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GENERAL PURPOSE FINANCIAL STATEMENTS

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

**Years Ended
DECEMBER 31, 2024 AND 2023**

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

Years Ended December 31, 2024 and 2023

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City of DeWitt, Arkansas

Municipal Waterworks and Sewer System

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue increased by approximately \$162,221 from 2023. Total operating expenses for the year 2024 increased \$46,592 from 2023. Depreciation expense increased \$13,271. Labor and related taxes and benefits increased approximately \$66,218 in 2024 as compared to 2023. Repairs and Maintenance expense experienced a decrease of \$24,138. Insurance was up \$1,213 in 2024 over 2023. Utilities decreased \$2,515 in 2024 from 2023. Office expense increased \$75 in 2024 over 2023. Operating supplies and chemical expenses decreased \$5,491 in 2024. Vehicle expenses decreased \$5,393 in 2024. Professional services increased \$2,828. Miscellaneous expenses increased \$2,096 from 2023. Fees and license decreased \$1,572 in 2024. Interest income increased by \$11,559. Bad debt, which is not included in operating expenses, experienced a decrease of \$87 in 2024.

Allen Chapman continues in the position of Manager.

Anthony Johnson's commission term was renewed for another eight years.

In March 2024, the commission voted to increase maintenance technicians' salaries by \$4 per hour. Jennifer and Rachel's hourly rate was increased to \$20 per hour, and Allen's salary was increased by \$3 per hour.

A rate increase of 25% for water was approved by the City Council and implemented in October. No change was made to the sewer rates.

Major improvements made during 2024 include the following. The East Well was pulled and refurbished at a cost of \$92,609. The Arkansas Department of Transportation required the water lines to be relocated at the Jefferson St. Bridge costing \$215,000. Sewer pipe was replaced in a project referred to as the May Street Sewer at a cost of \$72,722.

Equipment purchased in 2024 included a 3 HP pump in April at a cost of \$7,246, a Honeywell Controller in May for a cost of \$5,598, and a 3" Basic Pump at a cost of \$6,682 in June.

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, 2024, and 2023, 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, 2024 and 2023, 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, 2026
Des Arc, Arkansas

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash	\$ 763,864	\$ 892,153
Accounts Receivable	185,701	161,332
Supplies Inventory	64,591	60,494
Other Current Assets	<u>2,132</u>	<u>-</u>
Total Current Assets	<u>\$ 1,016,288</u>	<u>\$ 1,113,979</u>
Property and Equipment:		
System and Equipment	\$ 8,931,955	\$ 8,532,097
Less Accumulated Depreciation	<u>(6,313,254)</u>	<u>(6,088,895)</u>
Net Property and Equipment	<u>\$ 2,618,701</u>	<u>\$ 2,443,202</u>
Total Assets	<u><u>\$ 3,634,989</u></u>	<u><u>\$ 3,557,181</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$ -	\$ -
Current Portion of Long Term Liabilities	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ -</u>	<u>\$ -</u>
Long Term Liabilities:		
Meter Deposits Payable	\$ 102,816	\$ 96,899
Current Portion of Long Term Liabilities	<u>-</u>	<u>-</u>
Total Long Term Liabilities	<u>\$ 102,816</u>	<u>\$ 96,899</u>
Net Assets:		
Contributions in Aid of Construction	\$ 1,132,236	\$ -
Unappropriated Net Assets	<u>2,399,937</u>	<u>2,328,046</u>
Total Net Assets	<u>\$ 3,532,173</u>	<u>\$ 2,328,046</u>
Total Liabilities and Net Assets	<u><u>\$ 3,634,989</u></u>	<u><u>\$ 2,424,945</u></u>

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, 2024 AND 2023

				Total	
	Water	Sewer	Other	2024	2023
Operating Revenues:					
Water Service	\$ 602,364			\$ 602,364	\$ 545,425
Sewer Service		\$ 375,026		375,026	278,271
Other			\$ 17,183	17,183	8,656
	<u>\$ 602,364</u>	<u>\$ 375,026</u>	<u>\$ 17,183</u>	<u>\$ 994,573</u>	<u>\$ 832,352</u>
Operating Expenses:					
Labor	\$ 100,439	\$ 136,686	\$ 101,790	\$ 338,915	\$ 287,234
Benefits	-	-	48,791	48,791	38,112
Insurance	-	-	50,251	50,251	49,038
Utilities	53,908	27,838	5,400	87,146	89,661
Repairs and Maintenance	15,377	6,903	2,099	24,379	48,517
Vehicle Expense	6,711	7,604	-	14,315	19,708
Chemicals	31,779	-	-	31,779	33,314
Operating Supplies	10,712	8,964	12,867	32,543	36,499
Professional Services	-	-	8,408	8,408	5,580
Office Expense	-	-	16,594	16,594	16,519
Miscellaneous	922	2,880	14,563	18,365	16,269
Payroll Taxes	7,684	4,118	13,974	25,776	21,918
Fees and License	6,232	4,333	-	10,565	12,137
Depreciation	63,518	160,842	-	224,360	211,089
Total Operating Expenses	<u>\$ 297,282</u>	<u>\$ 360,168</u>	<u>\$ 274,737</u>	<u>\$ 932,187</u>	<u>\$ 885,595</u>
Net Operating Revenue (Expense)	\$ 305,082	\$ 14,858	\$ (257,554)	\$ 62,386	\$ (53,243)
Other Revenues (Expense):					
Interest Income	\$ -	\$ -	\$ 13,603	\$ 13,603	\$ 2,044
Gain on Sale of Vehicle				-	-
Bad Debt	(3,155)	(943)	-	(4,098)	(4,011)
Total Other Revenues (Expense)	<u>\$ (3,155)</u>	<u>\$ (943)</u>	<u>\$ 13,603</u>	<u>\$ 9,505</u>	<u>\$ (1,967)</u>
Net increase (decrease) in Assets	<u><u>\$ 301,927</u></u>	<u><u>\$ 13,915</u></u>	<u><u>\$ (243,951)</u></u>	<u><u>\$ 71,891</u></u>	<u><u>\$ (55,210)</u></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, 2024 AND 2023

