

CITY OF NEWPORT, ARKANSAS

SEWER DEPARTMENT

Audited Financial Statements

December 31, 2021 and 2020

(With Independent auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Bonds & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Newport, Arkansas

We have audited the accompanying modified cash basis financial statements of the City of Newport, Arkansas Sewer Department (the "Department") as of and for the year ended December 31, 2021 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the City of Newport, Arkansas Sewer Department as of December 31, 2021, and the respective changes in modified cash basis financial position and modified cash basis cash flows for the year then ended, in accordance with the modified cash basis of accounting as described in Note 1(B) to the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 City of Newport Sewer Department, and to meet our other ethical responsibilities, in accordance with the 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 opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1(B); this includes determining that the modified cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is also responsible for 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 Department'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 the Financial Statements

Our 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 our 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 omissions, 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 auditing 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 Department'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Basis of Accounting

As disclosed in Note 1(B) to the financial statements, these financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 1(A), the financial statements present only the Department and do not purport to, and do not, present fairly the financial position balances and transactions that are directly attributable to the changes in financial position, or cash flows of the City of Newport, Arkansas. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the modified cash basis financial statements. The accompanying other information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the modified cash basis financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Bonds & Company, P.A.

Bonds & Company, P.A.
Sherwood, Arkansas
May 1, 2022

FINANCIAL STATEMENTS

**City of Newport, Arkansas
Sewer Department
Comparative Statements of Net Position
Modified Cash Basis
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 521,003	\$ 547,939
Restricted Assets:		
Cash with fiscal agent	19,495	19,495
Capital Assets, Net	<u>5,083,278</u>	<u>5,319,242</u>
Total Assets	<u><u>\$ 5,623,776</u></u>	<u><u>\$ 5,886,676</u></u>
 <u>LIABILITIES AND NET POSITION</u>		
Current Liabilities:		
Current portion of long-term debt	\$ 110,054	\$ 108,829
Payable to City-General Fund	<u>1,140</u>	<u>649</u>
Total Current Liabilities	<u>111,194</u>	<u>109,478</u>
Noncurrent Liabilities:		
Noncurrent portion of long-term debt	<u>1,166,727</u>	<u>1,276,785</u>
Total Liabilities	<u>1,277,921</u>	<u>1,386,263</u>
Net Position		
Net investment in capital assets	3,696,443	3,933,628
Restricted for:		
Expendable:		
Debt service	19,495	19,495
Unrestricted	<u>629,917</u>	<u>547,290</u>
Total Net Position	<u>4,345,855</u>	<u>4,500,413</u>
Total Liabilities and Net Position	<u><u>\$ 5,623,776</u></u>	<u><u>\$ 5,886,676</u></u>

City of Newport, Arkansas
Sewer Department
Comparative Statements of Revenues, Expenditures and Changes in Net Position
Modified Cash Basis
December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Biolac plant charges	\$ 522,480	\$ 542,421
Sewer charges	735,279	743,018
Sewer connection fees	100	400
Other income	5,166	5,651
Total Operating Revenue	<u>1,263,025</u>	<u>1,291,490</u>
Operating Expenditures		
Salaries	230,116	224,438
Payroll tax expense and benefits	20,854	21,188
Insurance	46,602	43,398
Maintenance and repair	271,602	408,968
Sludge removal	10,117	-0-
Gas and oil	12,527	11,398
Operating supplies	138,256	155,451
Utilities	337,904	327,680
Professional fees	21,739	15,376
Other operating expenses	17,545	16,862
Depreciation	254,933	258,122
Total Operating Expenditures	<u>1,362,195</u>	<u>1,482,881</u>
Net Operating Income (Loss)	<u>(99,170)</u>	<u>(191,391)</u>
Non-operating Revenues (expenditures)		
Interest income	1,593	4,558
Interest expense	(7,378)	(7,539)
Debt service fees	(11,884)	(12,933)
Proceeds from insurance	12,281	-0-
Nonoperating revenues (expenses)	<u>(5,388)</u>	<u>(15,914)</u>
Income Before Other Revenues, Expenditures Gains or Losses	<u>(104,558)</u>	<u>(207,305)</u>
Capital gifts	-0-	-0-
Adjustments to capital assets	-0-	-0-
Equipment contributed to General Fund	-0-	-0-
Transfer to the General Fund	<u>(50,000)</u>	<u>(65,000)</u>
Increase (decrease in Net Position)	<u>(154,558)</u>	<u>(272,305)</u>
Net Position, Beginning of Year	<u>4,500,413</u>	<u>4,772,718</u>
Net Position, End of Year	<u><u>\$ 4,345,855</u></u>	<u><u>\$ 4,500,413</u></u>

