

THE INFORMATION PROVIDED IN THIS DOCUMENT WILL EXPLAIN IN CONSIDERABLE DETAIL HOW THE WATER AND SEWER DEPARTMENTS ARE STRUCTURED AND HOW THEY ARE REQUIRED TO SPEND THE MONEY NECESSARY FOR THE TOTAL OPERATION. IT IS IMPERATIVE THAT THE PUBLIC HAS COMPLETE ACCESS TO INFORMATION THAT IS CLEAR, CONCISE, AND IS TRANSPARENT. THIS DOCUMENT WITH ATTACHMENTS WILL PROVIDE EACH CUSTOMER WITH MOST IF NOT ALL INFORMATION NEEDED TO ACHIEVE THIS GOAL.

THE FIRST SECTION DESCRIBES HOW WE ACCOUNT FOR MONIES REQUIRED TO OPERATE. OUR OFFICE MANAGER/ADMINISTRATIVE ASSISTANT POSTS ALL EXPENDITURES MONTHLY AND FORWARDS THE ACCOUNTING OF THESE EXPENDITURES TO AN INDEPENDENT ACCOUNTING FIRM. THE AUDITOR ANALYZES THE POSTING FILES AND THE ASSOCIATED EXPENSES AND THEY PRODUCE AN INCOME AND EXPENSE STATEMENT OF THE FINDINGS AND PROVIDE COMMENTS.

THE INFORMATION COVERED IN THESE TRANSACTIONS IS LISTED BELOW WITH A SHORT NARRATIVE.

OPERATING REVENUES - IS REPRESENTED BY THE INDIVIDUAL LINE ITEMS.

WATER SALES - INCOME RECEIVED FROM THE SALES OF WATER

SEWER SALES - INCOME RECEIVED FROM THE SALES OF SEWER

WATER SERVICE CONNECTIONS - THIS REVENUE IS FOR CONSTRUCTION AND MATERIAL COSTS ASSOCIATED WITH THE CONNECTION OF WATER SERVICE LINES TO THE WATER MAIN.

SEWER SERVICE CONNECTIONS - THIS REVENUE IS FOR CONSTRUCTION COSTS ASSOCIATED WITH THE CONNECTION OF SEWER SERVICE LINES TO THE SEWER MAIN.

PENALTIES – ANYTIME A PERSON DOES NOT PAY THE UTILITY BILL BY THE 15TH OF EACH MONTH THEY ARE ASSESSED A PENALTY CHARGE. THIS CHARGE IS BASED ON THE REQUIREMENTS OF THE AGENCY LENDING THE CITY MONEY FOR THE PURPOSE OF CONSTRUCTING THE WATER TREATMENT PLANT.

RE-CONNECT FEES – ANYTIME A PERSON DOES NOT PAY THEIR BILL BY THE 25TH OF EACH MONTH THEY MAY BE ASSESSED A PROCESS FEE TO COVER THE EXPENSE OF PROCESSING THE BILL.

MISC INCOME. WHEN INCOME IS RECEIVED BY THE UTILITY NOT ASSOCIATED WITH THE ABOVE ITEMS IT IS POSTED IN THIS CATEGORY.

THE ITEMS MENTIONED ABOVE REPRESENT THE ONLY SOURCE OF INCOME RECEIVED BY THE UTILITY. WE DO NOT NOR HAVE WE EVER RECEIVED INCOME FROM TAXATION. TO REPEAT THIS, NO MONIES GENERATED FROM TAXATION ARE RECEIVED BY THE UTILITY.

FROM THE INCOME AND EXPENSE STATEMENT THE NEXT CATEGORY IS TITLED EXPENSES. THESE EXPENSES ARE LISTED BY TOPIC WITH A SHORT NARRATIVE.

ACCOUNTING AND AUDITING – THE UTILITY RECEIVES A MONTHLY STATEMENT OF INCOME AND EXPENSES FROM AN INDEPENDENT AUDITOR AND ON AN ANNUAL BASIS A FORMAL AUDIT IS PERFORMED BY THE SAME FIRM. THE CITY, ON THE OTHER HAND HAS A STATE AUDITOR AUDIT THE BOOKS. THE STATE AUDITOR REFRAINS FROM DOING AUDITS FOR COMMISSION OPERATED UTILITIES. TYPICALLY, THE AUDIT COST RUNS LESS THAN \$7000 A YEAR FOR THIS SERVICE.

ADVERTISING – COSTS ASSOCIATED WITH ADS SELLING ITEMS, PUBLIC ANNOUNCEMENTS, POLICY CHANGES, PROJECTS, LEGAL STATEMENTS, AND ORDINANCES.

