

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

MEYER & WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, ARKANSAS 72396

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INDEPENDENT AUDITOR'S REPORT

Wynne Water and Sewer Commission
City of Wynne, Arkansas
Municipal Waterworks and Sewer System
Wynne, Arkansas 72396

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the City of Wynne, Arkansas Municipal Waterworks and Sewer System, a component unit of the City of Wynne, AR as of and for the years ended December 31, 2024, and 2023 as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Wynne, Arkansas Municipal Waterworks and Sewer System as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Wynne, Arkansas Municipal Waterworks and 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 A, the accompanying financial statements of the City of Wynne, Arkansas Municipal Waterworks and Sewer System are intended to present the financial position, and the changes in financial position and the cash flows of the City that is attributable to the transactions of the Wynne, Arkansas Municipal Waterworks and Sewer System. They do not purport to, and do not, present fairly the financial position of the City of Wynne, Arkansas, as of December 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wynne, Arkansas Municipal Waterworks and Sewer System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and Government Auditing Standards will always detect a material misstatement when it exists. The risks 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements of the financial statements, whether due to fraud or error, and design and perform the 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 of the effectiveness of the City of Wynne, Arkansas Municipal Waterworks and 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.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 7 and budgetary comparison on page 35 be presented to supplement the basic financial statements. Such information is the responsibility of management, and 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Entity's basic financial statements. The accompanying supplementary information (Schedule I through Schedule VI and Schedule VIII) is presented for the purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Schedule IX) is presented for purposes of additional analysis and is not a required part of the financial statements.

Such 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. The 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025 on our consideration of the City of Wynne, Arkansas Municipal Waterworks and Sewer System'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 solely 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 effectiveness of internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, Arkansas 72396
December 31, 2025

**CITY OF WYNNE, ARKANSAS MUNICIPAL WATERWORKS AND SEWER SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2024**

Within this section of the City of Wynne, Arkansas Municipal Waterworks and Sewer System's financial report, (the Entity) the Entity's management provides narrative discussion and analysis of the financial activities of the Entity for the year ended December 31, 2024. The Entity's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Using this annual report

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues and Expenses provide information about the Entity as a whole and present a longer term view of the Entity's finances. The Statement of Cash Flows provides a summary of the changes in cash and cash equivalents for the year. Information is included in the Notes to Financial Statements to disclose accounting policies and additional financial detail amounts shown in the financial statements. A report on internal control is also included.

Reporting on City of Wynne, Arkansas Municipal Waterworks and Sewer System as a whole

Our analysis of the Entity as a whole follows in the next section. The Entity operates as a business-type activity providing water utilities to its customers. Its revenues must be sufficient to cover the cost of operations, payments of indebtedness, and cost of improvements to the system. One of the most important questions asked about the Entity's finances is "Is the Entity as a whole better off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues and Expenses report information about the Entity as a whole, and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. 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 Entity's net position and changes in them. You can think of the Entity's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) as one way to measure the Entity's financial health or financial position. Over time, increases or decreases in the net position are one indicator of whether the financial health is improving, or deteriorating. You will need to consider other nonfinancial factors, however, such as the conditions of the water and sewer system, to assess the overall health of the Entity.

**CITY OF WYNNE, ARKANSAS MUNICIPAL WATERWORKS AND SEWER SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)
December 31, 2024**

The following table summarizes the net position.

Financial Highlights	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning Net Position	\$ 14,011,848	\$ 15,101,612	\$ 14,876,253
Increase (Decrease) in net position	<u>1,616,620</u>	<u>(1,089,764)</u>	<u>225,359</u>
Ending Net Position	<u>\$ 15,628,468</u>	<u>\$ 14,011,848</u>	<u>\$ 15,101,612</u>

Assets, liabilities, and net position are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 1,380,460	\$ 1,689,860	\$ 2,170,899
Restricted Assets	9,222,764	2,548,389	3,314,192
Capital Assets	19,764,941	18,316,969	18,779,662
Deferred outflows	<u>206,522</u>	<u>301,358</u>	<u>288,634</u>
Total Assets	<u>\$ 30,574,687</u>	<u>\$ 22,856,576</u>	<u>\$ 24,553,387</u>
Current Liabilities	\$ 7,905,524	\$ 1,375,097	\$ 1,285,442
Long-term Liabilities	<u>7,001,166</u>	<u>7,435,125</u>	<u>8,131,774</u>
Total Liabilities	<u>14,906,690</u>	<u>8,810,222</u>	<u>9,417,216</u>
Deferred Inflows	<u>39,529</u>	<u>34,506</u>	<u>34,559</u>
Net Position			
Investment in capital assets	13,248,081	11,048,257	10,952,435
Restricted for Debt Service	228,088	211,697	205,988
Restricted for Construction	639,728	1,098,309	1,969,269
Restricted for Maintenance	1,022,887	971,485	869,380
Unrestricted	<u>489,684</u>	<u>682,100</u>	<u>1,104,540</u>
Total Net Position	<u>\$ 15,628,468</u>	<u>\$ 14,011,848</u>	<u>\$ 15,101,612</u>

