

GENERAL PURPOSE FINANCIAL STATEMENTS

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

**Years Ended
DECEMBER 31, 2023 AND 2022**

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

Years Ended December 31, 2023 and 2022

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City of DeWitt, Arkansas

Municipal Waterworks and Sewer System

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue increased by approximately \$181,340 from 2022. Total operating expenses for the year 2023 increased \$58,166 from 2022. Depreciation expense increased \$5,789. Labor and related taxes and benefits decreased approximately \$8,826 in 2023 as compared to 2022. A 3% raise was given to employees in April of 2023. Repairs and Maintenance expense experienced an increase of \$27,909. Insurance was up \$1,918 in 2023 over 2022. Operating supplies and chemical expenses increased \$18,001. Utilities increased \$6,435 in 2023 as compared to 2022. Office expenses decreased \$228 in 2023. Vehicle expenses increased \$6,768 in 2023. Professional services remained the same. Miscellaneous expenses decreased \$10 from 2022. Fees and license increased \$410 in 2023 over 2022. Interest income decreased by \$84. Bad debt, which is not included in operating expenses, experienced an increase of \$3,714 in 2023.

Allen Chapman continues in the position of Manager.

Brad Chambless resigned in November of 2022. John Henderson was appointed to fill the open position, and received approval by the City Council. Terry McCullars term was renewed for another eight years, with the approval of the City Council.

In March 2023, employees with over a year of service received a 3% increase in pay. A motion was made and passed in July, 2023, to increase all employees rate of pay by \$1 per hour.

A rate increase of 25% for water and an increase to \$4.00 per 1,000 for sewer was approved by the City Council and implemented on the June 2023 bills. Reconnect fees were increased to \$35, as well as increases of \$25 for both residential and commercial meter deposits.

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 during 2022.

Sewer pipe, costing \$84,670, was replaced during 2023. A 60 HP, 1750 rpm, motor was refurbished at a cost of \$15,287. Repairs were made to the 2016 Dodge Ram water truck which totaled \$6,684.

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, 2023, and 2022, 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, 2023 and 2022, 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

May 21, 2025
Des Arc, Arkansas

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 892,153	\$ 859,255
Accounts Receivable	161,332	137,371
Supplies Inventory	60,494	58,803
Other Current Assets	-	-
	<u>\$ 1,113,979</u>	<u>\$ 1,055,429</u>
Total Current Assets		
Property and Equipment:		
System and Equipment	\$ 8,532,097	\$ 8,432,140
Less Accumulated Depreciation	<u>(6,088,895)</u>	<u>(5,877,807)</u>
	<u>\$ 2,443,202</u>	<u>\$ 2,554,333</u>
Net Property and Equipment		
	<u>\$ 3,557,181</u>	<u>\$ 3,609,762</u>
Total Assets		

LIABILITIES AND NET ASSETS

Current Liabilities:	\$ -	\$ -
Accounts Payable	-	-
Current Portion of Long Term Liabilities	-	-
	<u>\$ -</u>	<u>\$ -</u>
Total Current Liabilities		
Long Term Liabilities:		
Meter Deposits Payable	\$ 96,899	\$ 94,270
Current Portion of Long Term Liabilities	-	-
	<u>\$ 96,899</u>	<u>\$ 94,270</u>
Total Long Term Liabilities		
Net Assets:		
Contributions in Aid of Construction	\$ 1,132,236	\$ 1,132,236
Unappropriated Net Assets	<u>2,328,046</u>	<u>2,383,256</u>
	<u>\$ 3,460,282</u>	<u>\$ 3,515,492</u>
Total Net Assets		
	<u>\$ 3,557,181</u>	<u>\$ 3,609,762</u>
Total Liabilities and Net Assets		

