

CITY OF OXFORD WATER DEPARTMENT

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

As of December 31, 2023



Welch, Couch & Company, PA Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor, City Council and Management
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 by of the City of Oxford Water Department, as of December 31, 2023. 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 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 as follows:

1. Cash and Investments

We obtained confirmation of the cash on deposit from the banks, and we agreed the confirmed balances to the amount shown on the bank reconciliations 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 balances.

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 subledger to deposit and billing documents. For ten deposits, we agreed the cash/check composition of the deposit with the receipt information.

We noted no exceptions as a result of these procedures.

3. Accounts Receivable

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

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

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Little Rock: 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

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 the mayor.

We recommend that all customer adjustments be reviewed and signed by the water superintendent or the mayor for the 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 all disbursements paid to employees other than payroll and ten other disbursements 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 property, plant, and equipment or \$500, whichever was greater.

We noted no exceptions as a result of these procedures. There was one property, plant, and equipment addition and no disposals in the year ending December 31, 2023.

6. Long-Term Debt

We scheduled long-term debt and verified changes in all balances for the year. We confirmed loans with the lenders. 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 to the loan balances as a result of these procedures. The debt service reserve account appears to be underfunded by \$337.

7. General

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

We noted no exceptions as a result of these procedures.

We were engaged by the Mayor, City Council, and management of 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 the City of Oxford Water Department, the Arkansas Legislative Joint Auditing Committee, and the United States Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specified parties.

Welch, Couch & Company, PA
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Certified Public Accountants

Batesville, Arkansas
October 25, 2024

CITY OF OXFORD WATER DEPARTMENT
Independent Accountant's Compilation Report
and Financial Statements

December 31, 2023

CITY OF OXFORD WATER DEPARTMENT

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INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

To the Mayor, City Council and Management
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 (a proprietary fund of the City of Oxford, Arkansas), which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2023, 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. We do not express an opinion, a conclusion, nor provide any 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.

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 for placing the basic financial statements in an appropriate operational, economic, or historical context.

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Certified Public Accountants

Batesville, Arkansas
October 25, 2024

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CITY OF OXFORD WATER DEPARTMENT

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

December 31, 2023

	<u>Assets</u>
Current assets	
Cash and cash equivalents	\$ 88,067
Due from general and street funds	\$ 101
Total current assets	88,168
Restricted assets	
Restricted cash and cash equivalents	68,174
Total restricted assets	68,174
Capital assets, net of accumulated depreciation of \$1,496,274	1,446,508
Total assets	\$ 1,602,850
	<u>Liabilities and Net Position</u>
Current liabilities	
Current maturities of long-term debt	\$ 12,297
Accrued interest payable	2,262
Total current liabilities	14,559
Long-term debt, net of current maturities	200,757
Other noncurrent liabilities	
Meter deposits	18,392
Total other noncurrent liabilities	18,392
Total liabilities	233,708
Net position	
Investment in capital assets, net of related debt	1,233,454
Restricted expendable	49,782
Unrestricted	85,906
Total net position	1,369,142
Total liabilities and net position	\$ 1,602,850

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, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Service revenue	\$ 183,841	\$ 63,066	\$ 246,907
Total operating revenues	<u>183,841</u>	<u>63,066</u>	<u>246,907</u>
Operating expenses			
Salaries	89,290	-	89,290
Payroll taxes	20,883	-	20,883
Repairs and maintenance	11,699	1,725	13,424
Operating Supplies	40,466	1,688	42,154
Insurance	4,428	-	4,428
Professional fees	4,335	3,930	8,265
Utilities	17,898	3,059	20,957
Fees and dues	4,352	2,292	6,644
Rent	870	-	870
Office supplies	2,564	218	2,782
Travel expense	1,664	-	1,664
Small Equipment	-	1,890	1,890
Miscellaneous	8,383	-	8,383
Depreciation expense	78,686	-	78,686
Total expenses	<u>285,518</u>	<u>14,802</u>	<u>300,320</u>
Operating (loss) income	<u>(101,677)</u>	<u>48,264</u>	<u>(53,413)</u>
Nonoperating revenues (expenses)			
Miscellaneous income	1,394	-	1,394
Interest expense	(176)	(8,319)	(8,495)
Interest income	102	27	129
Net nonoperating revenues (expenses)	<u>1,320</u>	<u>(8,292)</u>	<u>(6,972)</u>
(Decrease) increase in net position	<u>\$ (100,357)</u>	<u>\$ 39,972</u>	<u>(60,385)</u>
Net position - beginning of year			<u>1,429,527</u>
Net position - end of year			<u>\$ 1,369,142</u>

See independent accountant's compilation report.