The following schedule presents a summary of revenues and expenditures for the years ended December 31, 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 3,328,685	\$ 3,375,827	\$ 3,385,742
Operating Expenses	<u>(2,884,774)</u>	<u>(2,881,836)</u>	<u>(2,861,270)</u>
Operating Income	443,911	493,991	524,472
Other Income (Expenses)	<u>1,172,709</u>	<u>(1,583,755)</u>	<u>(299,113)</u>
Increase (Decrease) in net position	<u>\$ 1,616,620</u>	<u>\$ (1,089,764)</u>	<u>\$ 225,359</u>

**CITY OF WYNNE, ARKANSAS MUNICIPAL WATERWORKS AND SEWER SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)
December 31, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year end December 31, 2024, the Entity had \$ 19,764,941 invested in capital assets. This represents a net increase of \$ 1,447,972 for the year, which is the result of fixed asset purchases of \$ 2,138,035 less \$ 660,063 in depreciation expense and disposals of \$ 30,000.

Debt

At year end, the Entity had \$ 6,516,860 in outstanding bonds and notes payable. This represents a net decrease of \$ 751,852 which is the result of principal repayments.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The Entity is in the process of rebuilding the sewer plant which was destroyed by a tornado during 2023. The total estimated additional cost to complete the rebuild is approximately \$ 23,000,000.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, suppliers, and creditors with a general overview of the Entity's finances and to show the Entity's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Blake Marotti, General Manager, 870-238-2751.

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023**

ASSETS

	2024	2023
CURRENT ASSETS		
Cash	\$ 670,895	\$ 1,015,333
Accounts receivable- customers	542,967	537,502
Inventory	138,866	113,427
Prepaid expenses	27,732	23,598
Total Current Assets	1,380,460	1,689,860
RESTRICTED ASSETS		
Cash	8,393,927	1,754,921
Certificates of Deposit	828,837	793,468
	9,222,764	2,548,389
PROPERTY AND EQUIPMENT		
Land - water system	110,616	110,616
Land- sewer system	152,637	182,637
Water plant	21,226,220	20,268,893
Sewer plant	8,258,344	8,258,344
Transportation equipment	1,219,745	1,073,947
Office equipment	177,545	177,545
Construction in progress	4,369,678	3,334,768
Total	35,514,785	33,406,750
Less accumulated depreciation	(15,749,844)	(15,089,781)
Net Property and Equipment	19,764,941	18,316,969
Deferred Outflows	206,522	301,358
TOTAL ASSETS	\$ 30,574,687	\$ 22,856,576

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

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023**

LIABILITIES AND NET POSITION

	2024	2023
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS		
Accounts payable	\$ 35,388	\$ 98,336
Accrued taxes	30,530	27,694
Unearned Revenue - ARPA Grant	7,000,000	
Due to the City of Wynne	230,232	217,991
Total Current Liabilities	7,296,150	344,021
 CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Customer meter deposits	261,007	252,654
Accrued bond interest payable	21,507	26,571
Current portion of revenue bonds payable	326,860	751,851
Total Current Liabilities Payable from restricted assets	609,374	1,031,076
 LONG TERM DEBT		
Net Pension Liability	966,792	1,080,432
Revenue bonds payable, net of current portion	6,190,000	6,516,861
Less Unamortized Bond Discount	(155,626)	(162,168)
Total Long-Term Debt	7,001,166	7,435,125
 DEFERRED INFLOWS		
Pension Plan	39,529	34,506
	-	
 NET POSITION		
Invested in capital assets, net of related debts	13,248,081	11,048,257
Restricted for debt service	228,088	211,697
Restricted for construction	639,728	1,098,309
Restricted for maintenance	1,022,887	971,485
Unrestricted	489,684	682,100
Net Position	15,628,468	14,011,848
TOTAL LIABILITIES AND NET POSITION	\$ 30,574,687	\$ 22,856,576

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

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
REVENUES:		
Water sales	\$ 1,568,714	\$ 1,593,097
Sewer sales	1,616,531	1,606,414
Connections	24,294	46,530
Collection fees	34,096	32,637
Other operating revenues	85,050	97,149
Total Revenues	<u>3,328,685</u>	<u>3,375,827</u>
LESS OPERATING EXPENSES:		
Accounting and auditing	7,600	7,200
Advertising	-	228
Contract labor	2,840	135
Depreciation and Amortization	660,063	661,216
Dues and subscriptions	5,303	7,059
Heat, light and power	215,620	207,356
Insurance	203,246	168,472
Laboratory fees	11,095	14,790
Legal fees	3,972	4,145
Miscellaneous	6,486	6,487
Office supplies and postage	103,318	87,639
Operating maintenance and supplies	280,464	339,264
Permits and fees	8,130	11,368
Rentals	20,109	23,676
Repairs and maintenance	87,554	57,834
Retirement	121,413	170,667
Salaries	943,125	901,377
Payroll taxes	72,269	69,031
City franchise taxes	12,000	12,000
Telephone	34,858	28,748
Truck expense	85,309	103,144
Total Operating Expenses	<u>2,884,774</u>	<u>2,881,836</u>
OPERATING INCOME	<u>443,911</u>	<u>493,991</u>
OTHER INCOME (EXPENSE):		
Interest expense	(260,404)	(280,487)
Gain on sale of assets	70,505	45,097
FEMA Grant	1,203,424	
Loss from Tornado Damage	-	(1,423,604)
Interest income	159,184	75,239
Net Other Income (Expense)	<u>1,172,709</u>	<u>(1,583,755)</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 1,616,620</u>	<u>\$ (1,089,764)</u>

