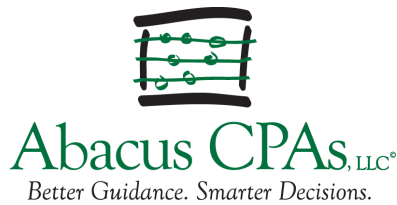


City of Omaha Water Department
Independent Accountants' Report on Agreed Upon Procedures
For the Years Ended December 31, 2022 and 2021



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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Commissioners of
City of Omaha Water Department
Omaha, Arkansas

We have performed the procedures enumerated below on the financial accounts of the City of Omaha Water Department during the years ended December 31, 2022 and 2021. In performing our agreed-upon procedures engagement, we have relied solely on representations provided by The City of Omaha Water Department.

The City of Omaha Water Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with Ark Code Ann. 14-234-119 for the years ended December 31, 2022 and 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

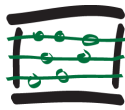
The procedures and the associated findings are attached in the Schedule of Agreed Upon Procedures.

We were engaged by City of Omaha Water Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on City of Omaha Water Department. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Omaha Water Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of the City of Omaha Water Department, the engaging party, and is not intended to be, and should not be, used by anyone other than these specified parties.

Abacus CPAs, LLC

November 15, 2023
Springfield, Missouri



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Schedule of Agreed Upon Procedures

Cash and Investments

- Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- Confirm with depository institutions the cash on deposit and investments.
- Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Findings: All bank balances were not reconciled timely (within the following 90 days).

Receipts

- Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.
- For ten deposits, agree the cash/check composition of the deposit with receipt information.

No exceptions were noted.

Accounts Receivable

- Agree ten customer billings to the accounts receivable subledger. Determine that five customer adjustments were properly authorized.
- Determine that five customer adjustments were properly authorized.

No exceptions were noted.

Disbursements

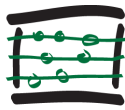
- Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- Recalculate all property, plant, and equipment disbursements.
- Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

No exceptions were noted.

Property, Plant, and Equipment

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

Findings: Property, plant, and equipment schedules not maintained nor recorded correctly. Depreciation not recorded.



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Long-Term Debt

- Schedule long-term debt and verify changes in all balances for the year.
- Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor
- Determine that the appropriate debt service accounts have been established and maintained.

Findings: Long-term debt records not maintained. Debt balances not reconciled to lending institution balances.

General

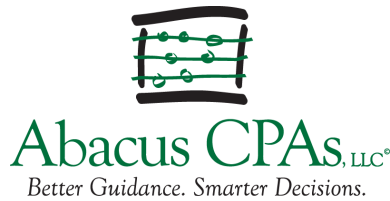
- Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

No exceptions were noted.

City of Omaha Water Department
Independent Accountants' Compilation Report
with Financial Statements
For the Year Ended December 31, 2022 and 2021



Abacus CPAs, LLC
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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Commissioners of
City of Omaha Water Department
Omaha, Arkansas

Management is responsible for the accompanying financial statements of the City of Omaha Water Department (a component unit of the City of Omaha), which comprise the statements of assets, liabilities and net position – modified cash basis, as of December 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position – modified cash bases, and cash flows – modified cash basis for the year then ended, and for determining that the modified cash basis of accounting is an acceptable financial framework. 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 assurance on these financial statements.

We draw attention to the note “Basis of Accounting” on page 6 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Abacus CPAs, LLC

November 15, 2023
Springfield, Missouri

*CITY OF OMAHA WATER DEPARTMENT
STATEMENTS OF ASSETS, LIABILITIES AND NET POSITION - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2022 AND 2021*

