

City of Tontitown, Arkansas

**Agreed-Upon Procedures Report and
Report on Compliance**

December 31, 1999 and 1998



CITY OF TONTITOWN, ARKANSAS
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Arkansas

JONATHAN S. "JON" FITCH, SENATOR
CHAIRMAN
DANNY W. FERGUSON, REPRESENTATIVE
VICE CHAIRMAN
CHARLES L. ROBINSON, CPA, CFE
LEGISLATIVE AUDITOR

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

Independent Accountant's Report on Applying Agreed-Upon Procedures

City of Tontitown, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have performed the procedures enumerated below with respect to cash basis financial information and compliance with certain state laws for the City of Tontitown, Arkansas as of and for the year ended December 31, 1999 and 1998. This report is prepared in accordance with Ark. Code Ann. 10-4-202 but the procedures enumerated below were not performed for the Tontitown Water Department. 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 the specified users of the report. 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 for the General and Special Revenue (Street) Funds are as follows:

Cash and Investments

1. a. Perform a proof and reconciliation of cash for the year.
- b. Confirm the cash on deposit and investments with the depository institutions.
- c. Agree the proof of cash ending balances to the city book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of the procedures.

Receipts

2. a. Agree the deposits per the proof of cash for the year with the receipts per the city journal within 5% of deposits or \$500, whichever is greater.
- b. Determine that state turnback, sales taxes and fire protection funds paid by the State of Arkansas were deposited in the proper fund.
- c. Agree one month's receipts issued with the receipts per the receipt journal within 5% of receipts issued or \$500, whichever is greater, for all funds.

We found no exceptions as a result of the procedures.

Disbursements

3. a. Agree the disbursements per the proof of cash for the year with the disbursements per the city journal within 5% of disbursements or \$500, whichever is greater.
- b. Analyze all capital outlay disbursements.
- c. For one month, determine that disbursements were documented and paid in accordance with any applicable code provisions for all funds. (Materiality level - 5% of the month's disbursements or \$500, whichever is greater.)

We found no exceptions as a result of the procedures.

General Fixed Assets

4. a. Conduct a physical inventory of all additions over \$500 and prior years equipment items over \$1,000.
- b. Determine that additions and disposals were properly accounted for in the city records. (Materiality level - 5% of total General Fixed Assets equipment or \$500, whichever is greater.)

We found the following exceptions as a result of the above procedures: We were unable to observe two pieces of equipment costing \$5,808.74 because disposals were not properly accounted for in the City's records.

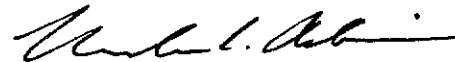
Report on Compliance with Certain State Laws

5. Identify certain laws of the State of Arkansas pertaining to the operations of municipal government and evaluate the extent to which the City complied with these laws as of and for the years ended December 31, 1999 and 1998. Any material findings of noncompliance are presented in the accompanying Report on Compliance with Certain State Laws. Materiality is defined as noncompliance findings having a significant impact on the accounting records and/or operations of the City.

We were not engaged to, 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 the Legislative Joint Auditing Committee and City management and is not intended to be and should not be used by anyone other than these specified parties.

DIVISION OF LEGISLATIVE AUDIT



Charles L. Robinson, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
July 11, 2000
LOM218499



Arkansas

JONATHAN S. "JON" FITCH, SENATOR
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LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

Report on Compliance with Certain State Laws

City of Tontitown, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have performed certain procedures with respect to cash basis financial information and compliance with certain state laws for the City of Tontitown, Arkansas as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 11, 2000.

Compliance with laws applicable to the Municipality is the responsibility of the City's management. Our procedures included identifying certain laws of the State of Arkansas pertaining to the operations of municipal government and evaluating the extent to which the municipality complied with these laws. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the municipality's compliance with applicable laws. Accordingly, we do not express an opinion.