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

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
STATEMENTS OF CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NET POSITION - DECEMBER 31, 2022	\$ 15,101,612
Increase in Net Position for year ended December 31, 2023	<u>(1,089,764)</u>
NET POSITION - DECEMBER 31, 2023	\$ 14,011,848
Increase in Net Position for year ended December 31, 2024	<u>1,616,620</u>
NET POSITION - DECEMBER 31, 2024	<u><u>\$ 15,628,468</u></u>

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

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
Cash flows from operating activities:		
Cash received from customers	\$ 3,331,573	\$ 3,301,697
Cash payments to suppliers	(1,385,052)	(1,259,250)
Cash payments to employees	(943,125)	(901,377)
	1,003,396	1,141,070
Cash flows from non-capital financing activities		
Transfers to from other funds	12,241	54,035
Cash flows from capital and related financing activities		
Proceeds on Sale of Property and Equipment	100,505	75,095
Proceeds from Insurance recovery	-	1,922,005
Acquisition and construction of capital assets	(2,138,035)	(3,574,130)
Grants for capital improvements	8,203,424	-
Proceeds on loans	-	-
Principal payments on bonds, notes, and leases	(751,852)	(727,224)
Debt Issue Costs	-	-
Interest paid on notes	(258,926)	(279,452)
Net cash provided (used) by capital and related financing activities	5,155,116	(2,583,706)
Cash flows from investing activities		
increase in Certificates of Deposit	(35,369)	(23,293)
Investment Income	159,184	75,239
Net cash provided (used) by investing activities	123,815	51,946
Net increase (decrease) in cash and cash equivalents	6,294,568	(1,336,655)
Cash and equivalents, beginning of year	2,770,254	4,106,909
Cash and equivalents, end of year	\$ 9,064,822	\$ 2,770,254
Reconciliation of Cash and Cash Equivalents to		
Statement of Net Position		
Cash	\$ 670,895	\$ 1,015,333
Cash - Restricted Assets	8,393,927	1,754,921
	\$ 9,064,822	\$ 2,770,254

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

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Operating Income (Loss)	\$ 443,911	\$ 493,991
Net Change in Pension Liability	(13,781)	35,884
Depreciation and Amortization	660,063	661,216
Change in assets and liabilities		
(Increase) decrease in:		
Accounts Receivable	(5,465)	(66,296)
Inventory	(25,439)	(19,569)
Prepaid Expenses	(4,134)	19,345
Increase (Decrease) in:		
Accounts Payable	(62,948)	19,665
Accrued Taxes	2,836	4,668
Customer Deposits	8,353	(7,834)
Net cash provided by operating activities	<u>\$ 1,003,396</u>	<u>\$ 1,141,070</u>

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

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - The City of Wynne Municipal Waterworks and Sewer System is a proprietary fund of the City of Wynne, Arkansas. Its purpose is to provide water and sewer service to the citizens of Wynne, Arkansas. The financial statements present only the City of Wynne, Arkansas Municipal Waterworks and Sewer System and are not intended to be a government wide financial statement for the City of Wynne. The Entity's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Entity are discussed below.

BASIS OF ACCOUNTING - The focus of proprietary fund measurement is upon determination of revenues or expenses to be recognized and reported in the financial statements. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The financial statements are presented on the accrual basis of accounting. Fees and charges and other revenues are recognized when earned and expenses are recognized when incurred.

CASH AND CASH EQUIVALENTS - The System considers all cash, savings accounts and certificates of deposit purchased with a maturity of three months or less to be cash equivalents.

INVENTORY – Inventory consists of materials and supplies available for future use. Inventory is valued at cost using the first-in, first-out method.

ACCOUNTS RECEIVABLE - Accounts receivable is presented net of an allowance for estimated uncollectible accounts of \$ 54,430 at December 31, 2024 and \$ 47,230 at December 31, 2023. The allowance is based on age analysis of accounts and results of collection efforts. Accounts deemed uncollectible after collection efforts and the offset of any customer deposits are charged to allowance for uncollectible accounts.

PROPERTY AND EQUIPMENT - Property and equipment is stated at cost. Expenditures for major renewals and betterments are capitalized while minor replacements, maintenance and repairs, which do not improve or extend the life of such assets, are charged to operations as incurred. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 – 10 years for office and transportation equipment and from 7 to 50 years for water and sewer plant systems and equipment.