**City of Newport, Arkansas
Sewer Department
Comparative Statements of Cash Flows
Modified Cash Basis
December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Cash receipts from customers	\$ 1,263,025	\$ 1,291,490
Cash payments to suppliers for goods and services	(877,149)	(1,000,321)
Cash payments to employees	(230,116)	(224,438)
Net cash provided/(used) by operating activities	<u>155,760</u>	<u>66,731</u>
Cash flows from non-capital financing activities:		
Contribution to the general fund	(50,000)	(65,000)
Net cash provided/(used) by non-capital financing activities	<u>(50,000)</u>	<u>(65,000)</u>
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(3,880)	(3,620)
Interest payments on long-term debt	(7,387)	(7,539)
Payments to trustee for bond principal	(104,462)	(103,357)
Payments to trustee for bond fees	(11,884)	(12,933)
Proceeds from Insurance	12,281	-0-
Distribution from trustee of interest earnings	9	93
Purchases of capital assets, net of sales proceeds	(18,969)	(25,200)
Net cash provided/(used) in financing activities	<u>(134,292)</u>	<u>(152,556)</u>
Cash flows from investing activities:		
Interest received	1,593	4,465
Net cash provided/(used) by investing activities	<u>1,593</u>	<u>4,465</u>
Net Increase (Decrease) in Current and Restricted Cash	<u>(26,939)</u>	<u>(146,360)</u>
Cash and Cash Equivalents - Beginning of Year	<u>567,434</u>	<u>713,794</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 540,498</u></u>	<u><u>\$ 567,434</u></u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income (loss)	(99,170)	\$ (191,391)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	254,933	258,122
Net Cash Provided (Used) By Operating Activities	<u><u>155,763</u></u>	<u><u>\$ 66,731</u></u>
Reconciliation of Cash to Statement of Net Position-Modified Cash Basis		
Current assets - cash and cash equivalents	\$ 521,003	\$ 547,938
Restricted assets - cash with fiscal agent	19,495	19,495
	<u><u>\$ 540,498</u></u>	<u><u>\$ 567,433</u></u>

NONCASH TRANSACTIONS

Equipment-capital gift	\$ 0	\$ 27,000
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The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

A. Organization

The City of Newport, Arkansas Sewer Department (the “Department”) provides sewer treatment services to the citizens of Newport, Arkansas and to commercial and industrial customers located within the service area. The City Council serves as the governing board of the Department and approves rates for user charges.

These financial statements include the Department and present only balances and transactions that are directly attributable to the Sewer Fund. They are not intended to present, and do not present, the financial position and changes therein of the City or its proprietary funds. The Department has no potential component units required to be evaluated for inclusion in its reporting entity.

B. Measurement Focus and Basis of Accounting

The accounts of the Department are organized on the basis of a proprietary fund type, specifically an enterprise fund. Enterprise funds account for the activities (i) that are financed with debt that is secured solely by a pledge of net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The basis of accounting determines when transactions and economic events are reflected in financial statements and measurement focus identifies which transactions and events should be recorded. The measurement focus of an enterprise fund is usually an economic resources measurement focus, the objectives of which are the determination of an operating income, changes in financial position and cash flow. Under an economic resource measurement focus, all assets, deferred inflows (outflows) of resources and liabilities are reported. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, revenues are recorded when earned and expenses are recorded when incurred. However, as explained in the paragraph that follows, certain modifications to the economic resources measurement focus result from the basis of accounting utilized by the Department.

The Department records all transactions on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the modified cash basis of accounting, the Department generally recognizes assets, liabilities, deferred inflows (outflows) of resources, revenues and expenditures when cash is received or paid. Therefore, these financial statements do not report accounts receivables and revenues for services billed or provided, but not collected. In addition, these financial statements do not reflect liabilities or expenditures for goods or services received before year end for which payment has not yet been made. The only transactions reported on these financial statements that are not directly attributable to the receipts or disbursements of cash are depreciation of the Department’s capital assets over the estimated useful lives of the assets.

City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES
(Continued)

C. Basis of Presentation

The presentation of the Department's financial statements follows the requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended, as applicable to enterprise funds. In accordance with the requirements of this standard, the Department's net position is categorized into net investment in capital assets, restricted and unrestricted, as applicable.

In addition, operating revenues and expenditures derived from or related directly to the usage of sewer are distinguished from nonoperating revenues and expenditures for purposes of presentation in the Department's statements of revenues, expenditures and changes in net position-modified cash basis. Operating revenues consist primarily of user charges and operating expenditures include the costs of maintaining and operating the sewer system. Nonoperating revenues and expenditures consist of those revenues and expenditures that are related to financing and investing type activities. When an expenditure is incurred for purposes for which there are both restricted and unrestricted net positions available, it is the Department's policy to apply the expenditure to restricted net position to the extent such are available and then to unrestricted net position.

