

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT**

**SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED DECEMBER 31, 2019**

BALLARD & COMPANY, LTD.

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BALLARD & COMPANY, LTD.

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INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Bull Shoals, Arkansas

We have audited the accompanying financial statements of the water and wastewater department of the City of Bull Shoals, Arkansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the water and wastewater department of the City of Bull Shoals, Arkansas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Bull Shoals water and wastewater department as of December 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the water and wastewater department of the City of Bull Shoals, Arkansas, and do not purport to, and do not, present fairly the financial position of the City of Bull Shoals as of December 31, 2019 and the changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion of the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the water and wastewater department of the City of Bull Shoals, Arkansas. The schedule of operating expenses, schedule of water and wastewater usage and rates, the schedule of expenditures of federal awards, and the schedule of city officials, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of operating expenses, the schedule of water and wastewater usage and rates, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses, the schedule of water and wastewater usage and rates, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of city officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of the City of Bull Shoals, Arkansas water and wastewater department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bull Shoals, Arkansas water and wastewater department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bull Shoals, Arkansas water and wastewater department's internal control over financial reporting and compliance.

Ballard & Company, Ltd.

Ballard & Company, Ltd.
Mountain Home, Arkansas
January 29, 2021

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 109,416
Accounts receivable, net of allowance for doubtful accounts	86,008
Grants receivable	210,677
Interfund receivables	97,056
Inventories	64,217
Total current assets	567,374
Restricted assets - cash and cash equivalents	701,098
Capital assets:	
Nondepreciable assets	3,947,449
Depreciable assets, net of accumulated depreciation	479,783
Total capital assets, net of accumulated depreciation	4,427,232
Total assets	5,695,704

LIABILITIES

Current liabilities:	
Accounts payable	21,113
Payroll liabilities	1,614
Sales tax payable	3,947
Sanitation payable	13,161
Total current liabilities	39,835
Liabilities payable from restricted assets:	
Accrued interest	17,011
Interfund payable	243,141
Refundable meter deposits	65,655
Short-term note payable	400,000
Current maturities of long-term notes and bonds payable	103,685
Total liabilities payable from restricted assets	829,492
Long-term liabilities:	
Notes and bonds payable, net of current maturities	2,945,509
Total liabilities	3,814,836

NET POSITION

Net investment in capital assets	1,053,375
Restricted:	
Debt service requirements	408,699
Other	215,549
Unrestricted	203,245
Total net position	\$ 1,880,868

The accompanying notes are an integral part of these statements.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATING REVENUES

Water service fees	\$	333,848
Wastewater service fees		327,309
Maintenance fees		65,635
Late penalties		10,815
Other		11,987
		749,594
Total operating revenue		749,594

OPERATING EXPENSES

Water department		362,027
Wastewater department		215,446
Depreciation expense		193,591
		771,064
Total operating expenses		771,064
Operating income (loss)		(21,470)

NONOPERATING REVENUES (EXPENSES)

Interest income		5,051
Interest expense		(90,350)
Sales tax revenues		191,701
Paying agent fees		(500)
		105,902
Total nonoperating revenues (expenses)		105,902

INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS

84,432

Capital contributions from grants		990,348
		990,348

INCREASE (DECREASE) IN NET POSITION

1,074,780

NET POSITION, beginning

806,088

NET POSITION, ending

\$ 1,880,868

The accompanying notes are an integral part of these statements.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from from customers	\$ 746,721
Payments to and/or for employees	(204,901)
Payments to supplier for goods and services	(369,649)
	172,171
Net Cash Provided by (Used in) Operating Activities	172,171

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash transferred to general fund	(80,000)
	(80,000)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash received from loan proceeds	1,150,966
Cash received from grant proceeds	775,171
Cash received from sales and use tax	188,904
Cash paid to purchase and construct assets	(3,189,905)
Principal paid on notes payable	(92,348)
Interest paid on notes payable	(83,507)
Trustee fees paid	(500)
	(1,251,219)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,251,219)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from interest earned	5,051
	5,051

NET INCREASE (DECREASE) IN CASH

(1,153,997)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

1,964,511

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 810,514

Reconciliation of Operating Income (Loss) to Net Cash Provided

(Used In) Operating Activities:	
Operating income (loss)	\$ (21,470)
Depreciation expense	193,591
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:	
Accounts receivable	(7,656)
Prepaid expenses	4,264
Payroll liabilities	(23)
Accounts payable	2,649
Sales tax payable	186
Meter deposits refundable	630
	630
Net Cash Flows from Operating Activities	\$ 172,171

