

WHEELRIGHT UTILITY COMMISSION  
REPORT OF AUDIT OF FINANCIAL STATEMENTS  
AND SUPPORTING DATA  
YEAR ENDED JUNE 30, 2025

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**RICHARD F. PAULMANN, CPA, LLC**  
**301 MOUNT MERCY ROAD**  
**PEWEE VALLEY, KY 40056**  
Ph: (502) 550-1568  
e-mail: [Richardpaulmann@twc.com](mailto:Richardpaulmann@twc.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Wheelwright Utility Commission  
Wheelwright, Kentucky

### **Opinions**

I have audited the accompanying financial statements of the business-type activities of Wheelwright Utility Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Wheelwright Utility Commission's basic financial statement listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Wheelwright Utility Commission, as of June 30, 2025, and the respective changes in financial position and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wheelwright Utility Commission and to meet our 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 audit opinions.

### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Wheelwright Utility Commission'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 Responsibilities for the Audit of Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due

to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wheelwright Utility Commissions '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 my judgement, there are conditions or events, considering in the aggregate, that raise substantial doubt about the Wheelwright Utility Commission's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Management has elected to omit the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

#### **Other Reporting Required by Governmental Auditing Standards**

In accordance with Governmental Auditing Standards, I have also issued my report dated December 30, 2025 on my consideration of Wheelwright Utility Commission 's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering Wheelwright Utility Commission 's internal control over financial reporting and compliance.

Richard F. Paulmann CPA, LLC  
Pewee Valley, KY  
December 30, 2025

WHEELWRIGHT UTILITY COMMISSION  
STATEMENT OF FUND NET POSITION  
June 30, 2025  
(with prior year data for comparison purposes only)

	6/30/2025	6/30/2024
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$686,863	\$619,318
Accounts Receivable (Net of Allowance for Delinquencies of \$17,053 in 2025 and \$17,053 in 2024)	82,764	74,705
Inventory	55,736	37,708
Prepaid Expense	21,341	17,878
	846,704	749,609
<b>Total Current Assets</b>		
 <b>Noncurrent Assets</b>		
Restricted Cash	366,128	350,294
 <b>Capital Assets:</b>		
Land	5,000	5,000
Plumbing and Distribution System	4,149,752	4,146,345
Office Building	170,658	170,658
Transportation Equipment	191,523	191,523
Furniture, Fixtures and Equipment	123,854	40,551
Vehicles	30,000	
Construction in Progress	148,010	148,010
<b>Total Capital Assets</b>	4,818,797	4,702,087
Less: Accumulated Depreciation	(3,069,383)	(2,930,289)
Net Capital Assets	1,749,414	1,771,798
 <b>Total Noncurrent Assets</b>		
 <b>Total Assets</b>		
	<b>\$2,962,245</b>	<b>\$2,871,701</b>

See accompanying notes to the financial statements

WHEELWRIGHT UTILITY COMMISSION  
STATEMENT OF FUND NET POSITION  
June 30, 2025  
(with prior year data for comparison purposes only)

	6/30/2025	6/30/2024
<b>LIABILITIES</b>		
Accounts payable	21,307	69,359
Payroll Taxes	3,251	4,050
Accrued Sick and Vacation Time	22,459	28,611
Customer Deposits	59,410	28,563
Accrued Interest Payable	293	293
Current Portion of Long Term Debt	15,000	15,000
Total Current Liabilities	121,720	145,876
<b>Noncurrent Liabilities</b>		
Long Term Debt less current portion	376,667	385,000
Total Long Term Liabilities	376,667	385,000
<b>Total Liabilities</b>	498,387	530,876
<b>Net Position</b>		
Invested in capital assets, net of related debt	1,357,747	1,371,798
Restricted for Capital Projects		
Restricted for Debt Service	72,335	70,690
Restricted for Deposits	59,410	28,563
Unrestricted	974,367	869,774
<b>TOTAL NET POSITION</b>	<b>2,463,859</b>	<b>2,340,825</b>

See accompanying notes to the financial statements

WHEELWRIGHT UTILITY COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE-GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

