

CITY OF OXFORD WATER DEPARTMENT

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

As of December 31, 2017



Welch, Couch & Company, PA
Certified Public Accountants

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

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 with respect to modified cash basis financial information and compliance with certain state laws for City of Oxford Water Department for the year ended December 31, 2017. City of Oxford Water Department’s management is responsible for the Department’s accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and 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.

<u>First National Bank of Izard County</u>	<u>Account Number</u>	<u>Journal Account Balances as of December 31, 2017</u>	<u>Reconciled Balances as of December 31, 2017</u>
Checking - Water General	770617103	\$ 23,581	\$ 23,581
Checking - Water O & M	770617104	4,196	4,196
Checking - Meter Deposit	770617107	9,321	9,321
Savings - Debt Service	770973810	13,583	13,583
Savings - Depreciation	770617101	77,021	77,021
Savings - Road Infrastructure	770973812	8,334	8,334
Savings - Infrastructure	770973811	38,003	38,003

We noted no exceptions as a result of these procedures.

2. **Receipts**

We agreed the deposits per the proof of cash for the year with 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.

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.

We agreed the ten customer billings without exceptions. City of Oxford Water Department does not have a policy regarding adjustments to customers' accounts and does not keep supporting documentation for these adjustments. Therefore, we were unable to determine proper authorization for adjustments.

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 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 exception as a result 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 and we determined that the appropriate debt service accounts had been established and maintained.

We noted no exceptions as a result of these procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Mayor, Town 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 7, 2018

CITY OF OXFORD WATER DEPARTMENT

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

December 31, 2017

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

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 of City of Oxford Water Department as of December 31, 2017, and the related statement of revenues, expenses and changes in net position – modified cash basis for the year then ended, 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 on 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 resulting from cash transactions and the cash receipts and disbursements. 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 7, 2018

CITY OF OXFORD WATER DEPARTMENT

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

December 31, 2017

Assets

Current assets

Cash and cash equivalents	\$ 74,114
Total current assets	<u>74,114</u>

Noncurrent assets

Restricted cash and cash equivalents	99,925
Total noncurrent assets	<u>99,925</u>

Capital assets , net of accumulated depreciation of \$996,049	<u>1,808,072</u>
--	------------------

Total assets	<u><u>\$ 1,982,111</u></u>
---------------------	----------------------------

Liabilities and Net Position

Current liabilities

Current maturities of long-term debt	\$ 8,479
Accrued interest payable	2,643
Total current liabilities	<u>11,122</u>

Long-term debt , net of current maturities	<u>259,147</u>
---	----------------

Other noncurrent liabilities

Meter deposits	2,250
Total other noncurrent liabilities	<u>2,250</u>

Total liabilities	<u>272,519</u>
--------------------------	----------------

Net position

Invested in capital assets, net of related debt	1,540,446
Restricted expendable	99,925
Unrestricted	69,221
Total net position	<u>1,709,592</u>

Total liabilities and net position	<u><u>\$ 1,982,111</u></u>
---	----------------------------

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, 2017

Operating revenues	
Water sales	\$ 181,468
Other revenue	618
Total operating revenues	<u>182,086</u>
Operating expenses	
Salaries	51,190
Contract labor	5,508
Payroll taxes	26,175
Repairs and maintenance	7,643
Operating supplies	40,566
Insurance	4,745
Travel	165
Professional fees	1,500
Utilities	16,657
Fees and dues	5,034
Office expenses	2,351
Miscellaneous	2,755
Depreciation	73,500
Total operating expenses	<u>237,789</u>
Operating (loss)	<u>(55,703)</u>
Nonoperating revenues (expenses)	
Interest income	164
Interest expense	(10,241)
Total nonoperating revenues (expenses)	<u>(10,077)</u>
(Decrease) in net position	<u>(65,780)</u>
Net position - beginning of year	<u>1,775,372</u>
Net position - end of year	<u><u>\$ 1,709,592</u></u>

See independent accountant's compilation report.