Accounts Receivable	14,339	18,180
Total Unrestricted Current Assets	<u>48,314</u>	<u>138,822</u>
RESTRICTED ASSETS		
Cash - Equipment Repair/Replacement	2,509	2,509
Cash - Debt Service Reserve	2,514	2,514
Total Restricted Current Assets	<u>5,023</u>	<u>5,023</u>
PROPERTY, PLANT AND EQUIPMENT		
Sewer Expansion - Sweet Home Addition	499,412	499,412
Sewer Improvements	1,063,130	1,036,422
Land	45,747	45,747
Plant and System	3,070,341	3,070,341
Equipment and Tools	8,445	8,445
	<u>4,687,075</u>	<u>4,660,367</u>
Less: Accumulated Depreciation	<u>(2,412,467)</u>	<u>(2,297,162)</u>
Net Property, Plant and Equipment	<u>2,274,608</u>	<u>2,363,205</u>
TOTAL ASSETS	<u><u>\$ 2,327,945</u></u>	<u><u>\$ 2,507,050</u></u>

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

**CITY OF WRIGHTSVILLE SEWER SYSTEM
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

<u>LIABILITIES AND FUND NET POSITION</u>		
	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable - General Fund	\$ -0-	\$ 195,337
Current Maturities - Long-Term Debt	24,862	23,913
Total Current Liabilities	<u>24,862</u>	<u>219,250</u>
LONG TERM DEBT		
USDA-RD 92-01 (Sewer Revenue Bond - 1995 Issue)	228,511	244,160
USDA-RD 92-03 (Sewer Revenue Bond - 2018 Issue)	453,818	462,083
Less: Current Maturities	<u>(24,862)</u>	<u>(23,913)</u>
Total Long-Term Debt	<u>657,467</u>	<u>682,330</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	1,592,279	1,656,962
Net Position - Restricted	5,023	5,023
Net Position - Unrestricted	<u>48,314</u>	<u>(56,515)</u>
Total Fund Net Position	<u>1,645,616</u>	<u>1,605,470</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,327,945</u>	<u>\$ 2,507,050</u>

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

CITY OF WRIGHTSVILLE SEWER SYSTEM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Sewer Service	\$ 295,048	\$ 203,381
Connection / Permit Fees	55	110
Total Operating Revenues	<u>295,103</u>	<u>203,491</u>
OPERATING EXPENSES		
Administration Fees - CAW	4,078	4,232
Advertising	207	-0-
Travel/Training/Seminars	-0-	175
Chemicals	1,545	1,122
Depreciation	115,305	115,193
Lab Testing	3,580	5,439
Permits, Licenses, Fees and General Office	2,832	575
Professional Fees / Accounting Fees	11,461	9,706
Repairs and Maintenance	18,495	81,807
Utilities	74,316	72,774
Total Operating Expenses	<u>231,819</u>	<u>291,023</u>
Net Income (Loss) From Operations	<u>63,284</u>	<u>(87,532)</u>
OTHER REVENUES (EXPENSES)		
Interest Income	133	17
Interest Expense	(23,271)	(24,179)
Total Other Revenues (Expenses)	<u>(23,138)</u>	<u>(24,162)</u>
Change in Net Position	40,146	(111,694)
Net Position - Beginning	1,605,470	1,717,164
Net Position - Ending	<u><u>\$ 1,645,616</u></u>	<u><u>\$ 1,605,470</u></u>

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

**CITY OF WRIGHTSVILLE SEWER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 298,889	\$ 202,742
Cash Paid to Employees	-0-	-0-
Cash paid to Suppliers	(116,515)	(175,830)
Other Operating Revenues	55	110
Net Cash Provided (Used) by Operating Activities	<u>182,429</u>	<u>27,022</u>
Cash Flows from Noncapital Financing Activities:		
Net transfers (to) from City / AP General Fund	(195,337)	(18,349)
Net Cash Provided by Noncapital Financing Activities	<u>(195,337)</u>	<u>(18,349)</u>
Cash Flows from Capital and Related Financing Activities:		
Interest Expense	(23,271)	(24,179)
Principal Payments on Long Term Debt	(23,913)	(23,002)
Net Cash Used by Financing Activities	<u>(47,184)</u>	<u>(47,181)</u>
Cash Flows from Investing Activities:		
Interest Income	133	17
Purchase of Equipment / Sewer Improvements	(26,708)	-0-
Net Cash Provided (Used) by Investing Activities	<u>(26,575)</u>	<u>17</u>
Net Increase (Decrease) in Cash	(86,667)	(38,491)
Cash Balance - Beginning of Year	125,665	164,156
Cash Balance - End of Year	<u>38,998</u>	<u>\$ 125,665</u>