Reconciliation of Total Cash and Cash Equivalents - End of Year

Current assets - cash and cash equivalents	\$ 109,416
Restricted assets - cash and cash equivalents	701,098
	\$ 810,514

Reconciliation of Total Cash and Cash Equivalents - Beginning of Year

Current assets - cash and cash equivalents	\$ 82,879
Restricted assets - cash and cash equivalents	1,881,632
	\$ 1,964,511

The accompanying notes are an integral part of these statements.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Bull Shoals, Arkansas, (the City) was established in 1946 and operates under a Mayor - Council form of government. The water and wastewater department (the Department) is responsible for the operation and maintenance of the City's water distribution system as well as its wastewater treatment system.

The financial statements of the Department have been prepared and are presented herewith, separately from the comprehensive financial statements of the City of Bull Shoals, Arkansas. These financial statements are intended to present only the financial position, results of operations and cash flows attributable to the Department and are not intended to, and do not, reflect the financial position, results of operation and cash flows of the City of Bull Shoals, Arkansas as a whole.

Basis of Accounting

The water and wastewater department is used to account for the operations of the City of Bull Shoals, Arkansas' proprietary fund and is an enterprise fund. Enterprise funds are for operations which are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public be financed or recovered primarily through user charges.

The financial statements of the Department are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to enterprise funds of governmental entities using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Basis of Presentation

The presentation of the Department's financial statements follows the requirement of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34) – applicable to enterprise funds, as amended. In accordance with the requirements of GASB Statement No. 34, the Department's net position is categorized into net investment in capital assets, restricted and unrestricted, as applicable. In addition, operating income reported in the financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues are charges to customers for water, wastewater, and related services. Principal operating expenses include the costs of providing these services, administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting these definitions are reported as nonoperating revenue and expenses.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosed in the notes. Actual results could differ from those estimates.

Budget and Budgetary Accounting

Enterprise fund service delivery levels are determined by the extent of consumer demand. Because enterprise fund revenues and expenses fluctuate with the changing service delivery levels, accounting principles generally accepted in the United States of America do not require the financial statements to include budgetary comparisons. Accordingly, such comparisons have not been included.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be bank deposits and certificates of deposit. All balances are displayed separately on the statement of net position as current and restricted cash and cash equivalents.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Consumer accounts receivable reflects the balances due from the individuals and entities using the water and wastewater services provided by the Department. These consumers are substantially all local residents and businesses. Receivables are shown net of allowances for uncollectible accounts.

Inventories

Inventories held by the water and wastewater department are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets which are purchased or constructed are reported at historical cost. Contributed assets are reported at fair market value as of the date received. All capital assets are depreciated by the straight-line method over their estimated useful lives. Maintenance, repairs and minor renewals are charged against earnings when incurred. Additions, betterments and major renewals are capitalized.

Estimated useful lives are as follows:

System and improvements	10 - 40 Years
Vehicles	5 Years
Equipment	10 - 20 Years

Accounts Payable

Accounts payable consists of various trade accounts which are generally payable within thirty (30) days.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources, and is classified into the following categories:

- * *Net Investment in Capital Assets* - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- * *Restricted Net Position* – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- * *Unrestricted Net Position* - consists of all other net position that does not meet the definition of the above two components and is available for general use of the Department.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The City's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 2: CASH AND INVESTMENTS

State law generally provides that municipal funds be deposited in federally insured banks located in the State of Arkansas. These deposits may be in the form of checking accounts, savings accounts, and/or certificates of deposit. Public funds may also be invested in direct obligations of the United States of America and obligations on which the principal and interest are fully guaranteed by the United States of America.

The carrying amount of the Department's cash deposits was \$810,514 and the respective bank balances totaled \$815,155. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the water and wastewater department of the City of Bull Shoals, Arkansas will not be able to recover deposits or will not be able to recover collateral securities. The Department's policy is to place deposits only in collateralized or insured accounts. As of December 31, 2019, all bank balances of the Department were fully insured or collateralized.