BAD DEBTS – DEBTS THAT ARE SENT TO A COLLECTION AGENCY

CONTRACT LABOR - AT SELECTED UTILITY LOCATIONS EMPLOYEES MOW AFTER HOURS OR ON WEEKENDS. THE UTILITY FURNISHES ALL THE EQUIPMENT AND TRANSPORTATION AND THE EMPLOYEE IS PAID \$10.00 PER HOUR. IN SOME CASES, IT IS NECESSARY TO HIRE INDIVIDUALS/CONTRACTORS TO PERFORM SPECIALIZED OPERATIONS THAT REQUIRES SKILLS OR EQUIPMENT THE UTILITY DOES NOT HAVE.

DEPRECIATION - THIS IS A FUNCTION OF ACCOUNTING REQUIRED THAT REPRESENTS THE VALUE CHANGE IN ALL ITEMS OWNED AND OPERATED BY THE UTILITY. CURRENTLY WE ARE REQUIRED TO FUND DEPRECIATION AT THE 3% PERCENT LEVEL. IN ADDITION TO THIS REQUIREMENT AND THE EXTREME COST OF EQUIPMENT, THE AMOUNT OF DEPRECIATION IS FUNDED AT 5 %.

DUES AND SUBSCRIPTIONS – ARKANSAS WATER WORKS ASSN – MEMBER AND PUBLICATION, ARKANSAS ONE CALL MEMBERSHIP, REQUIRED BY STATUTE, CROSS COUNTY CHAMBER-ECONOMIC DEVELOPMENT, ARKANSAS RURAL WATER ASSN-MEMBER, THEY PROVIDE TRAINING REQUIRED FOR OPERATER LICENSING AND RENEWAL, AND WATER ENVIRONMENT FEDERATION-MEMBER AND PUBLICATION.

INSURANCE – PROPOSALS FOR INSURANCE ARE REQUESTED ANNUALLY TO COVER THE EQUIPMENT, BUILDINGS, BUILDING CONTENTS, HIGHWAY BONDS AND COMMISSION LIABILITY.

GROUP INSURANCE – PROVIDES COVERAGE FOR ALL EMPLOYEES, EMPLOYEE FAMILIES WHEN REQUESTED. SPOUSAL OR FAMILY INSURANCE IS OFFERED AT THE EMPLOYEES EXPENSE. SECONDARY INSURANCE FROM INDEPENDENT SOURCES FROM AFLAC, COLONIAL, BOSTON MUTUAL LIFE, AND ARKANSAS CHILD SUPPORT CLEARING HOUSE ARE OFFERED AS WELL. ALL SECONDARY POLICIES ARE PAID THROUGH PAYROLL DEDUCTION.

INTEREST EXPENSE – MONIES PAID ASSOCIATED WITH LONG TERM DEBT SERVICE.

LABORATORY FEES - THESE EXPENSES ARE GENERATED FROM THE OPERATION AND MAINTENANCE OF THE UTILITY OPERATED LABORATORY OPERATIONS AT THE WASTEWATER AND WATER TREATMENT PLANTS.

LEGAL – THE CITY OF WYNNE HAS A LEGAL DEFENSE FUND ARRANGEMENT WITH THE ARKANSAS MUNICIPAL LEAGUE. THE UTILITY PAYS A PORTIONAL SHARE BASED ON NUMBER OF EMPLOYEES.

PERMITS AND FEES – THE ARKANSAS DEPARTMENT OF HEALTH ASSESSES FEES BASED ON THE NUMBER OF METERS OPERATED BY THE UTILITY. THESE FEES OFFSET THE EXPENSE THE STATE HAS FOR TESTING SPECIFIC ITEMS. THE DEPARTMENT OF ENVIRONOMENTAL QUALITY ASSESSES A PERMIT FEE FOR THE OPERATION AND DISCHARGE OF THE WASTEWATER PLANT AND THE DISCHARGE OF THE WATER PLANT.

MISCELLANEOUS - ITEMS NOT COVERED ANYWHERE ELSE, IE. MANDATORY DRUG TESTING.

OFFICE SUPPLIES – ITEMS NORMALLY ASSOCIATED WITH OFFICE/PERSONNEL/SAFETY. INCLUDED ARE BUILDING SECURITY, PRINTING AND PAPER NEEDS, SECURITY ALARMS, COMPUTERS AND SOFTWARE, UNIFORMS, BILLING OPERATIONS, PEST CONTROL, REIMBURSEMENT FOR PERSONAL EXPENSES FOR UTILITY BUSINESS, AND OFFICE EQUIPMENT/SUPPLY VENDORS.

POSTAGE - POSTAL CHARGES, POSTAGE MACHINE POSTAGE, INFORMATION PROCESSING FOR BILLING.

RENTALS – MONIES RECEIVED FOR TOWER COMMUNICATION RENT, EXPENSES FOR OFFICE SPACE RENTAL, AND SHORT-TERM EQUIPMENT RENTAL.

REPAIR AND MAINTENANCE – MONIES SPENT WITH VENDORS FOR SERVICES REQUIRING EXPERTISE UNAVAILABLE AT THE UTILITY, IE. WELDING, FIRE PROTECTION SERVICES, INSTRUMENTATION CALIBRATION, BUILDING MAINTENANCE, TIRE REPAIR, AUTO BODY REPAIR, ELECTRIC MOTOR REPAIRS, ELECTRICAL SUPPLIES, WELDING SUPPLIES, TIRES, AUTOMOTIVE REPAIR, SMALL ENGINE REPAIR, AND MASTER PLUMBING.