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

**CITY OF WRIGHTSVILLE SEWER SYSTEM
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Reconciliation of Net Loss Per Operations to Net Cash Provided by		
Operating Activities:		
Net Income (Loss) from Operations	\$ 63,284	\$ (87,532)
Adjustments to Reconcile Net Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	115,305	115,193
Change in Operating Assets and Liabilities:		
Accounts Receivable	<u>3,840</u>	<u>(639)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 182,429</u></u>	<u><u>\$ 27,022</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wrightsville Sewer System (the System) have been prepared in accordance with generally accepted accounting principles as applied to proprietary enterprises. The Governmental Accounting Standards Board is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the System are described below:

A. Reporting Entity

The System was organized in 1997 and is operated under a council/manager form of government. Currently, the System provides waste water services to approximately 300 customers. The financial statements present only the City of Wrightsville Sewer System, a component unit of the City of Wrightsville, Arkansas, and are not intended to present the financial position of the City of Wrightsville. This report includes all services provided by the system to residents and businesses within its boundaries.

B. Fund Types

The System is accounted for as an enterprise fund, which is considered a proprietary fund type. Enterprise funds account for activities that are financed and operated in a manner similar to private business enterprises or for which periodic determination of revenues, expenses, and operating income is desirable. These funds render services to the general public on a user-charge basis.

C. Measurement Focus and Basis of Accounting

The financial statements of the System are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Operating revenues and expenses are distinguished from nonoperating revenue (expense) items. Operating revenues and expenses generally result from providing service in connection with the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues (expenses), but remain a major component of the overall revenues and expenses of the System.

The System prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles..

D. Fixed Assets and Long Term Liabilities

Fixed assets are carried at cost and include expenditures for improvements and betterments which substantially increase the useful lives of existing property and equipment. Donated assets are valued at their estimated fair value on the date donated. Maintenance, repairs and minor renewals are expensed as incurred. Depreciation is provided for by the straight line method in amounts sufficient to relate the cost of the water and sewer system and other depreciable assets to operations, over the estimated useful lives of the assets.

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fixed Assets and Long Term Liabilities (Continued)

The estimated useful lives are as follows:

Buildings	25 - 40 years
Improvements	10 - 20 years
Equipment	3 - 10 years

Depreciation expense totaled \$115,305 and \$115,193 for the years ended December 31, 2023 and 2022, respectively.

E. Cash Equivalents

For statements of cash flow purposes, the System considers all unrestricted cash in bank accounts and all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

F. Restricted Assets

Certain assets of the System are restricted for debt service, capital improvements and operations and maintenance of the sewer system.

G. Income Taxes

The System is part of a municipality and accordingly is exempt from Federal and State income taxes.

H. Land Lease

In conjunction with the sewer construction and hookup for the Department of Corrections Wrightsville Unit, a lease was entered into between the System and the Department of Corrections for land to be used for development of the sewage system. The lease terms were negotiated by State Building Services, with only minimal fees established. The System's liability under the lease is not material to these financial statements and, therefore, is not accrued.

I. Net Position Classification

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the System's policy is to make payment from unrestricted funds and take reimbursement from restricted funds. Net assets are classified and displayed in the following three components:

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of these assets.

Restricted net position - Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted net position - All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Management Estimates

Management used estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

K. Capital Assets

All purchased fixed assets are valued at cost, when historical records are available. Repairs and maintenance are expensed as incurred. Generally accepted accounting principles require that depreciation be recognized in order to provide for a reasonable, consistent matching of revenue and expense by systematically allocating the cost of the depreciable asset over its estimated useful life.