NOTE 3: RESTRICTED ASSETS

Restricted assets consist of cash and equivalents restricted by various bond ordinances and the City Council for debt service and other specific uses. Restricted assets as of December 31, 2019 were as follows:

Debt service funds	\$ 408,700
Depreciation funds	63,302
Capital improvement funds	177,691
Meter deposit fund	<u>51,405</u>
Total restricted assets	<u>\$ 701,098</u>

NOTE 4: FUND REQUIREMENTS

The various bond and loan documents established certain funds and the manner in which revenues are to be deposited and transferred between the various funds. Except as noted below, cash funds were deposited and transferred as required.

Ordinance 2011-02, effective with its adoption July 28, 2011, provided for a maintenance fee of \$5.00 to be included on each water bill in order to establish a water depreciation fund. This depreciation fund has been established, however monthly transfers of the maintenance fees collected were not being made until late 2019. The Department will continue to make monthly transfers as required.

Meter deposits are customer deposits for which reserves in an amount sufficient to refund the deposits in total must be held. Meter deposit reserves at December 31, 2019 were \$51,405, a deficit in the amount of \$14,250 from the total customer deposits of \$65,655.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<i>Capital assets, not being depreciated:</i>				
Land and land rights	\$ 78,971	\$ -	\$ -	\$ 78,971
Construction in progress	<u>488,132</u>	<u>3,380,346</u>	<u>-</u>	<u>3,868,478</u>
	<u>567,103</u>	<u>3,380,346</u>	<u>-</u>	<u>3,947,449</u>
<i>Capital assets, being depreciated:</i>				
Equipment	1,210,274	-	-	1,210,274
Vehicles	52,200	-	-	52,200
System and improvements	<u>5,995,316</u>	<u>-</u>	<u>-</u>	<u>5,995,316</u>
	<u>7,257,790</u>	<u>-</u>	<u>-</u>	<u>7,257,790</u>
<i>Less accumulated depreciation for:</i>				
Equipment	(1,044,620)	(41,603)	-	(1,086,223)
Vehicles	(48,880)	(3,320)	-	(52,200)
System and improvements	<u>(5,490,917)</u>	<u>(148,667)</u>	<u>-</u>	<u>(5,639,584)</u>
	<u>(6,584,417)</u>	<u>(193,590)</u>	<u>-</u>	<u>(6,778,007)</u>
Total capital assets, being depreciated, net	<u>673,373</u>	<u>(193,590)</u>	<u>-</u>	<u>479,783</u>
Capital assets, net	<u>\$ 1,240,476</u>	<u>\$ 3,186,756</u>	<u>\$ -</u>	<u>\$ 4,427,232</u>

Depreciation expense was charged to the water and wastewater departments as follows:

Water department	\$ 44,434
Wastewater department	<u>149,157</u>
	<u>\$ 193,591</u>

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 6: INTERFUND RECEIVABLE AND PAYABLE

The Department has a receivable due from the Street Fund in the amount of \$863 for payments made by the Department on an equipment loan. It also has a receivable due from the General Fund in the amount of \$96,192. This amount is comprised of \$16,192 for the December 2019 sales and use tax monies collected and \$80,000 for a duplicate transfer made related to the wastewater facilities improvement project.

The Department has a payable due to the General Fund in the amount of \$243,141. This amount is due as reimbursement for various invoices paid for out of the General Fund for the wastewater facilities improvement project. See note 12 for further discussion regarding this project.

NOTE 7: SHORT-TERM NOTE PAYABLE

Ordinance 2019-04 extended the authority of Ordinances 2017-05 and 2018-04 which authorized the Mayor to enter into short-term financing to initiate improvements to the wastewater system. This one-year loan, originally dated July 20, 2017 in the amount of \$400,000, was taken out from First Security Bank and is payable in monthly, interest-only payments at rate of 4%. The note was extended one year to July 2019 and then again until July 2020.

NOTE 8: LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2019 are as follows:

	BEGINNING			ENDING	AMOUNTS
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	DUE WITHIN
					ONE YEAR
ANRC - note payable	\$ 15,240	\$ 0	\$ (15,240)	\$ 0	\$ 0
USDA - 1988 revenue bond	123,494	0	(10,443)	113,051	10,977
ANRC - 2010 revenue bond	332,807	0	(16,136)	316,671	16,501
ANRC - 2012 revenue bond	139,035	0	(50,529)	88,506	34,747
First Security - 2018 revenue bond	<u>1,380,000</u>	<u>1,150,966</u>	<u>0</u>	<u>2,530,966</u>	<u>41,460</u>
 Total long-term debt	 <u>\$ 1,990,576</u>	 <u>\$ 1,380,000</u>	 <u>\$ (92,348)</u>	 <u>\$ 3,049,194</u>	 <u>\$ 103,685</u>

NOTE PAYABLE - ANRC

The Department had a note payable with the Arkansas Natural Resources Commission in the amount of \$180,250, payable in annual installments of \$14,558. The note bore interest at 2.50% and matured in 2019.

