

**MCNEIL RURAL WATER
ASSOCIATION, INC.
McNeil, Arkansas
For the Year Ended September 30, 2018**

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

BERRY & ASSOCIATES, P.A.

Certified Public Accountants

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**Board of Directors
MCNEIL RURAL WATER ASSOCIATION, INC.
McNeil, Arkansas**

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 Board on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the McNeil Water Association, Inc. for the year ended September 30, 2018. McNeil Water Association, Inc.'s management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119. The sufficiency of these procedures is solely the responsibility of the members of the Board. 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 associated findings are as follows:

Cash

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

We found no exceptions as a result of the procedures.

Receipts

2. a. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- b. Agree 10 customer payments on the accounts receivable subsidiary ledger to deposit and billing documents.

We found no exceptions as a result of the procedures.

Accounts Receivable

3. a. Agree 10 customer billings to the accounts receivable sub ledger.
- b. Determine that 5 customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

**Board of Directors
MCNEIL RURAL WATER ASSOCIATION, INC.**

Disbursements

4. a. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- b. Analyze all property, plant, and equipment disbursements.
- c. Select 10 disbursements and determine if they were adequately documented.

We found no exceptions as a result of the procedures.

Property, Plant, & Equipment

5. a. Determine that additions and disposals were properly accounted for in the records.

We found no exceptions as a result of the procedures.


Long-Term Debt

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

We found no exceptions as a result of the procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119. 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 Legislative Joint Auditing Committee, USDA Rural Development, Arkansas Natural Resources Commission, and the McNeil Rural Water Association, Inc., and is not intended to be and should not be used by anyone other than this specified party.



BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
October 31, 2018

**MCNEIL RURAL WATER
ASSOCIATION, INC.
FINANCIAL STATEMENTS
For the Year Ended September 30, 2018
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

MCNEIL RURAL WATER ASSOCIATION, INC.
McNeil, Arkansas
For the Year Ended September 30, 2018

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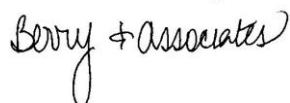
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Board of Directors
MCNEIL RURAL WATER ASSOCIATION, INC.
McNeil, Arkansas

Management is responsible for the accompanying financial statements of McNeil Rural Water Association, Inc., (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of September 30, 2018, and the related statement of cash receipts and cash disbursements 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 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 association's assets, liabilities, net assets, cash receipts, and cash disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Berry & Associates, P.A.
Little Rock, Arkansas
October 31, 2018

MCNEIL RURAL WATER ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS
September 30, 2018

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 138,667
RESTRICTED ASSETS	
Cash and cash equivalents	55,526
FIXED ASSETS - AT COST	
Buildings	15,424
Easements	725
Equipment and tools	34,945
Furniture and equipment	4,523
Land	5,250
Water system	<u>1,529,446</u>
Total Fixed Assets	1,590,313
Less: accumulated depreciation	<u>(1,282,437)</u>
Net Fixed Assets	<u>307,876</u>
TOTAL ASSETS	<u><u>\$ 502,069</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 39,000
LONG-TERM DEBT, Net of Current Maturities	
USDA Rural Development	26,445
Arkansas Natural Resources Commission	118,242
Total Long-Term Debt	<u>144,687</u>
PAYABLES FROM RESTRICTED ASSETS	
Customer water meter deposits	<u>35,035</u>
TOTAL LIABILITIES	<u>218,722</u>
NET ASSETS	
Unrestricted	217,997
Temporarily restricted	<u>65,350</u>
TOTAL NET ASSETS	<u>283,347</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 502,069</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

MCNEIL RURAL WATER ASSOCIATION, INC.
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended September 30, 2018

CASH RECEIPTS

Water revenue	\$ 143,211
Interest income	1,029
Meter deposits	1,790
Connect fees	1,889
Total Cash Receipts	<u>147,919</u>

CASH DISBURSEMENTS

Contract labor	35,300
Debt service	
Principal	36,033
Interest	12,167
Dues and subscriptions	2,050
Insurance expense	8,054
Legal and professional fees	2,945
Miscellaneous expense	3,324
Office expense	3,691
Operating supplies	8,507
Repairs and maintenance	3,951
Sales tax	10,267
Utilities	12,875
Meter deposit refunds	1,090
Total Cash Disbursements	<u>140,254</u>

INCREASE IN CASH AND RESTRICTED CASH

7,665

BEGINNING CASH AND RESTRICTED CASH, AT OCTOBER 1, 2017186,528**ENDING CASH AND RESTRICTED CASH, AT SEPTEMBER 30, 2018**\$ 194,193

SEE INDEEDENT ACCOUNTANT'S COMPILATION REPORT