

City of Tontitown, Arkansas
Agreed-Upon Procedures Report

December 31, 2004

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF TONTITOWN, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Independent Accountant's Report on Applying Agreed-Upon Procedures

Sen. Henry "Hank" Wilkins, IV
Senate Co-Chair
Rep. Tommy G. Roebuck
House Co-Chair
Sen. Randy Laverty
Senate Co-Vice Chair
Rep. Sandra Prater
House Co-Vice Chair

Arkansas



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 which were agreed to by the management of the City of Tontitown and the Legislative Joint Auditing Committee for the City of Tontitown, Arkansas as of and for the year ended December 31, 2004. Management is responsible for maintaining the financial records and complying with state law. The procedures enumerated below were not performed for the Tontitown Water Department. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these 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. Determine that the proof of cash ending balance is within 5% or \$100, whichever is greater, of the ending book balance.

We found the following exception as a result of the above procedure:

The City failed to maintain a detailed list of all certificates of deposit to include in the ending balance.

Receipts

2. a. Determine that total receipts per journal are within 5% or \$100, whichever is greater, of deposits per proof of cash.
b. Determine that state turnback and sales taxes paid by the State of Arkansas were deposited in the proper fund.
c. Add one month's receipts issued and determine that they are within 5% or \$100, whichever is greater, of deposits per bank accounts for both funds.

We found no exceptions as a result of the procedures.

Disbursements

3. a. Determine that total disbursements per journal are within 5% or \$100, whichever is greater, of disbursements per proof of cash.
b. For the General and Street Funds, determine that total disbursements did not exceed total appropriations by more than 5%.
c. For 10% of disbursements (maximum of 30 for all funds, with at least one disbursement per fund, determine that disbursements were documented and paid in accordance with any applicable code provisions. (Materiality level - 5% of the total dollars of selected disbursements or \$100, whichever is greater.)

We found no exceptions as a result of the procedures.

Capital Assets

4. Determine that five (5) items purchased in previous years greater than \$5,000 were on hand.

We found no exceptions as a result of the procedures.

Financial Reporting

5. a. For the General and Street Funds, determine that total revenues per the semiannual posted financial statement for the period ending June 30 are within the lesser of 5% or \$100,000 of the receipts journal.
- b. For the General and Street Funds, determine that total expenditures per the semiannual posted financial statement for the period ending June 30 are within the lesser of 5% or \$100,000 of the disbursements journal.

We found no exceptions as a result of the procedures.

State Law Compliance

6. Evaluate the extent to which the City of Tontitown complied with the following state laws as of and for the year ended December 31, 2004:
 - 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 2004:

Mayor: Daniel Watson
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 stated procedure disclosed no material instances of noncompliance with the provisions of the referenced laws in the Office of **Mayor** and the following material instances of noncompliance with the provision of the referenced laws in the Office of the **Recorder/Treasurer**:

Property and equipment records were not properly maintained to include all required information as required by Ark. Code Ann. 14-59-107.

The City did not maintain adequate records for investments as required by Ark. Code Ann. 14-59-110.

Semiannual financial statements were posted instead of published as required by Ark. Code Ann. 14-59-116.

Materiality is defined as noncompliance findings having a significant impact on the accounting records and/or operations of the City of Tontitown.

We were not engaged to, and did not conduct 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 of Tontitown 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
April 11, 2005
LOM218404