<i>ASSETS</i>	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and Cash Equivalents	\$ 23,758	\$ 19,299
Accounts Receivable, Net	937	895
Total Current Assets	<u>24,695</u>	<u>20,194</u>
Restricted Assets		
Bond Fund	100	100
Construction Account Projects	116	1,112
Debt Services Fund	1,010	1,010
Depreciation Fund	2,100	2,100
Meter Deposits	1,353	428
Savings and Money Market	130	287
Special Account	4,053	272
Total Restricted Assets	<u>8,862</u>	<u>5,309</u>
Property and Equipment, at Cost		
Land	13,250	13,250
Trucks and Equipment	57,125	44,130
Water Systems	3,580,453	3,402,045
Accumulated Depreciation	(1,419,301)	(1,330,417)
Net Property and Equipment	<u>2,231,527</u>	<u>2,129,008</u>
Total Assets	<u>\$ 2,265,084</u>	<u>\$ 2,154,511</u>
<i>LIABILITIES AND NET POSITION</i>		
Current Liabilities		
Accrued Taxes Payable	\$ 482	\$ 1,381
Accounts Payable	1,969	-
Current Portion of Long-Term Debt	100,534	208,906
Total Current Liabilities	<u>102,985</u>	<u>210,287</u>
Current Liabilities Payable from Restricted Assets		
Meter Deposits	1,353	428
Total Current Liabilities Payable from Restricted Assets	<u>1,353</u>	<u>428</u>
Long-Term Liabilities		
Long-Term Debt, Net of Current Portion	\$ 2,415,591	\$ 2,172,295
Total Long-Term Liabilities	<u>2,415,591</u>	<u>2,172,295</u>
Total Liabilities	<u>2,519,929</u>	<u>2,383,010</u>
Net Position (Deficit)		
Restricted	8,862	5,309
Unrestricted	(263,707)	(233,808)
Total Net Position (Deficit)	<u>(254,845)</u>	<u>(228,499)</u>
Total Liabilities and Net Position	<u>\$ 2,265,084</u>	<u>\$ 2,154,511</u>

*CITY OF OMAHA WATER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021*

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Water Revenue	\$ 350,307	\$ 342,472
Connection Revenue	13,686	15,470
Sales Revenue	-	9,893
Total Operating Expenses	<u>363,993</u>	<u>367,834</u>
 Operating Expenses		
Bank Fees	1,758	713
Contract Labor	3,220	1,105
Depreciation	88,884	84,588
Dues and Permits	7,624	698
Insurance	11,395	9,584
Payroll Taxes	983	983
Postage	2,580	1,191
Office Supplies	6,670	7,746
Other Expenses	642	0.00
Professional Fees	1,300	2,257
Repairs and Maintenance	90,844	126,952
Salaries	56,120	47,892
Taxes	37,588	39,937
Retirement	8,000	1,600
Travel	7,203	3,827
Utilities	36,554	25,900
Bonus Expense	250	250
Water Purchases	62,908	28,805
Water System Renewal	1,176	20
Total Operating Expenses	<u>425,699</u>	<u>384,048</u>
 Operating Income (Loss)	<u>(61,706)</u>	<u>(16,214)</u>
 Other Income (Expense)		
Casualty Gain (Loss)	39,236	-
Interest Income	36	29
Interest Expense	(3,912)	(4,075)
Total Other Income (Expense)	<u>35,360</u>	<u>(4,046)</u>
 (Decrease) in Net Position (Deficit)	<u>(26,346)</u>	<u>(20,260)</u>
 Net Position (Deficit), Beginning of Year	<u>(228,499)</u>	<u>(208,239)</u>
 Net Position (Deficit), End of Year	<u><u>\$ (254,845)</u></u>	<u><u>\$ (228,499)</u></u>

*CITY OF OMAHA WATER DEPARTMENT
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021*

	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash Flows from Operating Activities		
(Decrease) in Net Position	\$ (26,346)	\$ (20,260)
Depreciation	88,884	84,588
Changes in Assets and Liabilities:		
Accrued Taxes	482	1,381
Accounts Payable	1,969	-
Accounts Receivable	(937)	(895)
Net Cash Provided by (Used In) Operating Activities	<u>64,052</u>	<u>64,814</u>
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(192,318)	(279,794)
Transfers (to) from Restricted Accounts	(3,553)	(5,309)
Increase (Decrease) in customer deposits	1,353	428
Net Cash Provided (Used in) Investing Activities	<u>(194,518)</u>	<u>(284,675)</u>
Cash Flows from Financing Activities		
Principal Payments on Long-Term Debt	(59,985)	(157,977)
Proceeds from Long-Term Debt	194,909	344,532
Net Cash Provided by (Used in) Financing Activities	<u>134,924</u>	<u>186,555</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,458	(33,306)
Cash and Cash Equivalents, Beginning of Year	<u>19,299</u>	<u>52,605</u>
Cash and Cash Equivalents, End of Year	<u>\$ 23,758</u>	<u>\$ 19,299</u>
 <i>SUPPLEMENTARY INFORMATION</i>		
Cash Paid for Interest	<u>\$ 3,912</u>	<u>\$ 4,075</u>

*CITY OF OMAHA WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021*

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The City of Omaha, Arkansas is a municipality under an elected Mayor-Council form of government. The City of Omaha Water Department (the Department) is governed by the City Council and provides water service to the residents of the City of Omaha, Arkansas.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis. Under the modified cash basis revenues are generally recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred. However, the Department does accrue payroll and other taxes as incurred.

Cash Equivalents

The Department considers all non-restricted highly liquid debt instruments with maturity dates of three months or less to be cash equivalents.

