



City of Eureka Springs,
Arkansas
Water and Waste Water
Department

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

December 31, 2020



City of Eureka Springs, Arkansas
Water and Waste Water Department
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December 31, 2020

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and City Council
City of Eureka Springs, Arkansas
Water and Waste Water Department
Eureka Springs, Arkansas

We have performed the procedures enumerated in the attachment to this report on the Agreed-Upon Procedures as of and for the year ended December 31, 2020. The management of the City of Eureka Springs, Arkansas Water and Waste Water Department (Department) is responsible for its compliance with these Agreed-Upon Procedures.

The Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the requirements of Ark. Code Ann 14-234-119 – 14-234-122 as of and for the year ended December 31, 2020. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in the attachment to this report.

We were engaged by the Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance with the specified procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Forvis Mazars, LLP

**Rogers, Arkansas
June 28, 2024**

Procedure 1 – Cash and Investments

- A. Prepare a proof of cash for all cash and investment accounts for the year ended December 31. Report any differences over 5% or \$500, whichever is greater.
- B. Agree the proof of cash ending balances as of December 31 to the book balances.
- C. Confirm with depository institutions the cash or investments on deposit at December 31.
- D. Obtain bank reconciliations for each bank account for the month of December and perform the following steps:
 - 1. Agree the book balance on the reconciliation to the general ledger.
 - 2. Agree the balance per the bank on the reconciliation to the cash confirmation and bank statement.
 - 3. Report any differences over 5% or \$500, whichever is greater.

Finding: An entry was required to the 2010 W/S Revenue Bond Fund account of \$219,140 to agree to December 31, 2020 reconciled bank balance. An entry was required to the W/S Refunding Revenue Series 2008 account of \$112,395 to agree to the December 31, 2020 reconciled bank balance.

Procedure 2 – Receipts

- A. Obtain the cash receipts journal and agree the deposits in total per the proof of cash for the year ended December 31 with the deposits per the journal. Report any differences over 5% or \$500, whichever is greater.
- B. Select 10 individual customer payments from the cash receipts journal and trace and agree to the billing documents and deposit in the bank.
- C. Select 10 deposits from the cash receipts journal and agree the cash/check composition of the deposit to receipt information/support such as customer remittance of monthly payment.
- D. Report any differences.

We found no exceptions as a result of the procedures.

Procedure 3 – Accounts Receivable

- A. Select 10 individual customer billings from the cash receipts journal and agree the ten individual customer billings to the accounts receivable subledger detail.
- B. Obtain all billing adjustments from the utility billing journal. Select five customer billing adjustments and trace and agree the adjustment amount to an approved credit memo.
- C. Report any differences.

We found no exceptions as a result of the procedures.

Procedure 4 – Disbursements

- A. Agree the disbursements per the proof of cash for the year with the disbursements per the cash disbursement journal. Report any differences over 5% or \$500, whichever is greater.
- B. Select all disbursements paid to employees other than payroll and ten other disbursements from the proof of cash. Obtain supporting documentation for the selected disbursements and determine if they were for a business purpose supported by documentation.
- C. Report any differences.

We found no exceptions as a result of the procedures.

Procedure 5 – Property, Plant and Equipment

- A. Obtain a detail listing and underlying supporting documentation of all additions and disposals of property, plant and equipment. Determine that additions and disposals were properly accounted for in the records. Report any differences over 5% or \$500, whichever is greater.

Finding: An entry was required to adjust beginning accumulated depreciation to agree to the fixed asset schedule for \$1,501,937. An entry was required to adjust beginning vehicles and equipment to agree to the fixed asset schedule for \$7,016.

Procedure 6 – Long-Term Debt

- A. Prepare a schedule of long-term debt transaction for the year including additional borrowings and debt payments. Trace additional borrowings to cash receipts and debt payments to cash disbursements.
- B. Request and obtain confirmation of loans, bonds, notes, and leases payable (including interest, date through which interest is paid and collateral) from lenders or trustees as of December 31.
- C. Obtain and read debt agreements for long-term debt with open balances as of December 31. Based upon information in the debt agreements, determine that the appropriate debt service accounts have been established and maintained.
- D. Report any differences.

