

CITY OF OXFORD WATER DEPARTMENT

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

As of December 31, 2022



Welch, Couch & Company, PA Certified Public Accountants

John Ed Welch, CPA | William T. Couch, Jr., CPA
Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA

Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
of City of Oxford Water Department
Oxford, Arkansas

We have performed the procedures enumerated below on compliance with Ark. Code Ann 14-234-119 to 122 of the City of Oxford Water Department, as of December 31, 2022. City of Oxford Water Department's management is responsible for the Department's accounting records.

City of Oxford 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 to 122. Additionally, the Mayor, City Council, and management of the City of Oxford Water Department have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest as 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 as follows:

1. **Cash and Investments**

We obtained confirmation of the cash on deposit from the following banks, and we agreed the confirmed balance to the amount shown on the bank reconciliation maintained by the Department. We performed a proof of cash for the year and agreed the ending balances to the book balances within 5% or \$500, whichever was greater. We reconciled the year-end bank balances to the book balance.

We noted no exceptions as a result of these procedures.

2. **Receipts**

We agreed the deposits per the proof of cash for the year to the deposits per the journal within 5% or \$500, whichever was greater. We agreed ten customer payments on the accounts receivable sub-ledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with receipt information.

We noted no exceptions as a result of these procedures.

3. **Accounts Receivable**

We agreed ten customer billings to the accounts receivable sub-ledger. We determined proper authorization of five customer adjustments.

Batesville: PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

Salem: PO Box 647 | Salem, AR 72576 | P: 870.895.3212 | F: 870.895.2998

West Plains: 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

www.welchcouch.com

We noted no exceptions as a result of our procedures applied to the ten customer billings.

Upon review of customer adjustments, it was noted that the adjustments did not have written approval by the water superintendent or mayor.

We recommend that all customer adjustments be received and signed by the water superintendent and mayor for the Water Department to be in compliance with its approved policy.

4. Disbursements

We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever was greater. We analyzed all property, plant and equipment disbursements. We selected ten disbursements and all employee disbursements other than payroll to determine if they were adequately documented.

We noted no exceptions as a result of these procedures.

5. Property, Plant and Equipment

We determined that property, plant and equipment additions and disposals were properly accounted for in the records, at a level of materiality equal to 5% of total equipment or \$500, whichever was greater.

We noted no additions or disposals of property, plant and equipment; therefore, we could not perform testing of these procedures.

6. Long-Term Debt

We scheduled long-term debt and verified changes in all balances for the year. We confirmed loans with the lender. We determined that the appropriate debt service account had been established and that monthly deposits had been made to this account.

We noted no exceptions as a result of these procedures.

7. General

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

We note no exceptions as a result of these procedures.

We were engaged by the City of Oxford 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 the specified elements, accounts, or items. 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 the City of Oxford 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 Mayor, City Council, and management of City of Oxford Water Department, and is not intended to be and should not be used by anyone other than these specified parties.

Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
June 12, 2023

CITY OF OXFORD WATER DEPARTMENT

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

December 31, 2022

CITY OF OXFORD WATER DEPARTMENT

Table of Contents

	<u>Page</u>
Independent Accountant's Compilation Report	1
Financial Statements	
Statement of Assets, Liabilities and Net Position – Modified Cash Basis	2
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	3



Welch, Couch & Company, PA
Certified Public Accountants

John Ed Welch, CPA | William T. Couch, Jr., CPA
Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA

Members of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor, City Council and Management
of City of Oxford Water Department
Oxford, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the City of Oxford Water Department which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2022, and the related statement of revenues, expenses and changes in net position – modified cash basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting 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 form of assurance on these financial statements.

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.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Department's assets, liabilities, and net position. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Required Supplementary Information

Management has omitted the management's discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
June 12, 2023

CITY OF OXFORD WATER DEPARTMENT

Statement of Assets, Liabilities and Net Position – Modified Cash Basis

December 31, 2022

Assets

Current assets	
Cash and cash equivalents	\$ 101,117
Total current assets	101,117
 Other current assets	
Due from general and street funds	\$ 101
	101
 Noncurrent assets	
Restricted cash and cash equivalents	55,846
Total noncurrent assets	55,846
Capital assets , net of accumulated depreciation of \$1,417,588	1,515,994
Total assets	\$ 1,673,058

Liabilities and Net Position

Current liabilities	
Current maturities of long-term debt	\$ 15,828
Accrued interest payable	2,410
Total current liabilities	18,238
Long-term debt , net of current maturities	213,461
 Other noncurrent liabilities	
Meter deposits	11,832
Total other noncurrent liabilities	11,832
Total liabilities	243,531
 Net position	
Invested in capital assets, net of related debt	1,286,705
Restricted expendable	55,846
Unrestricted	86,976
Total net position	1,429,527
Total liabilities and net position	\$ 1,673,058

See independent accountant's compilation report.

CITY OF OXFORD WATER DEPARTMENT

**Statement of Revenues, Expenses and Changes in Net Position –
Modified Cash Basis**

For the Year Ended December 31, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Service revenue	\$ 182,902	\$ 60,744	\$ 243,646
Total operating revenues	<u>182,902</u>	<u>60,744</u>	<u>243,646</u>
Operating expenses			
Salaries	40,633	17,005	57,638
Payroll taxes	8,961	5,768	14,729
Repairs and maintenance	3,857	5,763	9,620
Operating Supplies	28,713	10,421	39,134
Insurance	3,042	307	3,349
Professional fees	6,970	3,000	9,970
Utilities	20,187	2,734	22,921
Fees and dues	2,865	3,094	5,959
Office supplies	3,032	-	3,032
Travel expense	1,961	-	1,961
Miscellaneous	5,967	15	5,982
Depreciation expense	77,700	-	77,700
Total expenses	<u>203,888</u>	<u>48,107</u>	<u>251,995</u>
Operating (loss)	<u>(20,986)</u>	<u>12,637</u>	<u>(8,349)</u>
Nonoperating revenues (expenses)			
Miscellaneous income	1,687	-	1,687
Interest expense	(9,146)	-	(9,146)
Interest income	37	20	57
Net nonoperating revenues (expenses)	<u>(7,422)</u>	<u>20</u>	<u>(7,402)</u>
(Decrease) in net position	<u>\$ (28,408)</u>	<u>\$ 12,657</u>	<u>(15,751)</u>
Net position - beginning of year			<u>1,445,278</u>
Net position - end of year			<u>\$ 1,429,527</u>

See independent accountant's compilation report.