

CITY OF FOUNTAIN HILL.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Fountain Hill.
Fountain Hill, Arkansas 71642

We have audited the accompanying statement of financial position of City of Fountain Hill., as of December 31, 2023, and the related statement of activity, functional expenses, for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City of Fountain Hill, as of December 31, 2023, and changes in its net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 25, 2024 on our consideration of City of Fountain Hill's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Shawn Estes, CPA

CITY OF FOUNTAIN HILL.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

<u>Current Assets</u>		
Cash – Operating	\$	218,764
Accounts Receivables		<u>33,508</u>
Total Current Assets		252,272
 <u>Property and Equipment</u>		
Building		444,800
Water/Sewer Treatment Plant		1,159,979
Fire Station		94,616
Park		47,087
Water Filter		35,999
Equipment Water		19,000
Equipment Street		29,924
Equipment Fire		<u>213,946</u>
Total Property and Equipment		<u>2,045,351</u>
 TOTAL ASSETS	 \$	 <u>2,297,623</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accrued Payroll Liabilities	\$	3,073
Water Meter Deposits		<u>16,250</u>
Total Current Liabilities		19,323
 <u>Long Term Liabilities</u>		
CNext		27,214
USDA		11,942
USDA		794,213
Arkansas Natural Resources Comm		<u>88,760</u>
Total Long-Term Liabilities		<u>922,129</u>
Total Liabilities		941,452
 <u>Net Assets</u>		
Unrestricted		<u>1,356,171</u>
 Total Liabilities and Net Assets	 \$	 <u>2,297,623</u>

See accompanying note and Accountant's Report

CITY OF FOUNTAIN HILL.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2023

Revenue

General	\$ 56,042
Water	294,284
Sewer	21,210
Sanitation	11,363
Street	17,358
Fire General	6,258
Fire 833	11,290
Fund Raiser Fire	833
Rent	10,300
Water Filter Rehab	36,219
Interest	140
Transfer Debt Service	<u>15,600</u>
Total Revenues	\$ <u>480,897</u>

Expenses

General	\$ 58,791
Water	266,621
Sewer	19,784
Sanitation	3,347
Street	11,884
Fire	<u>27,987</u>
Total Expenses	<u>388,414</u>
Increase in Unrestricted Net Assets	\$ 92,483
Net Assets at Beginning of Year	1,263,688
Net Assets at End of Year	\$ <u>1,356,171</u>

See accompanying note and Accountant's Report

CITY OF FOUNTAIN HILL.
FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Street</u>	<u>Fire</u>	<u>Totals</u>
Salaries	19,882	100,773				1,588	122,243
Payroll Taxes	1,614	7,731				121	9,466
Employee Benefits		3,435					3,435
Utilities	5,598	9,705	5,359		7,729	1,518	29,909
Insurance	7,903	3,467	163	144	765	2,111	14,553
Supplies	4,576	15,643	159		1,242	10,517	32,137
Professional Fees	4,210	478					4,688
Fees	962	4,506	2,748	24	24	674	8,938
Repairs/Maintenance	10,092	10,271	10,142	1,275	1,361	4,800	37,941
Contract Labor		19,571				3,300	22,871
Administration	2,531						2,531
Postage	63	3,465					3,528
Auto		4,398		1,007	451	1,264	7,120
Sales Tax		20,046					20,046
Landfill				897			897
Misc		2,955					2,955
Dues	150	560				300	1,010
Taxes						126	126
Interest		38,958	1,213			1,459	41,630
Travel	1,210	5,059			312	209	6,790
Inter Account Transfer		15,600					15,600
Total							
Expenses	<u>58,791</u>	<u>266,621</u>	<u>19,784</u>	<u>3,347</u>	<u>11,884</u>	<u>27,987</u>	<u>388,414</u>

See accompanying note and Accountant's Report

CITY OF FOUNTAIN HILL.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by the City conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Financial Statements.

Financial Reporting Entity

The City of Fountain Hill was incorporated under the laws of the State of Arkansas and operated under an elected Mayor-Council form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government).

Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. Revenue is recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

Fixed Assets

General fixed assets purchased are recorded as expenditures at the time of purchase. Such assets, excluding infrastructure assets, are capitalized at cost. No depreciation has been provided on general fixed assets.

Receivables

Receivables primarily consist of balances owed on water bills.

Estimates

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

Cash and Cash Equivalents

For the purpose of financial reporting, *cash and cash equivalents* includes all demand and savings accounts, and certificates of deposit.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
City of Fountain Hill.
Fountain Hill, Arkansas 71642

We have audited the financial statements of City of Fountain Hill., as of and for the year ended December 31, 2023, and have issued our report there on dated July 18, 2023. We conducted our audit in accordance with generally accepted standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Fountain Hill's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Fountain Hill's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect City of Fountain Hill's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are as follows:

A lack of appropriate segregation of duties due to a small office setting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all

reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record, and its distribution is not limited.

Shawn Estes, CPA