OPERATING REVENUES AND EXPENSES – Operating Revenues and Expenses consists of those revenues that result from ongoing operations and are primarily charges for services. Nonoperation revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary services. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Entity's policy to apply those expenses to restricted net assets to the extent such as are available and then to unrestricted net assets.

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE A- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

RETIREMENT PLAN - For purposes of measuring 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 the Arkansas Public Employees Retirement System (APERS) and additions to or deductions from APERS fiduciary net position have been determined on the same basis as they are reported to APERS. For this purpose benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are recorded at fair value.

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The deferred outflows for the System were created as a result of implantation of GASB 68. (See Note I – Retirement Plan).

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. The System’s deferred inflows were created as a result of implantation of GASB 68 (See Note I – Retirement Plan).

ADVERTISING – Advertising costs are expensed when incurred.

SALES TAXES – Water sales are subject to Arkansas Sales Tax. Revenues are presented net of Sales Taxes.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NET POSITION:

Net position is divided into three components:

- Net investment in capital assets- consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position – consists of assets that are restricted by creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE A- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

USE OF RESTRICTED RESOURCES:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position) the Entity's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

UNAMORTIZED BOND DISCOUNT:

Bond Discounts are amortized over the life of the Bond Issue using the straight line method. Amortized costs for the years ended December 31, 2024 and 2023 were \$ 6,542 and \$ 6,542 and are included in interest expense.

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable- customers includes amounts due from water use, sewer fees, garbage and mosquito control fees.

The System collects garbage and mosquito control fees for the City of Wynne. The System charges collection fees for garbage based on number of meters billed, and collection fees for mosquito control based on amounts collected. Total collection fees were \$ 34,096 and \$ 32,637 for years ended December 31, 2024 and 2023.

NOTE C – RESTRICTED ASSETS

Restricted assets consist of cash required to be accumulated in accordance with terms of bond indentures. A summary of restricted assets is as follows:

	<u>2024</u>	<u>2023</u>
Cash:		
Water and Sewer Construction	\$ 7,687,807	\$ 1,098,309
Water Depreciation	35,210	77,266
Customer Meter Deposits	41,441	35,308
Debt Service	228,088	211,697
Sewer Depreciation	401,381	332,341
Total Restricted Cash	<u>\$ 8,393,927</u>	<u>\$ 1,754,921</u>
Certificates of Deposit		
Customer Meter Deposits	242,541	231,590
Water Depreciation	586,296	561,878
Total Certificates of Deposit	<u>\$ 828,837</u>	<u>\$ 793,468</u>

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE D – LONG TERM DEBT-

Long term debt at December 31, 2024 and 2023 is as follows:

	2024	2023
3.25% Water and Sewer Revenue Bond Series due in semi- annual installments of \$ 124,149 through 10/15/24, secured by system improvements and pledge of future revenues.	\$ -	\$ 242,425
3.25% loan agreement with Arkansas Natural Resource Commission, due in semi- annual installments of \$ 194,905 through April 2025, and secured by system improvements and pledge of future revenues.	191,860	566,286
2.75% to 4.00% Water and Sewer Refunding and Improvement Revenue bonds, due in semi annual installments through December, 2052, secured by system improvements and pledge of future revenue	6,325,000	6,460,000
	\$ 6,516,860	\$ 7,268,711
Less Current Portion	(326,860)	(751,851)
	\$ 6,190,000	\$ 6,516,860

A summary of note payable activity for the year ended December 31, 2024 is as follows:

Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
\$ 7,268,712	\$ -	\$ 751,852	\$ 6,516,860

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE D – LONG TERM DEBT-

Future payments required on all bonds payable are as follows:

For Years Ending December 31	Principal	Interest	Total
2025	\$ 326,860	\$ 240,901	\$ 567,761
2026	140,000	233,732	373,732
2027	145,000	229,729	374,729
2028	150,000	225,763	375,763
2029	155,000	221,375	376,375
For 5 year periods ending December 31			
2034	850,000	1,029,475	1,879,475
2039	1,010,000	852,400	1,862,400
2044	1,230,000	628,600	1,858,600
2049	1,480,000	358,400	1,838,400
2054	1,030,000	62,800	1,092,800
	<u>\$ 6,516,860</u>	<u>\$ 4,083,175</u>	<u>\$ 10,600,035</u>

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE E - CASH AND CERTIFICATES OF DEPOSIT

At December 31, the System had the following cash accounts:

	2024	2023
Water and Sewer Unrestricted Cash Accounts		
Petty cash	\$ 500	\$ 500
Water and sewer operating and maintenance	229,008	336,038
Savings account	441,387	678,795
Total unrestricted	\$ 670,895	\$ 1,015,333
Restricted Accounts		
Cash:		
Debt service	\$ 228,088	\$ 211,697
Customer meter deposits	41,441	35,308
Water and sewer construction	7,687,807	1,098,309
Sewer depreciation	401,381	332,341
Water depreciation	35,210	77,266
Total restricted cash	8,393,927	1,754,921
Certificates of Deposit		
Meter Deposits	242,541	231,590
Water Depreciation	586,296	561,878
Total Certificates of Deposit	828,837	793,468
Total Unrestricted Cash and Certificates of Deposit	\$ 9,222,764	\$ 2,548,389

The Entity's policy is for deposits to be secured by collateral valued at market, or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance coverage. The Entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 2024. The categories are described as follows:

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE E - CASH AND CERTIFICATES OF DEPOSIT -cont'd

Category 1 - Insured or collateralized by securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institutions trust department or by its agent in the entity's name.