Finding: An entry was required to adjust the beginning balance for the bond premium and discount for \$645. An entry for \$215,000 with related interest of \$4,140 was required to record the November payment for the 2010 bonds.

Procedure 7 – General

- A. Obtain and read minutes of all City Council meetings for the year and determine that any items of financial significance to the water and wastewater department identified in the proof cash were approved and documented in the minutes of the governing body's meetings. Report any differences.

We found no exceptions as a result of the procedures.



City of Eureka Springs,
Arkansas
Water and Waste Water
Department

Compilation Report and Financial Statements

December 31, 2020



City of Eureka Springs, Arkansas
Water and Waste Water Department
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December 31, 2020

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Compilation Report

To the Honorable Mayor and City Council
City of Eureka Springs, Arkansas
Water and Waste Water Department
Eureka Springs, Arkansas

Management is responsible for the accompanying financial statements of the City of Eureka Springs, Arkansas, Water and Waste Water Department, which comprise of the Statement of Net Position as of December 31, 2020, and the related Statement of Revenues, Expenses and Changes in Net Position in accordance with accounting principles generally accepted in the United States of America. We have performed our compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the entity's assets, liabilities, net position, revenue and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Forvis Mazars, LLP

**Rogers, Arkansas
June 28, 2024**

City of Eureka Springs, Arkansas
Water and Waste Water Department
Statement of Net Position
December 31, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$	334,640
Accounts receivable, net of allowance for doubtful accounts of \$31,174		183,619
Inventories		<u>69,434</u>
Total current assets		<u>587,693</u>

Restricted Cash and Cash Equivalents and Investments

Restricted cash and cash equivalents		934,138
Restricted investments		<u>279,332</u>
		<u>1,213,470</u>

Capital Assets, Net

4,035,758

Total assets \$ 5,836,921

LIABILITIES**Current Liabilities**

Accounts payable	\$	109,712
Accrued expenses		4,265
Accrued compensated absences		25,581
Due to other funds		1,099,039
		<hr/>
Total current liabilities		1,238,597

Liabilities Payable From Restricted Assets

Current maturities of long-term debt		95,000
Accrued interest payable		8,132
Meter deposits payable		157,838
		<hr/>
		260,970

Long-term Debt

Bonds payable, net of unamortized discounts and premiums		598,094
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Total liabilities		2,097,661

NET POSITION

Net investment in capital assets		3,521,996
Restricted for:		
Debt service		865,103
Unrestricted deficit		(647,839)
		<hr/>
Total net position		3,739,260
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Total liabilities and net position	\$	5,836,921

City of Eureka Springs, Arkansas
Water and Waste Water Department
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2020

Operating Revenues	
Water sales	\$ 829,988
Waste water charges	670,936
Other operating revenue	149,782
Other income	14,899
	<u>1,665,605</u>
Total operating revenues	<u>1,665,605</u>
Operating Expenses	
Salaries, wages and fringe benefits	259,164
Supplies	14,671
Office and administration	9,911
Depreciation	528,785
Professional services	48,695
Repairs and maintenance	376,890
Insurance	15,273
Utilities	194,948
Water purchases	427,715
Other expenses	17,705
	<u>1,893,757</u>
Total operating expenses	<u>1,893,757</u>
Operating Loss	<u>(228,152)</u>
Nonoperating Revenues (Expenses)	
Interest income	12,906
Interest expense	(43,348)
	<u>(30,442)</u>
Net nonoperating revenues (expenses)	<u>(30,442)</u>
Decrease in Net Position	(258,594)
Net Position, Beginning of Year	<u>3,997,854</u>
Net Position, End of Year	<u><u>\$ 3,739,260</u></u>