L. Operating/Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with the fund's principal operations of providing sewer services. All other revenues are non-operating. Operating expenses can be tied specifically to the rendering of sewer services, such as materials and labor and direct overhead. Other expenses are non-operating.

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. CASH AND INVESTMENTS

Cash and investments are stated at cost.

Deposits

A summary of the deposits (unrestricted and restricted) at December 31, 2023, is as follows:

Carrying <u>Amount</u>	Statement <u>Balance</u>	Insured / <u>Collateralized</u>	Amount <u>Uninsured</u>
\$ 38,998	\$ 38,998	\$ 38,998	\$ -

Deposits are categorized below to give an indication of the level of risks assumed by the entity at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the agency or by its' agent in the agency's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or agent in the agency's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution, or by it's trust department or agent, but not in the agency's name.

<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>
\$ 38,998	\$ -	\$ -	\$ 38,998

NOTE 3. RESTRICTED ASSETS

Restricted assets of the System consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equipment Repair / Replacement - Restricted for capital improvements and operations and maintenance of the sewer system	\$ 2,509	\$ 2,509
Debt Service Reserve Account - Restricted for debt service	<u>2,514</u>	<u>2,514</u>
Total Restricted Assets	<u>\$ 5,023</u>	<u>\$ 5,023</u>

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4. LONG-TERM DEBT

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Note payable to USDA-RD 92-03. Monthly payments of \$1,739, including principal and interest (2.75%), beginning August 2018 and ending August 2057. This obligation is collateralized by the revenues of the Sewer System	453,818	462,083
Note payable to USDA-RD 92-01. Monthly payments of \$2,193, including principal and interest (4 ½ %), beginning in April 1997 and ending in December 2034. This obligation is collateralized by Revenue Bonds of the City of Wrightsville.	<u>228,511</u>	<u>244,160</u>
Total long-term debt	682,329	706,243
Less: Current maturities	<u>(24,862)</u>	<u>(23,913)</u>
Total long-term debt less current maturities	<u>\$ 657,467</u>	<u>\$ 682,330</u>

The long-term debt obligations have aggregate annual maturities as follows:

<u>Year Ending December 31</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Amount</u>
2024	24,862	22,322	47,184
2025	25,851	21,333	47,184
2026	26,881	20,303	47,184
2027	27,953	19,231	47,184
2028	29,070	18,114	47,184
2029-2033	163,817	72,103	235,920
2034-2038	85,598	45,907	131,505
2039-2043	67,801	36,539	104,340
2044-2048	77,783	26,557	104,340
2049-2053	89,234	15,106	104,340
2054-2057	<u>63,479</u>	<u>2,888</u>	<u>66,367</u>
TOTAL	<u>\$ 682,329</u>	<u>\$ 300,403</u>	<u>\$ 982,732</u>

**CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4. LONG-TERM DEBT (continued)

Activity of long-term debt for the year ending December 31, 2023 was as follows:

	<u>12-31-2022</u>	<u>Additions</u>	<u>Payments</u>	<u>12-31-2023</u>
USDA 92-03	462,083	-0-	(8,265)	453,818
USDA 92-01	<u>244,159</u>	<u>-0-</u>	<u>(15,648)</u>	<u>228,511</u>
	<u>\$ 706,242</u>	<u>\$ -0-</u>	<u>\$ (23,913)</u>	<u>\$ 682,329</u>

Activity of long-term debt for the year ending December 31, 2022 was as follows:

	<u>12-31-2021</u>	<u>Additions</u>	<u>Payments</u>	<u>12-31-2022</u>
FHA Loan	470,123	-0-	(8,040)	462,083
FHA Loan	<u>259,121</u>	<u>-0-</u>	<u>(14,962)</u>	<u>244,159</u>
	<u>\$ 729,244</u>	<u>\$ -0-</u>	<u>\$ (23,002)</u>	<u>\$ 706,242</u>

NOTE 5. CURRENT WATER AND SEWER RATES

As of December 31, 2023, the sewer rates are as follows:

Department of Correction:

\$ 139.40 for the first 500 cubic feet
\$ 1.00 per cubic foot (over the first 500 cubic feet)

Residential:

\$ 11.00 for the first 100 cubic feet
\$ 1.40 per cubic foot (over the first 100 cubic feet)

Sweet Home, Higgins, Red Oak:

\$ 141.40 for the first 700 cubic feet
\$ 1.00 per cubic foot (over the first 700 cubic feet)

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6. PROPERTY, PLANT AND EQUIPMENT CHANGES

Fixed asset activity for the year ending December 31, 2023 was as follows:

	<u>12-31-2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12-31-2023</u>
Sewer Improvements	\$ 1,036,422	\$ 26,708	\$ -0-	\$ 1,063,130
Sewer Expansion - Sweet Home Addition	499,412	-0-	-0-	499,412
Land	45,747	-0-	-0-	45,747
Plant and System	3,070,341	-0-	-0-	3,070,341
Equipment and Tools	8,445	-0-	-0-	8,445
	<u>4,660,367</u>	<u>26,708</u>	<u>-0-</u>	<u>4,687,075</u>
Less accumulated Depreciation	<u>(2,297,162)</u>	<u>(115,305)</u>	<u>-0-</u>	<u>(2,412,467)</u>
Net Fixed Assets	<u>\$ 2,363,205</u>	<u>\$ (88,597)</u>	<u>-0-</u>	<u>\$ 2,274,608</u>

Fixed asset activity for the year ending December 31, 2022 was as follows:

	<u>12-31-2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>12-31-2022</u>
Sewer Improvements	\$ 1,036,422	\$ -0-	\$ -0-	\$ 1,036,422
Sewer Expansion - Sweet Home Addition	499,412	-0-	-0-	499,412
Land	45,747	-0-	-0-	45,747
Plant and System	3,070,341	-0-	-0-	3,070,341
Equipment and Tools	8,445	-0-	-0-	8,445
	<u>4,660,367</u>	<u>-0-</u>	<u>-0-</u>	<u>4,660,367</u>
Less accumulated Depreciation	<u>(2,181,969)</u>	<u>(115,193)</u>	<u>-0-</u>	<u>(2,297,162)</u>
Net Fixed Assets	<u>\$ 2,478,398</u>	<u>\$ (115,193)</u>	<u>-0-</u>	<u>\$ 2,363,205</u>

CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7. ACCOUNTS RECEIVABLE

All fees for sewer services are billed and collected by Central Arkansas Water, which remits monies it collects for the Company in subsequent month. Accounts receivable as of December 31, 2023 consists of December 2023 collections by Central Arkansas Water to be remitted to the City Wrightsville Sewer System in January, 2024.

NOTE 8. SUBSEQUENT EVENTS

On February 2, 2024, the City of Wrightsville agreed to and submitted a consent order to the Arkansas Department of Energy and Environment, Division of Environmental Quality, to consolidate with Central Arkansas Water (CAW) and for CAW to begin construction to bring the system into compliance with existing laws and regulations. These actions were approved by the Wrightsville City Council on March 21, 2023 and CAW Board of Directors on September 14, 2023. On March 1, 2023 CAW began fulltime operation of the wastewater system as the city of Wrightsville Sewer System's consultant. It is expected that ownership of the system will transfer to CAW by December 31, 2024.