BONDS PAYABLE

1988 Bonds Payable

Under the authority of Ordinance 1988-04 dated April 28, 1988, the City issued water and sewer revenue bonds in the amount of \$280,000 to finance improvements to the water and wastewater system. The United States Department of Agriculture – Rural Development (USDA) purchased the bonds under a loan agreement dated October 24, 1988 subject to a interest rate of 5.00% per annum over a 40-year payment period. The bonds are secured by a pledge of the system revenues and are scheduled to mature in 2028.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 8: LONG-TERM LIABILITIES – Continued

BONDS PAYABLE

2010 Bond Payable

Under the authority of Ordinance 2010-02 dated February 01, 2010, the City issued a water and sewer revenue bond in the amount of \$399,640 to finance improvements to the wastewater facilities. The Arkansas Natural Resources Commission (ANRC) purchased the bond under a memorandum of agreement dated November 01, 2009. The loan had a closing date of June 07, 2010 with an original interest rate of 4.75% per annum over a 35-year payment period. As of October 05, 2016, the loan was refinanced with a new interest rate of 2.25% over a 20-year payment period. The bonds are secured by a pledge of the system revenues and are scheduled to mature in 2036.

2012 Bond Payable

Under the authority of Ordinance 2012-04 dated February 01, 2012, the City issued a water and sewer revenue bond in the amount of \$309,000 to finance improvements to the water facilities. The Arkansas Natural Resources Commission (ANRC) purchased the bond under a memorandum of agreement dated May 07, 2012. The loan had a closing date of December 05, 2012 with an interest rate 2.50% per annum over a 10-year payment period. The bonds are secured by a pledge of the system revenues and are scheduled to mature in 2022.

2018 Sales and Use Tax and Water and Sewer Bond Payable

Ordinance 2018-05, dated August 20, 2018, authorized the issuance of a water and sewer revenue bond to finance improvements to the wastewater facilities of the system. On October 18, 2018, a \$3,428,000 bond was issued and was purchased by First Security Bank at an interest rate of 2.98%. The bond was issued to provide interim financing for a portion of the costs of the improvements. The bond is secured by a pledge of the (a) the collections of the City's 1% sales and use tax levied by Ordinance 2017-03, adopted February 23, 2017 and (b) revenues derived from the operation of the water and wastewater system.

Interest only on the bond was due on October 18, 2019, and both principal and interest were payable at maturity on October 18, 2020. Final repayment of this bond was made in March 2020 with proceeds from a long-term financing arrangement through the USDA Rural Utilities Service. This new USDA loan was issued in the amount of \$3,530,000, bears interest at 2.25%, and matures in 2060.

Combined maturity requirements of the bonds payable subsequent to December 31, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>
12-31-2020	\$ 103,685	\$ 105,817
12-31-2021	104,181	68,495
12-31-2022	88,583	65,714
12-31-2023	72,390	63,542
12-31-2024	74,396	61,535
2025 - 2029	378,639	276,161
2030 - 2034	365,149	232,608
2035 - 2039	313,600	192,800
2040 - 2044	322,001	158,086
2045 - 2049	360,305	119,782
2050 - 2054	403,165	76,922
2055 - 2060	463,100	12,284
	<u>\$ 3,049,194</u>	<u>\$ 1,433,746</u>
Total		

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 9: RISK MANAGEMENT

The water and wastewater department of the City of Bull Shoals, Arkansas has purchased insurance coverage to cover potential losses due to the various risks related to the damage to and/or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Department participates in the Arkansas Municipal League Program for its workers' compensation coverage. Rates for municipalities participating in this program are revised by class code on an annual basis by the Arkansas Workers' Compensation Commission. The Department also participates in the Arkansas Public Entities Risk Management Association (APERMA) public entity risk pool for building and contents, vehicle, and general liability coverage. The amount of settlements has not exceeded the insurance coverage in the past three years. Further, there were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year.

NOTE 10: PENSION PLAN

Plan Description

The City of Bull Shoals, Arkansas has a Section 457B defined contribution pension plan covering substantially all of the employees of the water and wastewater department. The City established this plan on March 21, 2006. The plan is administered through the Arkansas Diamond Plan.