Category 3 - Uncollateralized

At December 31, 2024, Cash and certificates of deposit categorized by level of risk are:

	Category		
Carrying amount	1	2	3
\$ 9,893,659	\$ 250,000	\$ 9,643,659	-

NOTE F - CONCENTRATIONS

Sales - All revenues are earned from sales of water and sewer services to the residents of Wynne, Arkansas.

Credit risk - Financial instruments which subject the Entity to concentration of credit risk consist principally of temporary cash investments. The Entity places its temporary cash investments with financial institutions, and its policy is to limit the amount of credit risk exposure. The Entity's policy is to limit such investments to amounts covered by FDIC coverage and securities pledged to collateralize deposits.

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE G - PROPERTY, PLANT AND EQUIP

A summary of activity for property, plant and equipment is as follows:

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024
Assets not subject to depreciation:				
Land	\$ 293,253	\$ -	\$ 30,000	\$ 263,253
Construction in progress	3,334,768	1,965,083	930,173	4,369,678
Assets subject to depreciation:				
Water Plant	20,268,893	957,327	-	21,226,220
Sewer Plant	8,258,344	-	-	8,258,344
Transportation Equipment	1,073,947	145,798		1,219,745
Office Equipment	177,545	-		177,545
	<u>\$ 33,406,750</u>	<u>\$ 3,068,208</u>	<u>\$ 960,173</u>	<u>\$ 35,514,785</u>
Accumulated depreciation	<u>\$ 15,089,781</u>	<u>\$ 660,063</u>	<u>\$ -</u>	<u>\$ 15,749,844</u>

Construction in progress consists of costs incurred for construction of a Sewer plant. Total estimated costs to complete are approximately \$ 23,000,000.

NOTE H - RETIREMENT PLAN

Plan Description

The following brief description of the Arkansas Public Employees Retirement System (APERS or the System) is provided for general information only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information.

APERS is a cost-sharing, multiple-employer, defined benefit plan which covers all State employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members.

The public employee 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

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE H - RETIREMENT PLAN - con'd

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 that are noncontributory have the option to become a contributory member at any time.

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.
- Members may retire with a reduced benefit at age 55 with at least 5 years of actual service or at any age with at least 25 years of service, but less than 28 years of service.
- Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5.75% of their salary. Employers are required to contribute at a rate established by the

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE H - RETIREMENT PLAN- cont'd

Board of Trustees of APERS based on an actuary's determination of rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2024.

APERS Fiduciary Net Position

Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <http://www.apers.org/annualreports>.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

The collective Net Pension Liability of \$ 2,488,121,912 was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

Deferred outflows of resources and deferred inflows of resources related to pensions related to the Department are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,519	\$ (39,528)
Changes of Assumptions	-	
Changes in proportion and differences between employer contributions and proportionate share of contributions		(14,873)
Differences between expected and actual experience		-
Net difference between projected and actual investment earnings on pension plan investments	28,046	-
Changes of Assumptions	33,692	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,240	
	<u>\$ 128,497</u>	<u>\$ (54,401)</u>

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE H - RETIREMENT PLAN- (cont'd)

In accordance with GASB Statement No. 68, the recognition period for outflows (inflows) of resources from the net difference between projected and actual earnings on pension plan investments was five years. All other deferred outflows (inflows) of resources related to pensions were amortized over the average of the expected remaining services lives of all employees that are provided with pension through the pension plan.

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2024. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees, were as follows:

Actuarial Cost Method	Entry Age Normal
Discount rate	7.00%
Projected Salary Increases	3.30% -9.85%
Mortality Table	Based on RP-2006, Healthy Annuitant benefit weighted generational mortality tables for male and females. Mortality rates are multiplied by 114% for males and 132% for females, and are adjusted for fully generational mortality improvements using Scale MP- 2021
Inflation Rate	3.25% Wage inflation and 2.5% price inflation
Payroll Increase	3.25%

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE H - RETIREMENT PLAN- (cont'd)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020-2029 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class included in the plan's current asset allocation as of June 30, 2024, these best estimates are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	39%	5.03%
International Equity	17%	6.34%
Real Estate	16%	4.51%
Private Equity	5%	9.00%
Hedge Funds	2%	3.63%
Domestic fixed	21%	3.38%
Total	100%	

Discount Rate

A single discount rate of 7.00% 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 7.00%. 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.