The identified laws are as follows:

- A. Municipal Accounting Law (14-59-101 et seq.)
- B. Budgets (14-58-201 - 14-58-203)

The commentary contained in this section relates to the following officials that held office during 1999 and 1998:

Mayor: Daniel R. Watson (January 1, 1999 - December 31, 1999)
Freddie Taldo (January 1, 1998 - December 31, 1998)
Recorder/Treasurer: Frances Franco

Instances of noncompliance are failures to follow the requirements, or violations of prohibitions, contained in the above referenced laws. The results of our application of the procedures stated in the preceding paragraph disclosed no material instances of noncompliance with the provisions of applicable laws in the Offices of **Mayor** and **Recorder/Treasurer**.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee and City management and is not intended to be and should not be used by anyone other than these specified parties.

DIVISION OF LEGISLATIVE AUDIT


David J. Kraft, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
July 11, 2000

City of Tontitown, Arkansas

**Compiled Financial Statements and
Accountant's Compilation Report**

December 31, 1999 and 1998

**Mayor: Daniel R. Watson
(January 1, 1999 –
December 31, 1999)
Freddie Taldo
(January 1998 –
December 31, 1998)**

Recorder/Treasurer: Frances Franco



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Combined Statement of Assets, Liabilities and Fund Equity - Cash Basis

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Combined Statement of Cash Receipts, Disbursements and Changes in Fund
Balances - Governmental Fund Types

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Arkansas

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ACCOUNTANT'S COMPILATION REPORT

City of Tontitown, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have compiled the accompanying financial statements as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on a basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures, the statement of budget versus actual comparison of receipts, disbursements and fund balances and the financial activities of the Tontitown Water Department ordinarily included in financial statements prepared on the cash basis of accounting. If the omissions described above were included in the financial statements, they might influence the user's conclusions about the City's assets, liabilities and fund equity resulting from cash transactions and the cash receipts, disbursements and changes in fund balances. Accordingly, these financial statements are not designed for those who are not informed about such matters.

DIVISION OF LEGISLATIVE AUDIT

Charles L. Robinson, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
July 11, 2000
LOM218499

CITY OF TONTITOWN, ARKANSAS
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY - CASH BASIS
 DECEMBER 31, 1999

Exhibit A

| | Governmental Fund Types | | Account Group | Totals |
|---------------------------------------|-------------------------|--------------------|-------------------------|--|
| | General | Special Revenue | General Fixed Assets | (Memorandum Only) December 31, 1999 |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 456,112.08 | \$ 132,036.43 | | \$ 588,148.51 |
| Investments | 405,000.00 | 15,000.00 | | 420,000.00 |
| Land | | | \$ 94,754.15 | 94,754.15 |
| Buildings | | | 263,660.02 | 263,660.02 |
| Equipment | | | 54,332.57 | 54,332.57 |
| TOTAL ASSETS | \$ 861,112.08 | \$ 147,036.43 | \$ 412,746.74 | \$ 1,420,895.25 |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: | | | | |
| Payroll taxes withheld | \$ 1,456.61 | | | \$ 1,456.61 |
| Fund Equity: | | | | |
| Investment in general fixed assets | | | \$ 412,746.74 | 412,746.74 |
| Fund balances: | | | | |
| Unreserved: | | | | |
| Undesignated | 859,655.47 | \$ 147,036.43 | | 1,006,691.90 |
| Total Fund Equity | 859,655.47 | 147,036.43 | 412,746.74 | 1,419,438.64 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 861,112.08 | \$ 147,036.43 | \$ 412,746.74 | \$ 1,420,895.25 |

See Accountant's Compilation Report.

CITY OF TONTITOWN, ARKANSAS
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999

Exhibit B

| | General | Special Revenue Street | Totals (Memorandum Only) Year Ended December 31, 1999 |
|--|----------------------|------------------------------|--|
| RECEIPTS | | | |
| Intergovernmental revenues - state | \$ 17,601.53 | \$ 29,225.31 | \$ 46,826.84 |
| Property taxes | 18,526.88 | 6,007.10 | 24,533.98 |
| Franchise taxes | 139,781.61 | | 139,781.61 |
| Sales taxes | 93,996.62 | | 93,996.62 |
| Interest | 30,647.55 | 2,952.22 | 33,599.77 |
| Local permits and fees | 65,036.75 | | 65,036.75 |
| Other | 182.93 | | 182.93 |
| TOTAL RECEIPTS | 365,773.87 | 38,184.63 | 403,958.50 |
| DISBURSEMENTS | | | |
| Current: | | | |
| General government | 90,864.45 | | 90,864.45 |
| Highways and streets | 74,946.00 | 14,104.95 | 89,050.95 |
| Public safety | 567.85 | | 567.85 |
| Health | 75,794.48 | | 75,794.48 |
| Recreation and culture | 9,593.14 | | 9,593.14 |
| TOTAL DISBURSEMENTS | 251,765.92 | 14,104.95 | 265,870.87 |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 114,007.95 | 24,079.68 | 138,087.63 |
| FUND BALANCES - JANUARY 1 | 745,647.52 | 122,956.75 | 868,604.27 |
| FUND BALANCES - DECEMBER 31 | \$ 859,655.47 | \$ 147,036.43 | \$ 1,006,691.90 |