D. Cash and Cash Equivalents

For the purpose of the presentation on the statement of cash flows, cash and cash equivalents includes all demand deposits and restricted cash includes cash held with fiscal agent.

E. Capital Assets

Capital assets consist of property, plant and equipment which are stated at historical cost or at estimated cost if actual historical cost information is not available. Contributed assets are recorded at their estimated fair value at the time of contribution. The cost of additions and major replacements of retired units of property are capitalized. The Department defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. The cost and accumulated depreciation of property sold or retired is deducted from capital assets and any profit or loss resulting from the disposal is reported as nonoperating revenues or expenditures. The cost of current repairs, maintenance, and minor replacements are charged as an expenditure when incurred. Interest cost related to constructing property, plant and equipment is capitalized as part of the related asset where applicable.

Depreciation of capital assets is charged as an expenditure against operations. Depreciation rates have been applied on a straight-line basis, with estimated useful lives as follows:

Sewer Systems and Plants	40-50 Years
Equipment	3-10 Years

**City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES
(Continued)**

F. Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

G. Net Position

Net position is classified in the following three components:

Net investment in capital assets - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. When an expenditure is incurred for purposes for which there are both restricted and unrestricted net positions available, it is the Department's policy to apply those expenditures to restricted net position to the extent such are available and then to unrestricted net position.

Unrestricted - This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets."

H. Taxes

The City, and thus the Department, is exempt from federal income taxes under Code Section 115 of the Internal Revenue Code and is also exempt from state income taxes under Arkansas law. Accordingly, no provision for income taxes is made in the financial statements.

I. Budgets and Budgetary Accounting

Prior to the beginning of the new fiscal year, the City Council adopts an annual budget for the Department. The budget is adopted under a cash basis and does not include depreciation, certain capital expenditures, and non-operating income and expense items. All annual appropriations lapse at year-end and budgets are amended as needed.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Department's deposits may not be returned to the Department. In accordance with Arkansas State statutes, the Department is required to

**City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020**

**NOTE 2: CASH AND CASH EQUIVALENTS
(Continued)**

Custodial Credit Risk - Deposits (Continued)

maintain full collateralization of cash balances above the Federal Deposit Insurance Corporation insurance limits. At December 31, 2021 and 2020 none of the Department's carrying or bank balance were exposed to custodial credit risk. The Department's carrying balance and bank balance were fully insured by FDIC and pledged securities held in the Department's name.

Restricted Cash

Cash with fiscal agent:

Represents funds required to be paid monthly to a trustee to hold for future debt service payments.

The following is a summary of the restricted cash as of December 31:

	<u>2021</u>	<u>2020</u>
Cash with fiscal agent	<u>\$ 19,495</u>	<u>\$ 19,495</u>

NOTE 3: CAPITAL ASSETS

A summary of changes in capital asset balances that occurred during the years ended December 31, 2021 and 2020 follows:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
Non-depreciable:				
Land	10,000	0	0	10,000
Construction in progress	0	0	0	0
	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Depreciable:				
Biolac plant	2,635,862	0	0	2,635,862
Erwin/Robinson expansion	774,794	0	0	774,794
Equipment	720,678	18,969	0	739,647
Old sewer system	1,488,375	0	0	1,488,375
New sewer system	6,033,772	0	0	6,033,772
	<u>11,653,481</u>	<u>18,969</u>	<u>0</u>	<u>11,672,450</u>
Less accumulated depreciation	<u>(6,344,239)</u>	<u>(254,933)</u>	<u>0</u>	<u>(6,599,172)</u>
	<u>5,309,242</u>	<u>(235,964)</u>	<u>0</u>	<u>5,073,278</u>
Capital assets, net	<u>\$ 5,319,242</u>	<u>\$ (235,964)</u>	<u>\$ 0</u>	<u>\$ 5,083,278</u>

**City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020**

**NOTE 3: CAPITAL ASSETS
(Continued)**

	<u>Balance 1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2020</u>
Non-depreciable:				
Land	10,000	0	0	10,000
Construction in progress	0	0	0	-0-
	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Depreciable:				
Biolac plant	2,635,862	0	0	2,635,862
Erwin/Robinson expansion	774,794	0	0	774,794
Equipment	695,479	25,200	0	720,678
Old sewer system	1,488,375	0	0	1,488,375
New sewer system	6,033,772	0	0	6,033,772
	<u>11,628,281</u>	<u>25,200</u>	<u>0</u>	<u>11,653,481</u>
Less accumulated depreciation	(6,086,117)	(258,122)	0	(6,344,239)
	<u>5,542,164</u>	<u>(232,922)</u>	<u>0</u>	<u>5,309,242</u>
Capital assets, net	<u>\$ 5,552,164</u>	<u>(232,922)</u>	<u>\$ 0</u>	<u>\$ 5,319,242</u>