Restricted Cash

Amounts shown as restricted assets have been restricted by either bond indenture, by law, by contractual obligations, or by board designation to be used for specific purposes, such as servicing bond debt or construction of capital assets.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to expense as incurred. Major replacements and improvements are capitalized.

Revenue Recognition

Revenues are recognized when received rather than when earned. Water revenues are billed to the residents in monthly cycles.

*CITY OF OMAHA WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021*

*NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-
(CONTINUED)*

Income Taxes

Income of the Department is derived from the exercise of essential governmental functions and accrues to the Department, a political subdivision of the State of Arkansas. It is, therefore, not subject to income taxes and, accordingly, no provision for income taxes has been made in the accompanying financial statements.

NOTE 2-RESTRICTED ASSETS

The Water Department maintains restricted amounts for debt service and other requirements as designated by the board, the Department also has accounts restricted for customer meter deposits or to apply to the customer's outstanding receivable balance.

	<u>2022</u>	<u>2021</u>
Bond Fund	\$ 100	\$ 100
Construction Account Projects	116	1,112
Debt Services	1,010	1,010
Depreciation Fund	2,100	2,100
Meter Deposits	1,353	428
Savings and Money Market	130	287
Special Account	<u>4,053</u>	<u>272</u>
Total Restricted Assets	<u>\$ 8,862</u>	<u>\$ 5,309</u>

*CITY OF OMAHA WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021*

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2021</u>	<u>Additions/ Provisions</u>	<u>Transfers/ Retirements</u>	<u>2022</u>
Land	\$ 13,250	\$ -	\$ -	\$ 13,250
Water Systems	3,402,045	178,408	-	3,580,453
Trucks and Equipment	<u>44,130</u>	<u>12,995</u>	-	<u>57,125</u>
Total Assets	3,459,425	191,403	-	3,650,028
Accumulated Depreciation	<u>(1,330,417)</u>	<u>(88,884)</u>	-	<u>(1,419,301)</u>
Net Property and Equipment	<u>\$2,129,008</u>	<u>\$ 102,519</u>	<u>\$ -</u>	<u>\$2,231,527</u>

	<u>2020</u>	<u>Additions/ Provisions</u>	<u>Transfers/ Retirements</u>	<u>2021</u>
Land	\$ 13,250	\$ -	\$ -	\$ 13,250
Water Systems	3,072,488	329,557	-	3,402,045
Trucks and Equipment	<u>43,805</u>	<u>325</u>	-	<u>44,130</u>
Total Assets	3,129,543	329,882	-	3,459,425
Accumulated Depreciation	<u>(1,245,829)</u>	<u>(84,588)</u>	-	<u>(1,330,417)</u>
Net Property and Equipment	<u>\$1,883,714</u>	<u>\$ 245,294</u>	<u>\$ -</u>	<u>\$2,129,008</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$88,884 and \$84,588 respectively.

*CITY OF OMAHA WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021*

NOTE 4 - LONG-TERM DEBT

Long-Term Debt consisted of the following at December 31, 2022:

	<u>2021</u>	<u>Additions</u>	<u>Payments</u>	<u>2022</u>
Bond Payable 97B26 to ANRC, original balance \$2,535,164, zero interest, semi-annual installments of \$42,253 to 2040	\$1,704,189	\$ -	\$ (56,339)	\$1,647,850
Construction Loan ADFA WRD-004-099. Due at completion.	655,181	184,881	-	840,062
Note payable to Anstaff Bank, original balance \$14,000, interest at 4.50%, monthly installments of \$500 to 2025	-	14,000	(3,972)	10,028
Note payable to Anstaff Bank, original balance \$31,105, interest at 4.50%, monthly installments of \$198 to 2027	<u>21,830</u>	<u>-</u>	<u>(3,646)</u>	<u>18,184</u>
Total	2,381,200	<u>\$ 198,881</u>	<u>\$ (63,957)</u>	2,516,124
Less: Current Portion	<u>(208,906)</u>			<u>(100,534)</u>
Total Long-Term Debt	<u>\$2,172,294</u>			<u>\$2,415,590</u>

Estimated principal and interest maturities of Long-Term Debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023*	\$1,041,130	3,349	\$ 1,044,479
2024-2028	453,670	3,918	457,589
2029-2033	422,530	-	422,530
2034-2038	422,530	-	422,530
2039-2040	<u>168,996</u>	<u>-</u>	<u>168,994</u>
Totals	<u>\$2,508,857</u>	<u>\$ 7,267</u>	<u>\$2,516,124</u>

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2023 the date on which the financial statements were available to be issued.