Eligibility

Employees are eligible to participate in the plan after they have completed one year of service.

Contributions and Earnings

As a condition for sharing in employer contributions, each participant shall contribute two percent (2%) of his compensation to the plan. Employer contribution percentages are based on each participant's number of years of employment, increasing from one percent (1%) up to 5 percent (5%) of compensation, beginning with the first year through the fifth-plus year of employment.

The percentage of each participant's employer contribution account which shall be non-forfeitable upon termination of his employment for reasons other than death, disability, or normal retirement is based on years of service (1,000 hours worked in a plan year constitutes a year of service) pursuant to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	20%
2	40%
3	60%
4	80%
5	100%

During the year ended December 31, 2019, employer contributions to the plan totaled \$3,829.

NOTE 11: SALES AND USE TAX

Ordinance 2017-03, adopted on February 23, 2017, called for a special election on the question of issuing improvement bonds of up to \$5,000,000 for the purpose of financing a portion of the cost of wastewater improvements and levying a one percent (1%) sales and use tax for the purpose of retiring such bonds. The citizens of Bull Shoals, Arkansas voted for the bond issuance and for the sales and use tax to retire the bonds. During the year ended December 31, 2018, the City issued a 2.98% sales and use tax and water and sewer revenue bond in the amount of \$3,428,000. Final repayment of this bond was made in March 2020 with proceeds from a long-term financing arrangement through the USDA Rural Utilities Service. This new USDA loan was issued in the amount of \$3,530,000, bears interest at 2.25%, and matures in 2060. See note 8 for further information regarding this bond.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12: WASTEWATER FACILITIES IMPROVEMENT PROJECT

During the year ended December 31, 2017, the Department began a project to replace the City's aging wastewater treatment facility. The project is being funded through the issuance of improvement bonds as discussed in Note 8, as well as grants from the Delta Regional Authority, the U.S. Department of Commerce Economic Adjustment Assistance Program, and the U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities Program.

SUPPLEMENTARY AND OTHER INFORMATION

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Water Department</u>	<u>Wastewater Department</u>
Auto and fuel expense	\$ 4,611	\$ 3,562
Bad debt expense	4,778	4,778
Bank charges and fees	1,737	7
Computer support	2,449	1,003
Dues and licenses	13,206	4,444
DMR reports	-	8,640
Educational expense	-	212
Insurance - general	5,183	11,253
Insurance - health and life	25,281	20,482
Miscellaneous	215	-
Postage and freight	2,063	1,766
Pension expense	2,965	1,661
Repairs and maintenance	1,752	15,060
Salaries	75,060	69,928
Sludge removal	-	3,641
Supplies - office	737	851
Supplies - operating	6,929	2,010
Taxes - payroll	6,296	5,531
Telephone and utilities	3,828	60,392
Uniforms	590	225
Water purchases	204,347	-
Total Operating Expenses	<u>\$ 362,027</u>	<u>\$ 215,446</u>

See auditor's report on supplementary information.

**CITY OF BULL SHOALS, ARKANSAS
 WATER AND WASTEWATER DEPARTMENT
 SCHEDULE OF WATER AND WASTEWATER USAGE AND RATES
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Rate Schedule

Ordinance 2014-02, adopted on March 27, 2014, set forth the following water and wastewater rates which were in effect during early 2019:

<u>Meter Size</u>	<u>Water Minimum Rates</u>		<u>Wastewater Minimum Rates</u>	
¾ "	\$15.74	2,000 gallons	\$14.30	2,000 gallons
1"	\$22.87	3,000 gallons	\$18.76	3,000 gallons
1 ½ "	\$44.16	7,000 gallons	\$30.70	7,000 gallons
2"	\$83.45	13,000 gallons	\$53.52	13,000 gallons
3"	\$150.19	26,000 gallons	\$99.63	26,000 gallons
All usage over the minimum:	\$5.05	per 1,000 gallons	\$2.82	per 1,000 gallons

Ordinance 2011-02, effective with its adoption on July 28, 2011, provided for a \$5.00 maintenance fee to be added to each monthly water bill in order to maintain a water depreciation fund.