NOTE 4: LONG-TERM DEBT

Long-term Debt Issued and Outstanding

A summary of long-term debt issued and outstanding during the years ended December 31, 2021 and 2020 follows:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2020</u>	<u>Maturities to December 31, 2020</u>
1/27/2006	1/27/2046	4.375%	\$ 206,000	\$ 170,359	\$ 35,614
4/15/2012	10/15/2031	0%	<u>2,115,000</u>	<u>1,215,255</u>	<u>899,745</u>
			<u><u>\$ 2,321,000</u></u>	<u><u>\$ 1,385,614</u></u>	<u><u>\$ 935,386</u></u>

**City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020**

**NOTE 4: LONG-TERM DEBT
(Continued)**

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding December 31, 2021</u>	<u>Maturities to December 31, 2021</u>
1/27/2006	1/27/2046	4.375%	\$ 206,000	\$ 166,576	\$ 39,424
4/15/2012	10/15/2031	0%	<u>2,115,000</u>	<u>1,110,205</u>	<u>1,004,795</u>
			<u>\$ 2,321,000</u>	<u>\$ 1,276,781</u>	<u>\$ 1,044,219</u>

Pledged Revenue

The Department has pledged future customer revenues, net of specified operating expenditures, to repay bonds. Total principal, interest and fees remaining on the bonds is \$1,276,781 and \$163,140, respectively. Principal, interest and fees paid for the current year was \$108,832, and \$19,261 respectively. The percentage of customer revenue pledged for the current year principal, interest and fees payments was 10%.

Changes in long-term debt for the years ended December 31, 2021 and 2020, were as follows:

December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 1,493,241</u>	<u>\$ -</u>	<u>\$ 107,627</u>	<u>\$ 1,385,614</u>	<u>\$ 108,829</u>

December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable	<u>\$ 1,385,614</u>	<u>\$ -</u>	<u>\$ 108,833</u>	<u>\$ 1,276,701</u>	<u>\$ 103,935</u>

**City of Newport, Arkansas
Sewer Department
Notes to Financial Statements
December 31, 2021 and 2020**

**NOTE 4: LONG-TERM DEBT
(Continued)**

Future Principal and Interest Payments:

	<u>Principal</u>	<u>Interest</u>	<u>Service Fee</u>	<u>Total</u>
2022	110,054	7,209	10,837	128,100
2023	111,293	7,033	9,774	128,100
2024	112,551	6,849	8,700	128,100
2025	113,830	6,656	7,614	128,100
2026	115,127	6,455	6,518	128,100
2027-2031	595,815	28,933	15,763	640,511
2032-2036	33,424	22,376	-0-	55,800
2037-2041	41,577	14,223	-0-	55,800
2042-2046	43,110	4,200	-0-	47,310
	<u>\$ 1,276,781</u>	<u>\$ 103,934</u>	<u>\$ 59,206</u>	<u>\$ 1,439,921</u>

NOTE 5: RISK MANAGEMENT AND LITIGATION

The Department is exposed to various risks of loss to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Expenditures and claims are recognized only when the claim is paid. In determining claims, events that might create claims, but for which none have been reported, are considered. There have been no significant reduction in the Department's coverage during the years ended December 31, 2021 and 2020. In addition, there have been no settlements in excess of the Department's coverage in any of the prior three years.

NOTE 6: TRANSFERS AND CONTRIBUTION TO THE GENERAL FUND

The Department transferred \$50,000 to the City of Newport's General Fund for supplemental funding. There was no donated equipment. During 2020, there was a capital gift to another city department for \$27,000.

NOTE 7: CASH HELD WITH FISCAL AGENT

Pursuant to the debt covenant on debt issued with the Arkansas Development Finance Authority (ADFA), the Department is required to make monthly payments into a trustee account. ADFA will semi-annually make the required principal, interest and service fee payments using the funds held along with any accumulated interest. As a result of the arrangement, the Department has funds held with the fiscal agent at December 31, 2021 and 2020, totaling \$19,495 and \$19,495, respectively.

OTHER INFORMATION

**City of Newport, Arkansas
Sewer Department
Other Information
Schedule of Sewer Rates
December 31, 2021**

Rates

First 1,000 gallons	\$ 5.75
Each gallon after the first 1,000 gallons	2.25