<b>Operating Revenue:</b>	<u>2025</u>	<u>2024</u>
Charges for Services	\$936,596	\$970,455
Collection and Late Fees		
Other Revenue		22,753
Other		
	<u>936,596</u>	<u>993,208</u>
<b>Total Operating Revenue</b>	<b>936,596</b>	<b>993,208</b>
<b>Operating Expenses:</b>		
Water Treatment Supplies	34,899	76,196
Depreciation and Amortization	139,094	127,476
Sewer Operating Expenses	81,257	78,227
Gasoline and Fuel	119,498	55,646
Office Expense	13,100	17,519
Contracted Services	14,017	12,346
Miscellaneous	8,631	4,673
Insurance	20,820	17,671
Contractual Services	5,760	20,989
Payroll and Other Taxes	21,535	25,249
Utilities	67,793	63,770
Wages	271,219	322,459
Professional Fees	12,200	6,000
	<u>809,823</u>	<u>828,221</u>
<b>Total Operating Expense</b>	<b>809,823</b>	<b>828,221</b>
<b>Operating Income (Loss)</b>	<b>126,773</b>	<b>164,987</b>
<b>Non-Operating Revenue (Expense)</b>		
Interest Income	352	-
Dividend Income	11,219	
Interest Expense	(15,310)	(15,760)
Transfers		
Administrative and Trustee Fees for Bond Dividends		
Gain (Loss) on Sale of Assets		
	<u>(3,739)</u>	<u>(15,760)</u>
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(3,739)</b>	<b>(15,760)</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>123,034</b>	<b>149,227</b>
<b>Capital Contributions</b>		
Grant Income		-
Capital Contributions		
<b>Total Capital Contributions</b>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<b>123,034</b>	<b>149,227</b>
<b>Total Net Position, Beginning</b>	<b>2,340,825</b>	<b>2,191,598</b>
<b>Total Net Position, Ending</b>	<b><u>\$2,463,859</u></b>	<b><u>\$2,340,825</u></b>

See accompanying notes to the financial statements

**WHEELWRIGHT UTILITY COMMISSION**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**  
**(with prior year data for comparison purposes only)**

	For the year Ended June 30	
	2025	2024
<b>Cash Flows from Operating</b>		
Cash Received from customers	928,537	998,490
Cash payments to suppliers for goods and services	(448,769)	(415,149)
Cash payments to employees	(292,754)	(347,708)
Cash received from deposits	30,847	3,296
<b>Net cash provided by operating activities</b>	217,861	238,929
<b>Cash flows from noncapital financing activities</b>		
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	0	0
<b>Cash flows from capital and related financing activities</b>		
(increase) decrease in Restricted Assets Accounts	(15,834)	
Loan Proceeds		
Interest Paid	(15,310)	(15,760)
Principle Payment on Long term Debt	(8,333)	(15,000)
Administrative and Trust Fees for bond		
Acquisition and construction of capital assets	(106,575)	(78,557)
Decrease (Increase) in Construction in progress		
Proceeds from insurance recovery		
Proceeds on Sale of Assets		
<b>Net cash provided by (used for) capital and related financing activities</b>	(146,052)	(109,317)
<b>Cash flows from Investing Activities</b>		
Proceeds from earnings on investments	352	0
Proceeds from Dividends	11,219	
<b>Net cash provided by (used for) investing activities</b>	11,571	0
Total increase (decrease) in cash and cash equivalents	83,380	129,612
Transfer to/from city		
Cash and cash equivalents at beginning of year	969,611	839,999
Cash and cash equivalents at the end of year (Note )	\$1,052,991	\$969,611
<b>Reconciliation of Cash</b>		
Cash	686,863	969,611
Restricted Cash	366,128	0
<b>CASH AT END OF THE YEAR</b>	\$1,052,991	\$969,611

See accompanying notes to the financial statements

**WHEELWRIGHT UTILITY COMMISSION**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**  
**(with prior year data for comparison purposes only)**

	For the year Ended June 30	
	2025	2024
<b>Reconciliation of Income from operations to net cash provided by operation activities:</b>		
Income from operations	\$126,773	\$164,987
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Operating activities		
Depreciation and amortization	139,094	127,476
Changes in assets and liabilities:		
Decrease (increase) in Utility Accounts Receivable	(8,059)	5,282
Decrease (increase) in Prepaid Expenses	(3,463)	(1,019)
Decrease (increase) in Inventory	(18,028)	(37,708)
Increase (decrease) in Accounts Payable and other Payables	(49,303)	(5,904)
Increase (decrease) in Customer Deposits	30,847	(14,185)
Increase (decrease) in Accrued Interest		
<b>Net cash provided by operating activities</b>	<b>\$217,861</b>	<b>\$238,929</b>

WHEELWRIGHT UTILITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2025

Note 1- Summary of Significant Accounting Policies

The significant policies of the Commission are as follows:

**Organization and Business Activities** – The Wheelright Utility Commission (the "Commission") is a governmental organization with its primary activities consisting of sale of water and sewer and gas services to approximately 350 homes and businesses in and around Wheelwright, Kentucky, pursuant to Chapter 74 of the Kentucky Revised Statutes to operate a water distribution system.