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE H - RETIREMENT PLAN- (cont'd)

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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the Net Pension Liability using the current discount rate of 7.00%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

	<u>1% Lower than Current Rate (6.00%)</u>	<u>7.00% Current Rate</u>	<u>1% Higher than Current Rate (8.00%)</u>
Net Pension Liability	\$ 1,649,695	\$ 966,792	\$ 403,788

NOTE I -INTEREST

Original issue discount is amortized over the life of the related bond issue and is included in interest expense. The total interest charged to expense for 2024 was \$ 260,404 and for 2023 was \$ 280,487.

NOTE J - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 31, 2025, the date the financial statements were available to be issued. Based on this evaluation, no events have occurred that require recognition or disclosure in the accompanying financial statements.

NOTE K - UNEARNED REVENUES

Unearned revenue consists of funds received under the terms of an American Rescue Plan Grant to be used for sewer plant reconstruction.

NOTE L - DUE TO CITY OF WYNNE

Due to city of Wynne results from Garbage and Mosquito Charges billed by the Water and Sewer Department for the City of Wynne.

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
SCHEDULE I - OPERATIONS
YEAR ENDED DECEMBER 31, 2024

	Total	Water	Sewer	Admin
OPERATING REVENUES				
Water sales	\$ 1,568,714	\$ 1,568,714		-
Sewer service	1,616,531		\$ 1,616,531	
Connections	24,294	22,680	1,614	
Collection fees	34,096	-	-	\$ 34,096
Other operating revenues:	85,050	-	-	85,050
Total Operating Revenues	<u>3,328,685</u>	<u>1,591,394</u>	<u>1,618,145</u>	<u>119,146</u>
OPERATING EXPENSES				
Accounting and auditing	7,600		-	7,600
Contract labor	2,840	1,840		1,000
Depreciation and Amortization	660,063	464,120	118,679	77,264
Dues and Subscriptions	5,303	165	-	5,138
Heat, light and power	215,620	167,432	47,044	1,144
Insurance	203,246	49,062	40,960	113,224
Laboratory fees	11,095	-	11,095	-
Legal and professional fees	3,972			3,972
Miscellaneous	6,486	875	625	4,986
Office supplies and postage	103,318	9,306	496	93,516
Operating maintenance	280,464	267,728	11,571	1,165
Permits and Fees	8,130	186	220	7,724
Rentals	20,109	111	111	19,887
Repairs and maintenance	87,554	60,270	25,723	1,561
Retirement plan	121,413	63,566	39,870	17,977
Salaries	943,125	345,583	313,490	284,052
Payroll taxes	72,269	23,480	26,096	22,693
City franchise taxes	12,000			12,000
Telephone	34,858	16,878	387	17,593
Truck	85,309	44,886	32,978	7,445
Total Operating Expenses	<u>2,884,774</u>	<u>1,515,488</u>	<u>669,345</u>	<u>699,941</u>
Income (loss) from operations	443,911	75,906	948,800	(580,795)
OTHER INCOME (EXPENSE)				
Interest expense	(260,404)	(107,796)	(71,856)	(80,752)
Gain(Loss) on sale of assets	70,505			70,505
FEMA Grant	1,203,424			1,203,424
Interest income	159,184			159,184
	<u>1,172,709</u>	<u>(107,796)</u>	<u>(71,856)</u>	<u>1,352,361</u>
NET (LOSS) from operations	1,616,620	(31,890)	876,944	771,566
ADMINISTRATIVE DIVISION:				
Allocated 60 % water, 40 % Sewer	-	462,940	308,626	(771,566)
Net (loss from operations)	<u>\$ 1,616,620</u>	<u>\$ 431,050</u>	<u>\$ 1,185,570</u>	<u>\$ -0-</u>

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule II
Amortization Schedules for Long- Term Debt
DECEMBER 31, 2024

Water Treatment plant

			\$	191,860
4/1/2025	191,860	3,045		-

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule II
Amortization Schedules for Long- Term Debt
DECEMBER 31, 2024

2022 Water and Sewer Refunding and Improvement Revenue Bonds

Date	Principal	Interest	Balance due
	-		\$ 6,325,000
6/1/2025	135,000	119,940	6,190,000
12/1/2025		117,916	6,190,000
6/1/2026	140,000	117,916	6,050,000
12/1/2026		115,816	6,050,000
6/1/2027	145,000	115,816	5,905,000
12/1/2027		113,913	5,905,000
6/1/2028	150,000	113,913	5,755,000
12/1/2028		111,850	5,755,000
6/1/2029	155,000	111,850	5,600,000
12/1/2029		109,525	5,600,000
6/1/2030	160,000	109,525	5,440,000
12/1/2030		107,125	5,440,000
6/1/2031	165,000	107,125	5,275,000
12/1/2031		104,650	5,275,000
6/1/2032	170,000	104,650	5,105,000
12/1/2032		102,100	5,105,000
6/1/2033	175,000	102,100	4,930,000
12/1/2033		98,600	4,930,000
6/1/2034	180,000	98,600	4,750,000
12/1/2034		95,000	4,750,000
6/1/2035	185,000	95,000	4,565,000
12/1/2035		91,300	4,565,000
6/1/2036	195,000	91,300	4,370,000
12/1/2036		87,400	4,370,000
6/1/2037	200,000	87,400	4,170,000
12/1/2037		83,400	4,170,000

