

TOWN OF BAUXITE WATER AND SEWER SYSTEM  
FOR THE YEARS ENDED  
DECEMBER 31, 2021 and DECEMBER 31, 2022

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, 2021 and DECEMBER 31, 2022

SECTION I

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

SECTION II

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SECTION I

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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, 2021 and December 31, 2022, 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 proof of cash for the year and reconcile year-end bank balances to book balance.

Finding: We could not reconcile the following:

1. 2021 Utilities O and M Fund Account 55026
2. 2022 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.

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

2021 – No Finding  
2022 – No Finding

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- 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. 2021 Utilities O and M Fund Account 55026
2. 2022 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. 2021 Utilities O and M Fund Account 55026
2. 2022 Utilities Depreciation Fund Account 4020790
3. 2022 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 in the accounts receivable subledger to deposit and billing documents.

2021 – No Finding  
2022 – No Finding

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

2021 – No Finding  
2022 – No Finding

## ACCOUNTS RECEIVABLE

3. A. Agree 10 customer billings to the accounts receivable subledger.

2021 – No Finding  
2022 – No Finding

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

2021 – No Finding  
2022 – 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. 2021 Utilities O and M Fund Account 55026
2. 2022 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.

2021 – No Finding  
2022 – No Finding

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

2021 – No Finding

2022 – 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.)

2021 – No Finding

2022 – 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.

2021 – No Finding

2022 – 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.

2021 – No Finding

2022 – 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.

2021 – No Finding

2022 – 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.



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, 2021 and DECEMBER 31, 2022  
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

TOWN OF BAUXITE WATER AND SEWER SYSTEM  
DECEMBER 31, 2021 and DECEMBER 31, 2022

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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, 2021 and December 31, 2022, 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, 2021 AND 2022

<b>ASSETS</b>	<b>2021</b>	<b>2022</b>
<b>Current Assets</b>		
Cash	\$ 35,456	\$ 21,465
Accounts Receivable	<u>35,552</u>	<u>34,136</u>
Total Current Assets	\$ 71,008	\$ 55,601
<b>Restricted Cash</b>		
Customer Deposits	32,554	31,552
Debt Service Reserve	<u>72,552</u>	<u>68,552</u>
Total Restricted Cash	105,106	100,104
<b>Property, Plant, and Equipment</b>		
Property, Plant and Equipment	\$ 1,154,529	\$ 1,191,031
Less: Accumulated Depreciation	<u>(430,390)</u>	<u>(466,436)</u>
Total Property, Plant and Equipment	\$ 724,139	\$ 724,595
Total Assets	<u>\$ 900,253</u>	<u>\$ 880,300</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Payroll Tax Payable	\$ 4,522	\$ 3,988
Meter Deposits Payable	25,665	26,554
Current Position of Long Term Debt	<u>51,225</u>	<u>54,669</u>
Total Current Liabilities	\$ 81,412	\$ 85,211
 <b>Long Term Liabilities</b>		
Notes Payable, Net of Current Portion	<u>645,225</u>	<u>635,441</u>
Total Liabilities	\$ 726,637	\$ 720,652
 <b>Net Assets</b>		
Unrestricted	\$ 48,582	\$ 48,582
Invested in Capital Assets, Net of Related Debt	54,996	41,028
Temporarily Restricted Assets	<u>70,038</u>	<u>70,038</u>
Total Net Assets	\$ 173,616	\$ 159,648
Total Liabilities and Net Assets	<u>\$ 900,253</u>	<u>\$ 880,300</u>

TOWN OF BAUXITE  
STATEMENT OF REVENUES AND EXPENDITURES  
DECEMBER 31, 2021 AND 2022

	2021	2022
Operating Revenue		
Revenue	283170	342665
Other Income	9198	70179
Net Operating Revenue	292368	412844
Operating Expenses		
Salaries	47925	65576
Depreciation	34552	74923
Utilities	5235	16206
Purchased Water	42776	60721
Repairs and Maintenance	69412	123998
Dues and Fees	4041	1471
Operating Supplies	4829	5089
Insurance	5265	3155
Chemicals	9125	10665
Water Refund	2708	6293
Sales Tax	18117	12840
Contract Labor	756	4005
Miscellaneous	6774	924
Vehicle Expense	556	2914
Equipment Purchases	2899	3125
Service Charge	602	556
Total Operating Expenses	255572	392461
Net Operating Income/(Loss)	36796	20383
Other Revenues and/(Expenses)		
Interest Income	154	205
Interest Expense	-35225	-34556
Total Other Revenues and (Expenses)	-35071	-34351
Net Increase (Decrease) in Assets	1725	-13968
Beginning Net Assets	171891	173616
Ending Net Assets	173616	159648

TOWN OF BAUXITE  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2021 AND 2022

	2021	2022
<b>Cash Flow from Operating Activities</b>		
Increase in Net Assets	3,494	(11,573)
(Increase) Decrease in:		
Accounts Receivable	1,000	(1,416)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	4,494	(12,989)
<b>Cash Flow from Investing Activities</b>		
Increase in Cash Reserved for Customer Deposits	1,032	(1,002)
	<hr/>	<hr/>
Net Cash Used by Investing Activities	5,526	(13,991)
	<hr/>	<hr/>
<b>Cash Flow from Financing Activities</b>		
Repayment of Debt	(2,673)	(3,444)
	<hr/>	<hr/>
Net Cashed Provided (Used) by Financing Activities	(2,673)	(3,444)
	<hr/>	<hr/>
Increase (Decrease) in Cash and Cash Equivalents	2,853	(13,991)
Cash and Cash Equivalents, Beginning Balance	32,603	35,456
Cash and Cash Equivalents, Ending Balance	<hr/> <hr/>	<hr/> <hr/>