**Basis of Accounting** – The accounting and reporting policies of the Wheelright Utility Commission relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable for local governments. Generally accepted accounting principles for local governments includes those principles presented by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publications entitled Audits of State and Local Governments and by the Financial Accounting Standards Board (when applicable). As allowed in section PBO of GASB's Codification of Governmental Accounting and Reporting Standards, the Commission has elected not to apply Financial Accounting Board Statements and Interpretations, Accounting Research Bulletins of the Committee of Accounting Principle Board Opinions, and Accounting Research Bulletins of the Committee of Accounting and Procedures issued after November 30, 1969. The Commission first applies restricted resources when an expense is incurred for restricted and unrestricted purposes. The more significant policies of the Commission are described below.

**Basis of Presentation**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the Commission uses Proprietary Fund financial statement reporting including a Statement of Net Assets, Statements of Revenues, Expenditures and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets includes the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Commission's creditors (liabilities). The difference between the assets and liabilities is shown as net assets. The statement also provides the basis of evaluating the capital structure of the Commission and assessing its liquidity and financial flexibility.

The Statement of Revenue, Expenditure and Changes in Net Assets accounts for the current year's revenue and expenses. This statement measures the success of the Commission's operations over the past year and determines whether the Commission has recovered its cost through user fees and other charges.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash disbursements, and changes in cash resulting from operations and investments during the reporting period.

The Notes to the basic financial statements provide a description of the accounting policies used to prepare the financial statements and present disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

WHEELWRIGHT UTILITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2025

Note 1- Summary of Significant Accounting Policies (continued)

The Commission's basic financial statements include the accounts of all Commission operations. The Commission's criteria for including organizations as component units with the Commission's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Standards includes whether:

- The Organization is legally separate (can sue and be sued in their own name).
- The Commission holds the corporate powers of the organization.
- The Commission appoints voting majority of the organization.
- The Organization has the potential to impose a financial benefit/burden on the Association.
- There is fiscal dependency by the organization on the Commission.

**Component Unit Presentation** – Based on the aforementioned criteria the Commission has no component units.

**Cash** – For the purpose of the Statement of Cash Flows, the Commission considers cash to include cash on hand and unrestricted cash in bank.

**Inventory** – Inventory consists primarily of pipes and supplies to be used for future expansion and repairs of existing lines. Inventory is valued at the cost or market under First In First Out (FIFO) method.

**Operating and Non – Operating Revenue** – Only water and solid waste revenue and related service charges and penalties are considered as operating revenue.

**Applying Resources** – Restricted resources are applied first for expenses incurred for which both restricted and unrestricted net assets are available.

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

**Note 2- Restricted Cash Accounts**

The revenue bonds and loan were used to finance construction and major improvements to the water, sewer, and gas systems and are secured by property, revenues, and revenues of the individual systems. The bond and loan ordinances stipulated the revenues of each system are to be used first to maintain and establish reserves for the timely payment of principal and interest and to fund a reserve for future extraordinary, unusual, or emergency repairs to the system. Secondly, revenues are to be used to pay the routine operational and maintenance expenses of each system. The System elects to pay monthly installments directly to the water and gas system bondholders in lieu of establishing a reserve for debt service. At June 30, 2025, the water system's reserve was \$25,983

WHEELWRIGHT UTILITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2025

**Note 2- Restricted Cash Accounts (continued)**

The Kentucky Bond Corporation First Series 2014 lease requires the Commission to maintain restricted assets and certain reserves as follows:

- a) Proceeds from the bond insurance are restricted for the purpose of capital improvements to the water system. At June 30, 2025, the unspent portion was \$289,764.
- b) Debt Service Reserve Fund: Proceeds of \$25,983 were set aside for principal and interest payments due in February 2040 through January 1, 2041.
- c) Sinking Fund: The Sinking Fund was established to accumulate the amounts necessary to pay principal and interest due within the current year. On or before the last day of each month, an amount equal to the total of one-sixth of the semiannual interest payment plus one-twelfth of the next annual principal payment are to be transferred to the account. At June 30, 2025, the balance in the Sinking Fund was \$17,517.

**Note 3- Prepaid Items**

Prepaid items include prepayment of service contracts, software rights, and insurance. These amounts represent payments made in the current year for which services will be provided in the subsequent fiscal year.