Ordinance 2019-02, effective with its adoption on February 28, 2019, increased the above rates as follows:

<u>Meter Size</u>	<u>Water Minimum Rates</u>		<u>Wastewater Minimum Rates</u>	
¾ "	\$16.84	2,000 gallons	\$18.90	2,000 gallons
1"	\$24.70	3,000 gallons	\$27.18	3,000 gallons
1 ½ "	\$49.35	7,000 gallons	\$46.33	7,000 gallons
2"	\$89.16	13,000 gallons	\$80.87	13,000 gallons
3"	\$207.64	26,000 gallons	\$222.38	26,000 gallons
4"	\$302.96	40,000 gallons	\$308.04	40,000 gallons
All usage over the minimum:	\$5.60	per 1,000 gallons	\$3.62	per 1,000 gallons

Water Usage

Gallons purchased and sold during the year ended December 31, 2019 were as follows:

Gallons of water purchased	67,176,000
Gallons of water sold	<u>45,093,102</u>
Gallons of water lost	<u><u>22,082,898</u></u>

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
SCHEDULE OF CITY OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Position</u>	<u>Official</u>
Mayor	David Nixon
Council Member	Alan Graley
Council Member	Jim Traylor
Council Member	Daryl Lindman
Council Member	Joey Grede
Council Member	Dino Giannini
Council Member	Lynn Nickels

See auditor's report on other information.

SINGLE AUDIT SECTION

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Agriculture</u>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 2,301,854
<u>United States Department of Commerce</u>		
<i>Economic Development Cluster</i>		
Economic Adjustment Assistance	11.307	835,917
<u>Delta Regional Authority</u>		
Delta Local Development District Assistance	90.202	<u>150,000</u>
Total Expenditures of Federal Awards		<u>\$ 3,287,771</u>

The accompanying notes are an integral part of this schedule.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Bull Shoals, Arkansas water and wastewater department under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Bull Shoals Arkansas water and wastewater department, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bull Shoals, Arkansas water and wastewater department.

NOTE 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: Indirect Cost Rate

The City of Bull Shoals, Arkansas water and wastewater department has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: Outstanding Loan Balance

The outstanding balance of the loan under the federal award program through the U.S. Department of Agriculture - Water and Wastewater Disposal Systems for Rural Communities (CFDA No. 10.760) as of December 31, 2019 was \$2,530,966.



BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS CONSULTANTS

Members of the American Institute of Certified Public Accountants
Member of the Arkansas Society of Certified Public Accountants

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416 N. E. MAIN STREET
MOUNTAIN VIEW, AR 72560
870-269-2390

980 ASH FLAT DRIVE
ASH FLAT, AR 72513
870-994-2812

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of City Council
City of Bull Shoals, Arkansas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the water and wastewater department of the City of Bull Shoals, Arkansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Bull Shoals, Arkansas water and wastewater department's basic financial statements, and have issued our report thereon dated January 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the water and wastewater department of the City of Bull Shoals, Arkansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the water and wastewater department of the City of Bull Shoals, Arkansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the water and wastewater department of the City of Bull Shoals, Arkansas' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We did identify a certain deficiency in internal control, described below as item 2019-1, to be a material weakness:

- 2019-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions should be distributed among appropriate employees. The water and wastewater department of the City of Bull Shoals' management did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the Department's assets because of limited financial resources. We recommend that the financial accounting duties in the water and wastewater department be segregated among employees to the extent possible.

2019-1 Continued:

The City of Bull Shoals' management responded and indicated that the water and wastewater department will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording cash transactions to the extent possible with the current staffing levels.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the water and wastewater department of the City of Bull Shoals, Arkansas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Bull Shoals' Response to Findings

The City of Bull Shoals' response to the findings identified in our audit is previously described. The City of Bull Shoals' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ballard & Company, Ltd.

Ballard & Company, Ltd.
Mountain Home, Arkansas
January 29, 2021



BALLARD & COMPANY, LTD.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of City Council
City of Bull Shoals, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the City of Bull Shoals, Arkansas water and wastewater department's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bull Shoals, Arkansas water and wastewater department's major federal programs for the year ended December 31, 2019. The City of Bull Shoals, Arkansas water and wastewater department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bull Shoals, Arkansas water and wastewater department's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bull Shoals, Arkansas water and wastewater department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bull Shoals, Arkansas water and wastewater department's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bull Shoals, Arkansas water and wastewater department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the City of Bull Shoals, Arkansas water and wastewater department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bull Shoals, Arkansas water and wastewater department's internal control over compliance with the types of requirements that could have a

direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bull Shoals, Arkansas water and wastewater department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ballard & Company, Ltd.

