

TOWN OF BAUXITE WATER AND SEWER SYSTEM  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 and DECEMBER 31, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED UPON PROCEDURES  
AND  
FINANCIAL STATEMENTS AND  
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF BAUXITE WATER AND SEWER SYSTEM  
DECEMBER 31, 2019 and DECEMBER 31, 2020

SECTION I

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

SECTION II

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SECTION I

**Stephen P. Savage, CPA**  
**Post Office Box 1556**  
**Monticello, AR 71657**  
**501-766-3606**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Town of Bauxite Water and Sewer System  
Bauxite, Arkansas

We have performed the procedures enumerated below with respect to the financial information and compliance with certain state laws for Town of Bauxite Water and Sewer System for the years ended December 31, 2019 and December 31, 2020, Town of Bauxite Water and Sewer System is responsible for its accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Town of Bauxite Water and Sewer System. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**CASH AND INVESTMENTS**

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.

Finding: We could not reconcile the following:

1. 2019 Utilities O and M Fund Account 55026
2. 2020 Utilities O and M Fund Account 55026

Recommendation: We recommend the Town prepare bank reconciliations for all accounts each month and research any reconciling items.

- B. Confirm with depository institutions the cash on deposit and investments.

2019 – No Finding  
2020 – No Finding

- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Finding: We could not reconcile the following:

1. 2019 Utilities O and M Fund Account 55026
2. 2020 Utilities O and M Fund Account 55026

Recommendation: We recommend the Town prepare bank reconciliations for all accounts each month and research any reconciling items.

## RECEIPTS

2. A. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.

Finding: We could not reconcile the following:

1. 2019 Utilities Depreciation Fund Account 4020790
2. 2019 Utilities O and M Fund Account 55026
3. 2020 Utilities O and M Fund Account 55026

Recommendation: We recommend the Town record all deposits and receipts in the accounting system and reconcile bank accounts each month.

- B. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.

2019 – No Finding

2020 – No Finding

- C. For ten deposits, agree the cash/check composition of the deposit with receipt information.

2019 – No Finding

2020 – No Finding

## ACCOUNTS RECEIVABLE

3. A. Agree ten customer billings to the accounts receivable subledger.

2019 – No Finding

2020 – No Finding

- B. Determine that five customer adjustments were properly authorized.

2019 – No Finding

2020 – No Finding

## DISBURSEMENTS

4. A. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.

Finding: We could not reconcile the following:

1. 2019 Utilities O and M Fund Account 55026
2. 2020 Utilities O and M Fund Account 55026

Recommendation: We recommend the Town record all disbursements properly in the accounting system and reconcile bank accounts each month.

- B. Analyze all property, plant, & equipment disbursements.

2019 – No Finding

2020 – No Finding

- C. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

2019 – No Finding

2020 – No Finding

#### PROPERTY, PLANT, & EQUIPMENT

5. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater.)

2019 – No Finding

2020 – No Finding

#### LONG-TERM DEBT

6. A. Schedule long-term debt and verify changes in all balances for the year.

We found no exceptions as a result of the above procedures.

2019 – No Finding

2020 – No Finding

- B. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.

We found no exceptions as a result of the above procedures.

2019 – No Finding

2020 – No Finding

- C. Determine that the appropriate debt service accounts have been established and maintained. We found no exceptions as a result of the above procedures.

2019 – No Finding

2020 – No Finding

#### GENERAL

7. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

On February 26, 2024 the City Council passed a resolution:

“RESOLUTION AUTHORIZING THE RECORDER/TREASURER TO UTILIZE FEBRUARY 2024 MONTH END ACCOUNT RECORDS AS THE STARTING POINT FOR ACCOUNTING SOFTWARE RECORDS RESET AS OF MARCH 1, 2024”

We were not engaged in, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Town of Bauxite Water and Sewer System, USDA Rural Development, and the Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Stephen P. Savage CPA". The signature is written in a cursive style with a large initial 'S'.

Stephen P. Savage, CPA  
Monticello, AR 71655

June 24, 2024

## SECTION II



TOWN OF BAUXITE WATER AND SEWER SYSTEM  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 and DECEMBER 31, 2020  
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF BAUXITE WATER AND SEWER SYSTEM  
DECEMBER 31, 2019 and DECEMBER 31, 2020

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To the Board of Directors  
Town of Bauxite Water and Sewer System  
Bauxite, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Town of Bauxite Water and Sewer System, which comprise the statement of financial position as of December 31, 2019 and December 31, 2020, and the related statements of activities and cash flows for the year then ended. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 ordinarily included in a financial statement prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the System's financial position, changes in net assets, and cash flows. Accordingly, the financial statement is not designed for those who are not informed about such matters.