**Note 4- Deposits with Financial Institutions**

As of June 30, 2025, the company had amounts of \$1,108,227 on deposit with financial institutions with \$250,000 insured by FDIC and \$858,227 insured by pledged US Treasury Bills.

As of June 30, 2024, the company had amounts of \$969,611 on deposit with financial institutions with \$250,000 insured by FDIC and \$719,611 insured by pledged US Treasury Bills.

**Note 5- Subsequent Events**

In preparing these financial statements, the Commission has evaluated events and transactions for the potential recognition or disclosure through December 30, 2025, the date the financial statements were available to be issued.

On November 17, 2020, the Commission received a letter from the Energy and Environment Cabinet, Department for Natural Resources granting \$2,050,000 AML Economic and Community Development Pilot Program to construct a new 432,000 GPD membrane filtration process water treatment plant.

WHEELWRIGHT UTILITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2025

**Note 6- Risk Management**

Significant losses covered by commercial insurance with premiums (based on industry information adjusted for any Commission Claims) for general liability, vehicles, personal and real property. Settlement amounts have not exceeded insurance coverage for the current year or the prior years.

**Note 7- Concentrations of Credit Risk**

Concentrations of credit risk are limited due to the large number of customers comprising the Commission's customer base.

**Note 8-Property and Equipment**

Capital assets, which include property, plants, equipment and vehicles, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight -line method. Estimated useful lives are as follows:

Buildings	20-50 Years
Improvements	20-50 Years
Vehicles	5-10 Years
Equipment	7-20 Years

WHEELWRIGHT UTILITY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2025

**Note 8-Property and Equipment (continued)**

The following summarizes the changes to capital assets for 2025:

	Balance 7/1/2024	Additions	Disposals	Balance 6/30/2025
Land	\$5,000			\$5,000
Utility Plant	4,146,345	3,407		4,149,752
Equipment and Vehicles	191,523	47,803		239,326
Office Equipment	40,551			40,551
Vehicles		30,000		30,000
Office Building and Improvements	170,658	35,500		206,158
<b>TOTAL ASSETS</b>	<u>\$4,554,077</u>	<u>\$116,710</u>		<u>\$4,670,787</u>
Less				
Accumulated Depreciation				
Utility Plant	2,602,058	139,094		2,741,152
Equipment and Vehicles	100,557			100,557
Office Equipment	209,739			209,739
Office Building and Improvements	17,935			17,935
<b>Total Accumulated</b>	<u>2,930,289</u>	<u>139,094</u>		<u>3,069,383</u>
<b>Balance - June 30</b>	<u>\$1,623,788</u>			<u>\$1,601,404</u>

The following summarizes the changes to capital assets for 2024:

	Balance 7/1/2023	Additions	Disposals	Balance 6/30/2024
Land	\$5,000			\$5,000
Utility Plant	4,218,702	23,903		4,242,605
Equipment and Vehides	191,523			191,523
Office Equipment	37,647	2,904		40,551
Office Building and Improvements	170,658			170,658
<b>TOTAL ASSETS</b>	<u>\$4,623,530</u>	<u>\$26,807</u>		<u>\$4,650,337</u>
Less				
Accumulated Depreciation				
Utility Plant	2,497,031	105,027		2,602,058
Equipment and Vehides	91,043	9,514		100,557
Office Equipment	199,631	10,108		209,739
Office Building and Improvements	15,108	2,827		17,935
<b>Total Accumulated</b>	<u>2,802,813</u>	<u>127,476</u>		<u>2,930,289</u>
<b>Balance - June 30</b>	<u>\$1,820,717</u>			<u>\$1,720,048</u>

WHEELWRIGHT UTILITY COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING JUNE 30, 2025

**Note 9- Bonds Payable**

All bonds are secured by the water distributions system and related assets unless stated as non-secured:

Kentucky Bond Corporation First Series 2014

The City of Wheelright entered into a \$550,000 lease agreement with the Kentucky Bond Corporation on February 28, 2014, to finance upgrades and improvements to the raw water intake system and the water treatment plant. The bond carries interest rates of 4-8% and matures on February 1, 2041. Interest is payable semiannually on August 1 and February 1 and principal is due February 1.