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, 2023 AND 2022

	Water	Sewer	Other	Total	
				2023	2022
Operating Revenues:					
Water Service	\$ 545,425			\$ 545,425	\$ 461,454
Sewer Service		\$ 278,271		278,271	174,105
Other			\$ 8,656	8,656	15,453
	<u>\$ 545,425</u>	<u>\$ 278,271</u>	<u>\$ 8,656</u>	<u>\$ 832,352</u>	<u>\$ 651,012</u>
Operating Expenses:					
Labor	\$ 83,413	\$ 143,539	\$ 60,282	\$ 287,234	\$ 293,689
Benefits	-	-	38,112	38,112	39,981
Insurance	-	-	49,038	49,038	47,120
Utilities	52,994	30,204	6,463	89,661	83,226
Repairs and Maintenance	19,878	26,211	2,428	48,517	20,608
Vehicle Expense	12,855	6,850	3	19,708	12,940
Chemicals	33,314	-	-	33,314	26,736
Operating Supplies	9,536	11,882	15,081	36,499	25,076
Professional Services	-	-	5,580	5,580	5,580
Office Expense	-	-	16,519	16,519	16,747
Miscellaneous	898	3,396	11,975	16,269	16,279
Payroll Taxes	6,381	4,620	10,917	21,918	22,420
Fees and License	7,764	4,373	-	12,137	11,727
Depreciation	56,171	154,918	-	211,089	205,300
Total Operating Expenses	<u>\$ 283,204</u>	<u>\$ 385,993</u>	<u>\$ 216,398</u>	<u>\$ 885,595</u>	<u>\$ 827,429</u>
Net Operating Revenue (Expense)	<u>\$ 262,221</u>	<u>\$ (107,722)</u>	<u>\$ (207,742)</u>	<u>\$ (53,243)</u>	<u>\$ (176,417)</u>
Other Revenues (Expense):					
Interest Income	\$ -	\$ -	\$ 2,044	\$ 2,044	\$ 2,128
Gain on Sale of Vehicle				-	3,000
Bad Debt	(2,647)	(1,364)	-	(4,011)	(297)
Total Other Revenues (Expense)	<u>\$ (2,647)</u>	<u>\$ (1,364)</u>	<u>\$ 2,044</u>	<u>\$ (1,967)</u>	<u>\$ 4,831</u>
Net increase (decrease) in Assets	<u>\$ 259,574</u>	<u>\$ (109,086)</u>	<u>\$ (205,698)</u>	<u>\$ (55,210)</u>	<u>\$ (171,586)</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, 2023 AND 2022

	<u>Unappropriated Net Assets</u>	<u>Contributions in Aid of Construction</u>	<u>Total</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>
2023 Net Increase (Decrease)	<u>(55,210)</u>		<u>(55,210)</u>
December 31, 2023	<u>\$ 2,328,046</u>	<u>\$ 1,132,236</u>	<u>\$ 3,460,282</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, 2023 AND 2022

	2023	2022
<u>Cash Flows from Operating Activities:</u>		
Net Increase (Decrease) in Net Assets	\$ (55,210)	\$ (171,586)
Adjustments to reconcile Net Increase (Decrease) to net Cash provided by (used in) operating activities:		
Depreciation	211,089	205,300
Change in Accounts Receivable	(23,961)	19
Change in Supplies Inventory	(1,691)	(4,194)
Change in Other Current Assets	-	-
Change in Accounts Payable	-	-
Change in Meter Deposits Payable	2,629	524
Net Cash Provided By (Used in) Operating Activities	\$ 132,856	\$ 30,063
<u>Cash Flows from Investing Activities:</u>		
Purchases of Property and Equipment	\$ (99,958)	\$ (27,610)
Net Cash Provided By (Used in) Investing Activities	\$ (99,958)	\$ (27,610)
<u>Cash Flows from Financing Activities:</u>		
Purchases of Property and Equipment	-	\$ (3,362)
Net Cash Provided By (Used in) Financing Activities	\$ -	\$ (3,362)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 32,898	\$ (909)
Cash and Cash Equivalents at the Beginning of Year	859,255	860,164
Cash and Cash Equivalents at the End of the Year	\$ 892,153	\$ 859,255

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, 2023 and 2022

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, 2023 and 2022**

Note 2: Property and Equipment:

Property and equipment consist of the following:

	2023	2022
Sewer System	\$5,845,279	\$ 5,845,279
Machinery and Equip	320,033	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	173,422
Furniture and Fixtures	42,335	42,335
Buildings	49,996	49,996
 Total Property and Equipment	 \$8,532,097	 \$8,432,140
 Accumulated Depreciation	 (6,088,895)	 (5,877,807)
 Net Property and Equipment	 \$2,443,202	 \$2,554,333

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.

Sewer pipe had to be replaced in March of 2023. The cost of 1120' of 8" HDEP pipe was \$84,670.00. Funds from the Depreciation Account at Stone Bank were used to cover the cost.

A 60 HP 1750 rpm motor was refurbished at a cost of \$15,287 in August of 2023. Funds from the Farmers & Merchants Bank Capital Improvements account were utilized to fund the purchase.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

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 2023 was \$22,500 or twenty-five percent of their salary. For the year 2023 employees over the age of 50 were allowed to make catch-up contributions of additional \$7,500. Contributions by the system totaled \$12,002 and \$11,361 for the years ended December 31, 2023, and 2022, respectively.

Note 4: Long-Term Liabilities:

The System had no Long-Term Liabilities at December 31, 2023.