Stephen P. Savage, CPA  
Monticello, AR 71655

June 24, 2024

TOWN OF BAUXITE  
STATEMENT OF ASSETS AND LIABILITIES  
DECEMBER 31, 2019 AND 2020

<b>ASSETS</b>	<b>2019</b>	<b>2020</b>
Current Assets		
Cash	\$ 15,665	\$ 32,603
Accounts Receivable	<u>31,254</u>	<u>34,552</u>
Total Current Assets	\$ 46,919	\$ 67,155
Restricted Cash		
Customer Deposits	30,995	31,522
Debt Service Reserve	<u>71,235</u>	<u>69,885</u>
Total Restricted Cash	102,230	101,407
Property, Plant, and Equipment		
Property, Plant and Equipment	\$ 1,198,316	\$ 1,191,690
Less: Accumulated Depreciation	<u>(435,918)</u>	<u>(455,355)</u>
Total Property, Plant and Equipment	\$ 762,398	\$ 736,335
Total Assets	<u>\$ 911,547</u>	<u>\$ 904,897</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Payroll Tax Payable	\$ 3,588	\$ 3,698
Meter Deposits Payable	24,555	25,556
Current Postion of Long Term Debt	<u>47,522</u>	<u>48,552</u>
Total Current Liabilities	\$ 75,665	\$ 77,806
Long Term Liabilities		
Notes Payable, Net of Current Portion	<u>670,225</u>	<u>655,200</u>
Total Liabilities	\$ 745,890	\$ 733,006
Net Assets		
Unrestricted	\$ 48,582	\$ 48,582
Invested in Capital Assets, Net of Related Debt	41,687	53,271
- Temporarily Restricted Assets	<u>75,388</u>	<u>70,038</u>
Total Net Assets	\$ 165,657	\$ 171,891
Total Liabilities and Net Assets	<u>\$ 911,547</u>	<u>\$ 904,897</u>

TOWN OF BAUXITE  
STATEMENT OF REVENUES AND EXPENDITURES  
DECEMBER 31, 2019 AND 2020

	2019	2020
Operating Revenue		
Revenue	284342	224353
Other Income	29878	46407
Net Operating Revenue	314220	270760
Operating Expenses		
Salaries	37885	30013
Depreciation	34112	35225
Utilities	16425	4821
Purchased Water	56196	37828
Repairs and Maintenance	50292	63753
Dues and Fees	3457	3300
Operating Supplies	8198	4469
Insurance	5850	8350
Chemicals	7814	8556
Water Refund	5306	5062
Sales Tax	8067	9687
Contract Labor	6358	2120
Miscellaneous	31997	6887
Vehicle Expense	1007	418
Equipment Purchases	114	2154
Service Charge	749	533
Total Operating Expenses	273827	223176
Net Operating Income/(Loss)	40393	47584
Other Revenues and/(Expenses)		
Interest Income	182	252
Interest Expense	-35225	-41602
Total Other Revenues and (Expenses)	-35043	-41350
Net Increase (Decrease) in Assets	5350	6234
Beginning Net Assets	160307	165657
Ending Net Assets	165657	171891

TOWN OF BAUXITE  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2019 AND 2020

	<b>2019</b>	<b>2020</b>
<b>Cash Flow from Operating Activities</b>		
Increase in Net Assets	5,541	23,585
(Increase) Decrease in:		
Accounts Receivable	1,205	(3,298)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	6,746	20,287
<b>Cash Flow from Investing Activities</b>		
Increase in Cash Reserved for Customer Deposits	353	(527)
	<hr/>	<hr/>
Net Cash Used by Investing Activities	7,099	19,760
	<hr/>	<hr/>
<b>Cash Flow from Financing Activities</b>		
Repayment of Debt	(4,974)	(1,030)
	<hr/>	<hr/>
Net Cashed Provided (Used) by Financing Activities	(4,974)	(1,030)
	<hr/>	<hr/>
Increase (Decrease) in Cash and Cash Equivalents	2,125	18,730
Cash and Cash Equivalents, Beginning Balance	13,977	15,665
Cash and Cash Equivalents, Ending Balance	<u>15,665</u>	<u>32,603</u>