The Company has evaluated subsequent events through July 23, 2024 which is the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF WRIGHTSVILLE SEWER SYSTEM
ANNUAL BUDGETARY COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Actual	2023 Budget	Difference
OPERATING REVENUES			
Sewer Service	\$ 295,048	\$ 199,118	\$ 95,930
Connection / Permit Fees	55	132	(77)
Total Operating Revenues	<u>295,103</u>	<u>199,250</u>	<u>95,853</u>
OPERATING EXPENSES			
Administration Fees	4,078	4,220	142
Depreciation	115,305	-0-	(115,305)
Lab Testing & Chemicals	5,125	7,417	2,292
Advertising	207	-0-	(207)
Permits, Licenses, Fees & Office Expense	2,832	690	(2,142)
Professional Fees & Accounting Fees	11,461	11,239	(222)
Repairs and Maintenance	18,495	96,039	77,544
Travel Training Seminars	-0-	210	210
Utilities	74,316	72,392	(1,924)
Total Operating Expenses	<u>231,819</u>	<u>192,207</u>	<u>(39,612)</u>
Net Income (Loss) From Operations	<u>63,284</u>	<u>7,043</u>	<u>56,241</u>
OTHER REVENUES (EXPENSES)			
Interest Income	133	13	120
Interest Expense	(23,271)	(23,271)	-0-
Capital Outlay-Sewer Improvements	-0-	(30,000)	30,000
Total Other Revenues (Expenses)	<u>(23,138)</u>	<u>(53,258)</u>	<u>30,120</u>
Net (Loss) Income	<u>40,146</u>	<u>(46,215)</u>	<u>86,361</u>
Capital Expenditures			
Payment of Principal	(23,913)	(23,913)	-0-
Total Other Items	(23,913)	(23,913)	-0-
Actual & Budgeted Income	<u><u>\$ 16,233</u></u>	<u><u>\$ (70,128)</u></u>	<u><u>\$ 86,361</u></u>

CITY OF WRIGHTSVILLE SEWER SYSTEM
ANNUAL BUDGETARY COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Actual	2022 Budget	Difference
OPERATING REVENUES			
Sewer Service	\$ 203,381	\$ 206,125	\$ (2,744)
Connection / Permit Fees	110	73	37
Total Operating Revenues	<u>203,491</u>	<u>206,198</u>	<u>(2,707)</u>
OPERATING EXPENSES			
Administration Fees	4,232	5,611	1,379
Depreciation	115,193	-0-	(115,193)
Lab Testing & Chemicals	6,561	6,800	239
General Office	0	154	154
Permits, Licenses, Fees & Office Expense	575	4,040	3,465
Professional Fees & Accounting Fees	9,706	12,814	3,108
Repairs and Maintenance	81,807	85,000	3,193
Travel Training Seminars	175	175	-0-
Utilities	72,774	86,040	13,266
Total Operating Expenses	<u>291,023</u>	<u>200,634</u>	<u>(90,389)</u>
Net Income (Loss) From Operations	<u>(87,532)</u>	<u>5,564</u>	<u>(93,096)</u>
OTHER REVENUES (EXPENSES)			
Interest Income	17	82	(65)
Interest Expense	(24,179)	(24,179)	-0-
Capital Outlay-Sewer Improvements	-0-	-0-	-0-
Total Other Revenues (Expenses)	<u>(24,162)</u>	<u>(24,097)</u>	<u>(65)</u>
Net (Loss) Income	<u>(111,694)</u>	<u>(18,533)</u>	<u>93,161</u>
Capital Expenditures			
Payment of Principal	<u>(23,002)</u>	<u>(23,002)</u>	<u>-0-</u>
Total Other Items	<u>(23,002)</u>	<u>(23,002)</u>	<u>-0-</u>
Actual & Budgeted Income	<u><u>\$ (134,695)</u></u>	<u><u>\$ (41,535)</u></u>	<u><u>\$ (93,161)</u></u>

**CITY OF WRIGHTSVILLE SEWER SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note A - Annual Budgetary Comparison

The budget, which is presented in the Annual Budgetary Comparison (pages 14 and 15), was prepared by the management of the City of Wrightsville Sewer System for internal use. This budget has been approved or adopted by the governing body of the City of Wrightsville.

The budget is required by USDA.

The following adjustments were made to the budget prepared by the management of the City of Wrightsville Sewer System to present in accordance with generally accepted accounting principles in order to make the comparison to actual results:

	<u>2023</u>	<u>2022</u>
Net income per prepared budget	\$ -0-	\$ 3,465
Carryforward from General Fund	(30,000)	-0-
Carryover from Prior Year	<u>(40,128)</u>	<u>(45,000)</u>
Net Budgetary Income for Comparison Purposes	<u>\$ (70,128)</u>	<u>\$ (41,535)</u>