	<u>Unappropriated Net Assets</u>	<u>Contributions in Aid of Construction</u>	<u>Total</u>
December 31, 2022	<u>\$ 2,383,256</u>	<u>\$ -</u>	<u>\$ 2,383,256</u>
2023 Net Increase (Decrease)	<u>(55,210)</u>	<u>-</u>	<u>(55,210)</u>
December 31, 2023	<u>\$ 2,328,046</u>	<u>\$ -</u>	<u>\$ 2,328,046</u>
2024 Net Increase (Decrease)	<u>71,891</u>	<u>-</u>	<u>71,891</u>
December 31, 2024	<u>\$ 2,399,937</u>	<u>\$ -</u>	<u>\$ 2,399,937</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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flows from Operating Activities:</u>		
Net Increase (Decrease) in Net Assets	\$ 71,891	\$ (55,210)
Adjustments to reconcile Net Increase (Decrease) to net Cash provided by (used in) operating activities:		
Depreciation	224,360	211,089
Change in Accounts Receivable	(24,369)	(23,961)
Change in Supplies Inventory	(4,097)	(1,691)
Change in Other Current Assets	(2,133)	-
Change in Accounts Payable	5,917	-
Change in Meter Deposits Payable	<u>5,917</u>	<u>2,629</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 271,569</u>	<u>\$ 132,856</u>
<u>Cash Flows from Investing Activities:</u>		
Purchases of Property and Equipment	<u>\$ (399,858)</u>	<u>\$ (99,958)</u>
Net Cash Provided By (Used in) Investing Activities	<u>\$ (399,858)</u>	<u>\$ (99,958)</u>
<u>Cash Flows from Financing Activities:</u>		
Purchases of Property and Equipment	<u> </u>	<u> </u>
Net Cash Provided By (Used in) Financing Activities	<u>\$ -</u>	<u>\$ -</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (128,289)	\$ 32,898
Cash and Cash Equivalents at the Beginning of Year	<u>892,153</u>	<u>859,255</u>
Cash and Cash Equivalents at the End of the Year	<u><u>\$ 763,864</u></u>	<u><u>\$ 892,153</u></u>

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, 2024 and 2023

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, 2024 and 2023

Note 2: Property and Equipment:

Property and equipment consist of the following:

	<u>2024</u>	<u>2023</u>
Sewer System	\$5,918,001	\$ 5,845,279
Machinery and Equip	339,560	320,033
Water System	2,053,394	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	<u>49,996</u>	<u>49,996</u>
 Total Property and Equipment	 \$8,931,955	 \$8,532,097
 Accumulated Depreciation	 <u>(6,313,254)</u>	 <u>(6,088,895)</u>
 Net Property and Equipment	 <u><u>\$2,618,701</u></u>	 <u><u>\$2,443,202</u></u>

A 60 HP 1750 rpm motor was refurbished at a cost of \$15,287 in August of 2023.

1120' of 8" HDEP pipe was replaced in 2023 at the cost of \$84,670.

The East Well was pulled and refurbished at a cost of \$92,609. Funds from the Farmers & Merchants Capital Improvement account were used to pay the expense.

The Arkansas Department of Transportation required the water lines to be relocated at the Jefferson St. Bridge. Total cost of the project was \$215,000. This project was completed using funds as follows: \$100,000 from the Southern Bancorp Operating account, \$104,250 from the Stone Bank Depreciation Fund account, and \$10,750 from the Farmers & Merchants Capital Improvement account.

City of DeWitt, Arkansas
Municipal Waterworks and Sewer System

Notes to Financial Statements
December 31, 2024 and 2023

Note 2: **Property and Equipment: continued**

Sewer pipe was replaced in a project referred to as the May Street Sewer Replacement. The cost of \$72,722 was drawn from the Stone Bank Depreciation Fund account

A 3 HP pump was purchased in April of 2024 at a cost of \$7,246. A Honeywell Controller was purchased in May of 2024 for a cost of \$5,598. A 3" Basic Pump was purchased at a cost of \$6,682 in June of 2024. These purchases were paid from the Southern Bancorp Operating account.

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 2024 was \$23,000 or twenty-five percent of their salary. For the year 2024 employees over the age of 50 were allowed to make catch-up contributions of additional \$7,500. Contributions by the system totaled \$14,018 and \$12,002 for the years ended December 31, 2024, and 2023, respectively.

Note 4: **Long-Term Liabilities:**

The System had no Long-Term Liabilities as of December 31, 2024.