See Accountant's Compilation Report.

CITY OF TONTITOWN, ARKANSAS
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY - CASH BASIS
 DECEMBER 31, 1998

Exhibit A-1

| | Governmental Fund Types | | Account Group | Totals (Memorandum Only) |
|--|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| | General | Special Revenue | General Fixed Assets | December 31, 1998 |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 347,083.18 | \$ 107,956.75 | | \$ 455,039.93 |
| Investments | 400,000.00 | 15,000.00 | | 415,000.00 |
| Land | | | \$ 94,754.15 | 94,754.15 |
| Buildings | | | 263,660.02 | 263,660.02 |
| Equipment | | | 54,332.57 | 54,332.57 |
| | | | | |
| TOTAL ASSETS | <u>\$ 747,083.18</u> | <u>\$ 122,956.75</u> | <u>\$ 412,746.74</u> | <u>\$ 1,282,786.67</u> |
| | | | | |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: | | | | |
| Payroll taxes withheld | \$ 1,435.66 | | | \$ 1,435.66 |
| | | | | |
| Fund Equity: | | | | |
| Investment in general fixed assets | | | \$ 412,746.74 | 412,746.74 |
| Fund balances: | | | | |
| Unreserved: | | | | |
| Undesignated | 745,647.52 | \$ 122,956.75 | | 868,604.27 |
| Total Fund Equity | <u>745,647.52</u> | <u>122,956.75</u> | <u>412,746.74</u> | <u>1,281,351.01</u> |
| | | | | |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 747,083.18</u> | <u>\$ 122,956.75</u> | <u>\$ 412,746.74</u> | <u>\$ 1,282,786.67</u> |

See Accountant's Compilation Report.

CITY OF TONTITOWN, ARKANSAS
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

Exhibit B-1

| | General | Special Revenue Street | Totals (Memorandum Only) Year Ended December 31, 1998 |
|--|----------------------|------------------------------|--|
| RECEIPTS | | | |
| Intergovernmental revenues - state | \$ 20,776.76 | \$ 27,387.57 | \$ 48,164.33 |
| Property taxes | 16,793.54 | 5,411.07 | 22,204.61 |
| Franchise taxes | 122,032.36 | | 122,032.36 |
| Sales taxes | 89,461.85 | | 89,461.85 |
| Interest | 20,550.03 | 2,771.61 | 23,321.64 |
| Local permits and fees | 31,516.50 | | 31,516.50 |
| Other | 24,948.54 | 543.66 | 25,492.20 |
| TOTAL RECEIPTS | 326,079.58 | 36,113.91 | 362,193.49 |
| DISBURSEMENTS | | | |
| Current: | | | |
| General government | 66,920.36 | | 66,920.36 |
| Highways and streets | 37,349.75 | 11,056.05 | 48,405.80 |
| Recreation and culture | 8,560.62 | | 8,560.62 |
| Total Current | 112,830.73 | 11,056.05 | 123,886.78 |
| Capital outlay | 142,360.83 | | 142,360.83 |
| Contributions to Tontitown Area Fire Department | 8,011.28 | | 8,011.28 |
| TOTAL DISBURSEMENTS | 263,202.84 | 11,056.05 | 274,258.89 |
| EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 62,876.74 | 25,057.86 | 87,934.60 |
| FUND BALANCES - JANUARY 1 | 682,770.78 | 97,898.89 | 780,669.67 |
| FUND BALANCES - DECEMBER 31 | \$ 745,647.52 | \$ 122,956.75 | \$ 868,604.27 |

See Accountant's Compilation Report.