RETIREMENT PLAN CONTRIBUTION – THE CITY OF WYNNE FACILITATES RETIREMENT BENEFITS TO ALL ELIGIBLE EMPLOYEES. THE STATE OF ARKANSAS RETIREMENT PLAN DICTATES THE PERCENTAGE OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS. ALL MONIES REQUIRED FOR THIS EVENT ARE PROCESSED THROUGH THIS CATEGORY.

SALARIES – SALARIES ARE SET AT TIME OF EMPLOYMENT AND ANNUAL EVALUATIONS ARE REQUIRED OF EVERY EMPLOYEE. EACH YEAR THE CITY OF WYNNE VOTES ON AN ANNUAL INCREASE AND THE AMOUNT APPROVED IS AWARDED TO EACH EMPLOYEE SUBJECT TO A SATISFACTORY EVALUATION. ALL PERSONNEL MATTERS ARE THE RESPONSIBILITY OF THE GENERAL MANAGER SUBJECT TO THE APPROVAL OF THE WATER AND SEWER COMMISSION.

SALARIES – OVERTIME – OVERTIME IS APPROVED ON AS NEEDED BASIS AS DIRECTED BY THE GENERAL MANAGER. STANDBY PAY IS OFFERED TO PROVIDE FOR PERSONAL CONTACT AFTER HOURS AND ON WEEKENDS. STANDBY PERSONNEL ARE REQUIRED TO MAINTAIN CONTACT WITH THE ALARM SYSTEMS AND THE GENERAL PUBLIC DURING THEIR ASSIGNED WEEK. ALL FIELD PERSONNEL ARE SUBJECT TO OVERTIME.

COMMISSIONER FEES - INDIVIDUALS WHO ARE APPOINTED TO THE WATER AND SEWER COMMISSION RECEIVE A STIPEND OF \$ 40 A MEETING. THE CHAIRMAN OF THE COMMISSION RECEIVES \$75.

BANK CHARGES – THERE ARE RANDOM CHARGES THAT OCCUR DUE TO THE NUMEROUS BANK ACCOUNTS REQUIRED.

OPERATING MAINTENANCE AND SUPPLIES - THIS ITEM REPRESENTS ALL THE EQUIPMENT, MATERIAL, CHEMICAL, AND SUPPLY EXPENSE NORMALLY ASSOCIATED WITH A UTILITY OPERATION OF THIS SIZE.

SCHOOLS AND CONFERENCES - THIS EXPENSE COVERS THE COST OF LICENSE RENEWALS AND INDUSTRY MEETINGS.

SMALL TOOLS AND EQUIPMENT - THIS EXPENSE COVERS THOSE ITEMS NOT INCLUDED IN OPERATING MAINTENANCE AND SUPPLIES.

PAYROLL TAXES – THIS EXPENSE COVERS ALL PAYROLL TAXES ASSOCIATED WITH SALARIES OF EMPLOYEES.

CITY FRANCHISE TAX – THIS IS AN ANNUAL FEE TRANSFERRED TO THE CITY GENERAL FUND THAT ALLOWS THE UTILITY TO SUPPORT THE ADMINISTRATION OF THE CITY.

TRAVEL EXPENSE - THIS EXPENSE SUPPORTS THE CATEGORY SCHOOLS AND CONFERENCES.

TELEPHONE – THIS EXPENSE REPRESENTS THE COST OF COMMUNICATION FOR FIXED BASED PHONES, ALARMS, AND CELL PHONES.

TRUCK EXPENSE – FUEL-OIL-REPAIR –ANY EXPENSE RELATED TO THOSE ITEMS NECESSARY TO SUPPORT THE DAY TO DAY OPERATION.

HEAT, LIGHT, AND POWER – THIS EXPENSE REPRESENTS THE MONIES NECESSARY FOR ALL ELECTRICAL OR GAS PURCHASES FROM THE CENTERPOINT ENERGY, WOODRUFF ELECTRIC, AND ENTERGY ARKANSAS.

INTEREST INCOME – THIS ITEM REPRESENTS THE AMOUNT OF INTEREST PAID TO THE UTILITY FROM BANKS GENERATED FROM CHECKING, SAVINGS, AND CERTIFICATE OF DEPOSIT ACCOUNTS.

COLLECTION FEES – THE WATER AND SEWER DEPARTMENT ADMINISTRATION (WYNNE WATER UTILITIES) BY WAY OF THE BILLING PROCESS COLLECTS GARBAGE REVENUE FOR THE CITY OF WYNNE. THE UTILITY RETAINS THE EXPENSE OF POSTAGE AND TRANSFER THE REMAINING BALANCE TO THE CITY.