Schedule II

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule II cont'd
Amortization Schedules for Long- Term Debt
DECEMBER 31, 2024

2022 Water and Sewer Refunding and Improvement Revenue Bonds- cont'd

			\$	4,170,000
6/1/2038	210,000	83,400		3,960,000
12/1/2038		79,200		3,960,000
6/1/2039	220,000	79,200		3,740,000
12/1/2039		74,800		3,740,000
6/1/2040	230,000	74,800		3,510,000
12/1/2040		70,200		3,510,000
6/1/2041	235,000	70,200		3,275,000
12/1/2041		65,500		3,275,000
6/1/2042	245,000	65,500		3,030,000
12/1/2042		60,600		3,030,000
6/1/2043	255,000	60,600		2,775,000
12/1/2043		55,500		2,775,000
6/1/2044	265,000	55,500		2,510,000
12/1/2044		50,200		2,510,000
6/1/2045	275,000	50,200		2,235,000
12/1/2045		44,700		2,235,000
6/1/2046	285,000	44,700		1,950,000
12/1/2046		39,000		1,950,000
6/1/2047	295,000	39,000		1,655,000
12/1/2047		33,100		1,655,000
6/1/2048	305,000	33,100		1,350,000
12/1/2048		27,000		1,350,000
6/1/2049	320,000	27,000		1,030,000
12/1/2049		20,600		1,030,000
6/1/2050	330,000	20,600		700,000
12/1/2050		14,000		700,000
6/1/2051	345,000	14,000		355,000
12/1/2051		7,100		355,000
6/1/2052	355,000	7,100		-

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule of Rates
DECEMBER 31, 2024**

Sewer	
Customer base rate per month	\$ 19.75
Unit rate per 1000 gal	\$ 7.25

Water Rates:

\$ 16.41 for first 2,000 gallons, \$ 5.47 for every 1000 thereafter

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule of Usage- (Gallons)
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
January	16,060,500	22,240,400
February	23,961,200	18,980,200
March	17,427,200	16,659,300
April	18,155,300	17,615,200
May	18,964,700	29,241,600
June	21,013,100	20,339,500
July	20,869,700	31,613,500
August	20,732,500	23,778,200
September	22,486,700	23,496,800
October	18,996,700	20,488,400
November	19,024,400	19,572,600
December	<u>18,389,600</u>	<u>18,097,600</u>
	236,081,600	262,123,300

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule of Insurance Coverage
DECEMBER 31, 2024**

Type of Coverage	Effective Dates	Liability Limits
Vehicle	10-31-24 - 10-31-25	\$ 500,000
Commercial Pkg	02-01-24 - 02-01-25	\$ 29,000,000

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
Schedule of Other Information
DECEMBER 31, 2024**

All financial records of the City of Wynne, Arkansas, Municipal Waterworks and Sewer System are public records and are open for public inspection during regular business hours of 8:00 a.m. to 5:00 p.m. Monday through Friday at the Wynne Water Utilities office in Wynne, Arkansas.

COMMISSIONERS

Vance Lawson, Chairman
Andy Boone
James Nickerson

Ken Johnson
Carl Loewer

Blake Marotti- General Manager

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
BUDGETARY COMPARISON
FOR YEAR ENDED DECEMBER 31, 2024

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:			
Water sales	\$ 1,583,064	\$ 1,568,714	\$ (14,350)
Sewer sales	1,631,795	1,616,531	(15,264)
Connections	25,198	24,294	(904)
Collection fees	34,000	34,096	96
Other operating revenues	<u>84,458</u>	<u>85,050</u>	<u>592</u>
Total Revenues	<u>3,358,515</u>	<u>3,328,685</u>	<u>(29,830)</u>
LESS OPERATING EXPENSES:			
Accounting and auditing	7,600	7,600	-
Advertising	650	-	(650)
Contract labor	6,500	2,840	(3,660)
Depreciation and Amortization	745,000	660,063	(84,937)
Dues and Subscriptions	5,593	5,303	(290)
Heat, light and power	220,338	215,620	(4,718)
Insurance	190,214	203,246	13,032
Laboratory fees	13,345	11,095	(2,250)
Legal and professional	7,000	3,972	(3,028)
Miscellaneous	6,730	6,486	(244)
Office supplies and postage	94,150	103,318	9,168
Operating maintenance and supplies	323,479	280,464	(43,015)
Permits and fees	9,590	8,130	(1,460)
Rentals	7,500	20,109	12,609
Repairs and maintenance	76,881	87,554	10,673
Retirement	145,506	121,413	(24,093)
Salaries	982,157	943,125	(39,032)
Payroll taxes	75,135	72,269	(2,866)
City franchise fees	12,000	12,000	-
Telephone	36,209	34,858	(1,351)
Truck expense	<u>88,913</u>	<u>85,309</u>	<u>(3,604)</u>
Total Operating Expenses	<u>3,054,490</u>	<u>2,884,774</u>	<u>(169,716)</u>
OPERATING INCOME	<u>304,025</u>	<u>443,911</u>	<u>139,886</u>
OTHER INCOME (EXPENSE):			
Interest expense	(240,631)	(260,404)	(19,773)
Gain on sale of assets		70,505	70,505
FEMA Grant		1,203,424	1,203,424
Loss from tornado damage			-
Interest income	<u>135,000</u>	<u>159,184</u>	<u>24,184</u>
Net Other Income (Expense)	<u>(105,631)</u>	<u>1,172,709</u>	<u>1,278,340</u>
CHANGE IN NET POSITION	<u>\$ 198,394</u>	<u>\$ 1,616,620</u>	<u>\$ 1,418,226</u>

