



City of Eureka Springs, Arkansas Water and Waste Water Department

Independent Accountant's Report on Applying Agreed-Upon Procedures

December 31, 2022



City of Eureka Springs, Arkansas
Water and Waste Water Department
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December 31, 2022

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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, 2022. 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 14-234-119–14-234-122 as of and for the year ended December 31, 2022. 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
December 30, 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.

We found no exceptions as a result of the procedures.

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 10 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 \$2,555,491. 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 transactions 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 \$1,916. An entry for \$215,000 was required to adjust the beginning balance for long-term debt.

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 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, 2022



City of Eureka Springs, Arkansas
Water and Waste Water Department
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December 31, 2022

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Compilation Report

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 the statement of net position as of December 31, 2022 and the related statement of revenues, expenses, and changes in net position for the year then ended, 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, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Forvis Mazars, LLP

**Rogers, Arkansas
December 30, 2024**

City of Eureka Springs, Arkansas
Water and Waste Water Department
Statement of Net Position
December 31, 2022

ASSETS

Current Assets

| | |
|---|--------------|
| Cash and cash equivalents | \$ 1,163,010 |
| Investments | 180,560 |
| Accounts receivable, net of allowance for doubtful accounts of \$31,174 | 201,146 |
| Inventories | 69,434 |
| | <hr/> |

| | |
|-----------------------------|-----------------------|
| Total Current Assets | <hr/> 1,614,150 <hr/> |
|-----------------------------|-----------------------|

Restricted Cash and Cash Equivalents and Investments

| | |
|--------------------------------------|---------------|
| Restricted cash and cash equivalents | 82,593 |
| Restricted investments | 100,000 |
| | <hr/> |
| | 182,593 <hr/> |

| | |
|----------------------------|-----------------------|
| Capital Assets, Net | <hr/> 3,402,921 <hr/> |
|----------------------------|-----------------------|

| | |
|---------------------|-----------------------|
| Total Assets | <hr/> 5,199,664 <hr/> |
|---------------------|-----------------------|

LIABILITIES

Current Liabilities

| | |
|------------------------------|-----------|
| Accounts payable | 83,881 |
| Accrued compensated absences | 25,581 |
| Due to other funds | 1,440,530 |
| | <hr/> |

| | |
|----------------------------------|-----------------------|
| Total Current Liabilities | <hr/> 1,549,992 <hr/> |
|----------------------------------|-----------------------|

Liabilities Payable from Restricted Assets

| | |
|------------------------|---------------|
| Meter deposits payable | 182,593 |
| | <hr/> |
| | 182,593 <hr/> |

| | |
|--------------------------|-----------------------|
| Total Liabilities | <hr/> 1,732,585 <hr/> |
|--------------------------|-----------------------|

NET POSITION

| | |
|----------------------------------|-----------|
| Net investment in capital assets | 3,402,921 |
| Unrestricted surplus | 64,158 |
| | <hr/> |

| | |
|---------------------------|--------------------------|
| Total Net Position | <hr/> \$ 3,467,079 <hr/> |
|---------------------------|--------------------------|

City of Eureka Springs, Arkansas
Water and Waste Water Department
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2022

| | |
|---|---------------------|
| Operating Revenues | |
| Water sales | \$ 777,109 |
| Waste water charges | 685,438 |
| Other operating revenue | 233,539 |
| Other income | 19,951 |
| | <hr/> |
| Total Operating Revenues | 1,716,037 |
| | <hr/> |
| Operating Expenses | |
| Salaries, wages, and fringe benefits | 342,571 |
| Supplies | 24,175 |
| Office and administration | 13,453 |
| Depreciation | 522,102 |
| Professional services | 44,053 |
| Repairs and maintenance | 442,548 |
| Insurance | 20,220 |
| Utilities | 123,536 |
| Water purchases | 567,967 |
| Other expenses | 6,987 |
| | <hr/> |
| Total Operating Expenses | 2,107,612 |
| | <hr/> |
| Operating Loss | (391,575) |
| | <hr/> |
| Nonoperating Revenues (Expenses) | |
| Loss on sale of asset | (4,151) |
| Interest income | 27,614 |
| Grant revenue | 217,161 |
| Grant expense | (181,558) |
| Interest expense | (25,312) |
| | <hr/> |
| Total Nonoperating Revenues (Expenses) | 33,754 |
| | <hr/> |
| Decrease in Net Position | (357,821) |
| | <hr/> |
| Net Position, Beginning of Year | 3,824,900 |
| | <hr/> |
| Net Position, End of Year | \$ 3,467,079 |
| | <hr/> |