Changes in outstanding debt:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>
KBC	\$400,000		\$8,333	\$391,667	\$15,000

**Note**

Following are maturities of long-term debt as of June 30, 2025:

<u>June 30</u>	<u>Fees</u>	<u>Principal</u>	<u>Interest</u>
2025	1,450	0	15,310
2026-2030	6,564	100,000	67,780
2031-2035	5,275	115,000	48,400
2036-2040	3,675	150,000	22,800
2041-2045	500	20,000	800
<b>Total</b>	<u>\$17,464</u>	<u>\$400,000</u>	<u>\$155,090</u>

**WHEELWRIGHT UTILITY COMMISSION**  
**BUDGETARY COMPARISON**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>FUND BALANCE, BEGINNING</b>	\$ 651,917	\$ 651,917	\$ 2,340,825	\$ 2,340,825
<b>REVENUES</b>				
Charges for Services	\$ 1,018,925	\$ 1,018,925	\$ 936,596	\$ (82,329)
Water Plant Funding/Amounts	4,361,306	4,361,306	-	(4,361,306)
Other Revenue			11,571	11,571
Total Revenues	5,380,231	5,380,231	948,167	(4,432,064)
 Total Revenues and Resources	 \$ 6,032,148	 \$ 6,032,148	 \$ 3,288,992	 \$ (2,091,239)
<b>EXPENDITURES</b>				
Salaries, Taxes, Benefits	\$ 348,847	\$ 348,847	\$ 292,754	\$ 56,093
Office Supplies	19,100	19,100	13,100	6,000
Contract Labor	19,325	19,325	19,777	(452)
Insurance & Bonds	20,900	20,900	20,820	80
Transportation	12,000	12,000	8,631	3,369
General Equipment	52,000	52,000	-	52,000
Water Expenditures	258,350	258,350	34,899	223,451
Sewer Expenditures	114,000	114,000	81,257	32,743
Utilities	70,000	70,000	67,793	2,207
Professional Fees	6,800	6,800	12,200	(5,400)
Gas Purchased	65,300	65,300	119,498	(54,198)
Depreciation			139,094	(139,094)
Interest Expense			15,310	(15,310)
 Total Expenditures	 986,622	 986,622	 825,133	 161,489
 EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	 \$ 4,393,609	 \$ 4,393,609	 \$ 123,034	 \$ (4,270,575)
 NET CHANGE IN FUND BALANCE	 <u>4,393,609</u>	 <u>4,393,609</u>	 <u>123,034</u>	 <u>(4,270,575)</u>
 FUND BALANCE, ENDING	 <u><u>4,393,609</u></u>	 <u><u>4,393,609</u></u>	 <u><u>\$ 2,463,859</u></u>	 <u><u>\$ (1,929,750)</u></u>

RICHARD F. PAULMANN, CPA, LLC  
301 MOUNT MERCY ROAD  
PEWEE VALLEY, KY 40056  
Ph: (502) 550-1568  
e-mail: Richardpaulmann@ltwc.com

**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**

December 30, 2025

To the Board of Commissioners  
Wheelwright Utility Commission  
Wheelwright, Kentucky

I have audited, in accordance with the 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 governmental activities, the business-type activities of the Wheelwright Utility Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Wheelwright Utility Commission's basic financial statements and have issued my report thereon dated December 30, 2025.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Wheelwright Utility Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements; but not for the purpose of expressing an opinion on the effectiveness of the Wheelwright Utility Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Wheelwright Utility Commission internal control.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, I identified certain deficiencies in internal control that I consider to be material weakness and significant deficiencies.

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. I consider the deficiencies described below to be material weakness.

- 1.) Commission records are not being maintained properly on the modified accrual basis of accounting.
- 2.) Capital Assets should be recorded and maintained with proprietary fund accounting.

Views of responsible officials:

The Commission will work on improving the accounting system to contain them

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

However, I did identify certain deficiencies in internal control, described below that I consider to be significant deficiencies.

1. Because of the size of the Wheelwright Utility Commission and the small number of persons it employs, it is not possible from a practical perspective, to achieve segregation of duties in many areas. As a result, a highly structured internal control system cannot exist. Management and the Commission should remain aware of the integrity of the employees and the need to provide appropriate supervision.
2. The staff is competent, capable and performs daily and monthly functions well.

Views of responsible officials:

While the Commission Agrees with this, they feel it would not be cost beneficial for them to add more staff.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wheelwright Utility Commission financial statements are free from material misstatement, I 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 my tests disclosed no instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards**.

**Wheelwright Utility Commission Response to Findings**

Wheelwright Utility Commission Response to findings identified previously were not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, I express no opinion on it.

**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 results 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.

**Richard F. Paulmann, CPA, LLC.**