Schedule VIII

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31. 2024

	ALN	EXPENDITURES
FEDERAL ASSISTANCE		
Grantor/Pass through Grantor/Program Title		
U.S. Department of Homeland Security, FEMA		
Pass Through AR Department of Emergency Management		
Disaster Recovery	97.036	\$ 1,203,424

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation – The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting. The purpose of this schedule is to present a summary of those activities which have been financed by the U.S. Government. For the purpose of this schedule, federal awards include all federal assistance and procurement relationships entered into by City of Hughes, Arkansas Federal Awards. It is not intended to be, and does not present the financial position of City of Hughes, Arkansas or the results of its operations in conformity with generally accepted accounting principles.

2. Revenue and Expenditure Recognition – Revenue is recognized when earned by the entity. Expenditures for direct costs are recognized using the modified accrual basis of accounting and cost accounting principles contained in U.S. Office of Management and Budget OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. The Entity did not elect to use the 10% de minimis indirect cost rate

Schedule IX

CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2024

Year ended	Proportionate Net Pension Liability	Proportionate Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of of Total Pension Liability	Contractually Required Contribution	Contributions Made in Relation to Required Contributions
6/30/2015	0.03912575%	\$ 720,592	\$ 805,280	89%	80.39%	\$ 110,807	\$ 110,807
6/30/2016	0.04235657%	1,012,893	753,909	134%	75.50%	111,277	111,277
6/30/2017	0.04233701%	1,094,048	727,456	150%	75.65%	110,641	110,641
6/30/2018	0.04078077%	899,597	763,864	118%	79.59%	112,670	112,670
6/30/2019	0.04019844%	969,799	769,256	126%	78.55%	117,850	117,850
6/30/2020	0.03942285%	1,128,907	769,210	147%	75.38%	117,843	117,843
6/30/2021	0.03899921%	299,839	778,766	40%	93.57%	119,307	119,307
6/30/2022	0.03838094%	1,031,771	799,843	129%	78.31%	122,536	122,536
6/30/2023	0.03707491%	1,080,432	834,945	129%	77.28%	125,890	125,890
6/30/2024	0.03885628%	966,792	876,837	110%	81.61%	135,229	135,229

MEYER & WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, ARKANSAS 72396

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 Wynne Water Commission
City of Wynne, Arkansas
Municipal Waterworks and Sewer System
Wynne, Arkansas 72396

We have audited, 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, the financial statements of the activities of the City of Wynne, AR Municipal Waterworks and Sewer System as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Wynne, AR Municipal Waterworks and Sewer System basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control Over Financial Reporting

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

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 a 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wynne, AR Municipal Waterworks and Sewer System'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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR 72396

December 31, 2025

MEYER & WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, ARKANSAS 72396

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Wynne, AR Municipal Waterworks and Sewer System compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Wynne, AR Municipal Waterworks and Sewer System major federal programs for the year ended December 31, 2024. City of Wynne, AR Municipal Waterworks and Sewer System's programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

In our opinion, City of Wynne, AR Municipal Waterworks and Sewer System, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the City of Wynne, AR Municipal Waterworks and Sewer System, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Wynne, AR Municipal Waterworks and Sewer System, Inc. compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for the compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts, or grant agreements applicable to City of Wynne, AR Municipal Waterworks and Sewer System, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Wynne, AR Municipal Waterworks and Sewer System, Inc. compliance based on our audit. 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 *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material noncompliance from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Wynne, AR Municipal Waterworks and Sewer System, Inc.'s compliance with the requirements of each major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Wynne, AR Municipal Waterworks and Sewer System, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Wynne, AR Municipal Waterworks and Sewer System, Inc.'s internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance Section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR 72396
December 31, 2025

**CITY OF WYNNE, ARKANSAS
MUNICIPAL WATERWORKS AND SEWER SYSTEM
DECEMBER 31, 2024**

SCHEDULE OF FINDINGS:

No findings noted.