Mountain Home, Arkansas
January 29, 2021

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **UNMODIFIED**
2. Significant deficiencies in internal control were disclosed by the audit of the financial statement: **NO**
3. Material weaknesses in internal control were disclosed by the audit of the financial statement: **YES**
4. Noncompliance which is material to the financial statements: **NO**

Federal Awards

5. Significant deficiencies in internal control over major programs: **NO**
6. Material weaknesses in internal control over major programs: **NO**
7. Type of auditor's report issued on compliance for major program: **UNMODIFIED**
8. Any audit findings required to be reported in accordance with 2 CFR 200.516(a)?: **NO**
9. Major federal programs:
 - CFDA No. 10.760 - Department of Agriculture – Water and Wastewater Disposal Systems for Rural Communities**
 - CFDA No. 11.307 - Department of Commerce – Economic Adjustment Assistance**
10. Threshold used for distinguishing between Type A and B programs: **\$750,000**
11. The water and wastewater department of the City of Bull Shoals, Arkansas did not qualify as a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-1 – Material Weakness

Criteria: Internal controls should be in place to ensure the duties relating to initiating, receipting, depositing, disbursing, and recording of cash transactions are sufficiently segregated to ensure the proper safeguarding of assets.

Condition: The cash management duties relating to initiating, receipting, depositing, disbursing, and recording of cash transactions are not sufficiently segregated among current individuals.

Cause: Management did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the Department's assets due to limited financial resources.

Effect or Potential Effect: Because of the lack of segregation of duties, Department assets may not be adequately safeguarded.

Auditor's Recommendation: Cash management duties noted should be segregated among employees to the extent possible with the current staffing levels.

Views of Responsible Officials and Planned Corrective Action: The Department indicated that, effective the beginning of 2020, management has segregated the duties relating to initiating, receipting, depositing, disbursing, and recording of cash transactions to the extent possible with the current staffing levels. Further, oversight and continuing review of the financial activity has been increased as considered necessary.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reportable.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2019**

FINANCIAL STATEMENT FINDINGS

FINDING 2018-1: Segregation of Duties

Condition: The cash management duties relating to initiating, receipting, depositing, disbursing, and recording of cash transactions are not sufficiently segregated to ensure the proper safeguarding of assets.

Recommendation: Cash management duties noted should be segregated among employees to the extent possible with the current staffing levels.

Current Status: The City has continued to segregate the duties of initiating, receipting, depositing, disbursing, and recording of cash transactions to the extent possible with the current staffing levels.

FEDERAL AWARDS FINDINGS

No matters are reportable.

**CITY OF BULL SHOALS, ARKANSAS
WATER AND WASTEWATER DEPARTMENT
P.O. BOX 390
Bull Shoals, AR 72619**

CORRECTIVE ACTION PLAN

January 29, 2021

Regional Inspector General
U.S. Department of Agriculture
Attn: Marbie Baugh, National Single Audit Coordinator
401 West Peachtree St NW, Suite 2328
Atlanta, GA 30308

The City of Bull Shoals, Arkansas water and wastewater department respectfully submits the following corrective action plan for the year ended December 31, 2019.

Name and address of independent public accounting firm: Ballard & Company, Ltd.
210 East 7th Street, Suite 2
Mountain Home, AR 72653

Audit period: Year ended December 31, 2019

The findings from the December 31, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

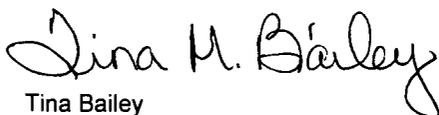
2019-1 *Auditor's Recommendation:* Cash management duties relating to initiating, receipting, depositing, disbursing, and recording of cash transactions should be segregated among employees to the extent possible.

Action Taken and Completion Date: As of the beginning of 2020, management has segregated the duties relating to initiating, receipting, depositing, disbursing, and recording of cash transactions among employees to the extent possible with the current staffing levels. Further, oversight and continuing review of the financial activity has been increased as considered necessary.

Contact Person Responsible for Corrective Action: Tina Bailey, City of Bull Shoals Treasurer

If the U.S. Department of Agriculture has questions regarding this plan, please contact the City of Bull Shoals, Arkansas at (870) 445-4775.

Sincerely,



Tina Bailey
Treasurer
City of Bull Shoals, Arkansas