

MORO WATER AND SEWER DEPARTMENT
MORO, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPYING AGREED-UPON PROCEDURES

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Members of the City Council
Moro Water and Sewer Department
Moro, Arkansas 72368

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the members of the City Council, solely to assist you with respect to the accounting records of the Moro Water and Sewer Department for the year ended December 31, 2018. The sufficiency of the procedures is solely the responsibility of the Moro Water and Sewer Department. 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:

Cash and Investments:

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for all cash and certificate of deposit accounts for the City of Moro Water and Sewer Department.

Farmers and Merchants Bank	
Water and Sewer - Operating	\$ 48,475
Moro Water	7,305
Moro Water and Sewer CD	5,920
Moro Water Dept System Debt Pymt	38,594
Moro Sewer Savings	34,875
	<u>\$ 135,169</u>

Cash and Investments (cont'd):

3. We agreed the proof of cash ending balance to the book balances.

We found no exceptions as a result of these procedures.

Cash Receipts:

1. We agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.
2. We agreed 10 customer payments on the accounts receivable subledger to the deposit, and billing documents.

We found no exceptions as a result of these procedures.

Accounts Receivable.

1. We agreed 10 customer billings to the accounts receivable subledger.

We found no exceptions as a result of these procedures.

Cash Disbursements:

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal.
2. Analyzed all property, plant and equipment disbursements.
3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant and Equipment:

We determined that all additions and disposals were properly accounted for in the records.

We found no exceptions as a result of these procedures.

Notes Payable

Long-Term debt was confirmed with lenders. The balances are as summarized below:

5 % Note Payable to Arkansas Natural
Resources Commission due in annual
installments of \$ 2,992

\$	24,861
\$	24,861

Terms of the loan agreements require that transfers be made to depreciation reserve accounts and debt service reserves. We noted that monthly transfers were made as required.

This engagement to apply agreed upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the specified procedures. 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.

This report is intended solely for the information and use of the Moro Water and Sewer Department and is not intended to be and should not be used by anyone other than this specified party.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR
September 27, 2019

MORO WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2018
AND
INDEPENDENT ACCOUNTANT'S REPORT

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

**MORO WATER AND SEWER DEPARTMENT
MORO, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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WYNNE, AR 72396

Members of the City Council
Moro Water and Sewer Department
Moro, Arkansas 72368

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Moro Water and Sewer Department, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2018 and the related statement of cash receipts and cash disbursements- cash basis for the year then ended in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis that the cash basis of accounting requires 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Meyer & Ward

Meyer and Ward, CPAS
Wynne, AR 72396
September 27, 2019

**MORO WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS
FOR THE YEAR ENED DECEMBER 31, 2018**

ASSETS

CURRENT ASSETS

Cash	\$ 48,475
Total Cash	<u>48,475</u>

RESTRICTED ASSETS

Cash - debt services	38,594
Cash - revenue	34,875
Certificate of deposit - (debt service)	5,920
Cash - customer deposit	<u>7,305</u>
Total Restricted Assets	<u>86,694</u>

PROPERTY, PLANT AND EQUIPMENT

Water and sewer system	269,265
Less Accumulated Depreciation	<u>(139,436)</u>
Net Property, Plant and Equipment	<u>129,829</u>

TOTAL ASSETS	<u><u>\$ 264,998</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current portion of notes payable	\$ 1,667
	<u>1,667</u>

PAYABLE FROM RESTRICTED ASSETS

Meter deposits	<u>2,264</u>
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LONG TERM LIABILITIES

Notes payable, net of current portion	<u>23,194</u>
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NET POSITION

Unrestricted	<u>237,873</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 264,998</u></u>
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**MORO WATER AND SEWER DEPARMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS- CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Receipts

Water and Sewer Revenues	\$	60,174	
Meter deposits		1,000	
Interest		195	
Total Cash Receipts		<u> </u>	\$ 61,369

Cash Disbursements

Water purchased	\$	18,248	
Salaries		14,095	
Loan Payments		2,993	
Operating Supplies and Maintenance		2,104	
Office and postage		594	
Professional fees		1,500	
License, permits and other taxes		1,499	
Utilities		1,464	
Lab fees		970	
Meter deposit refunds		1,450	
Travel		456	
Miscellaneous		1,431	
Total Cash Disbursements		<u> </u>	\$ 46,804

INCREASE IN CASH AND RESTRICTED CASH \$ 14,565

BEGINNING CASH AND RESTRICTED CASH at 01-01-18 120,604

ENDING CASH AND RESTRICTED CASH at 12-31-18 \$ 135,169