

CITY OF BISCOE WATERWORKS
BISCOE, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPYING AGREED-UPON PROCEDURES

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Members of the City Council
City of Biscoe Waterworks
Biscoe, Arkansas 72018

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 City of Biscoe, AR Waterworks for the year ended July 31, 2018. 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 the procedures is solely the responsibility of the City of Biscoe, AR Waterworks. 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 the City of Biscoe, AR Waterworks:

| | |
|-----------------------------|------------------|
| Bancorp South | |
| Cash - City of Biscoe Water | \$ 19,370 |
| Cash - Debt Service Reserve | 24,389 |
| Cash - Customer Service | 9,710 |
| Farmers & Merchants Bank | |
| Cash - Depreciation Fund | 6,232 |
| | <u>\$ 59,701</u> |

3. Agreed the proof of cash ending balances to the book balances.

We found no exceptions as a result of these procedures.

Receipts:

1. Agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.

2. Agreed 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

Accounts Receivable:

1. Agreed 10 customer billings to the accounts receivable sub ledger.

2. Reviewed five customer adjustments for proper authorization.

As a result of these procedures, we noted that adjustments were properly documented as to review and authorization.

Cash Disbursements:

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5 %.

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 the procedures.

5. Long-term Debt

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

| | <u>7/31/2017</u> | <u>additions</u> | <u>reductions</u> | <u>7/31/2018</u> |
|---|-------------------|------------------|-------------------|-------------------|
| 4.5% Revuene Bonds, 1994 issue, secured by pledge of future revenues | \$ 251,975 | \$ - | \$ 10,143 | \$ 241,832 |
| 4.5% Revenue Bonds, 2001 issue, secured by pledge of future revenues | 42,648 | | 1,213 | 41,435 |
| | <u>\$ 294,623</u> | <u>\$ -</u> | <u>\$ 11,356</u> | <u>\$ 283,267</u> |

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. We noted that the appropriate transfers were made.

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. 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 City of Biscoe, AR Waterworks 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 26, 2018

CITY OF BISCOE WATERWORKS
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED JULY 31, 2018
AND
INDEPENDENT ACCOUNTANT’S REPORT

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

**CITY OF BISCOE WATERWORKS
BISCOE, ARKANSAS
FOR THE YEAR ENDED JULY 31, 2018**

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Members of the City Council
City of Biscoe Waterworks
Biscoe, Arkansas 72018

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of City of Biscoe Waterworks, which comprise the statement of assets, liabilities and net position – cash basis and the related statement of revenues and expenses- cash basis as of July 31, 2018 and 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 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 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 required by the 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 financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters

Meyer & Ward

Meyer and Ward, CPAS
Wynne, AR 72396
September 26, 2018

CITY OF BISCOE WATERWORKS
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
July 31, 2018

ASSETS

| | |
|-----------------------------------|---------------------|
| Current Assets: | |
| Cash - water | \$ 19,370 |
| Total Current Assets | <u>19,370</u> |
| Restricted Assets: | |
| Cash - debt service reserve | 24,389 |
| Cash - depreciation reserve | 6,232 |
| Cash - customer deposits | <u>9,710</u> |
| Total Restricted Assets | <u>40,331</u> |
| Property, Plant and Equipment: | |
| Water and sewer system | 2,357,000 |
| Equipment | 265,586 |
| Land | 5,500 |
| Less: Accumulated depreciation | <u>(1,570,123)</u> |
| Net property, plant and equipment | <u>1,057,963</u> |
| Total Assets | <u>\$ 1,117,664</u> |

See independent accountant's compilation report

CITY OF BISCOE WATERWORKS
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
July 31, 2018

LIABILITIES AND NET POSITION

Current Liabilities:

| | |
|-----------------------------------|---------------|
| Due to other funds | \$ 2,357 |
| Current portion of long term debt | 11,878 |
| Total Current Liabilities | <u>14,235</u> |

Payable From Restricted Assets:

| | |
|----------------|--------------|
| Meter deposits | <u>9,680</u> |
|----------------|--------------|

Long Term Liabilities:

| | |
|--------------------------------------|----------------|
| Notes payable net of current portion | <u>271,388</u> |
|--------------------------------------|----------------|

Net Position

| | |
|----------------------------------|----------------|
| Net investment in capital assets | 774,697 |
| Restricted for debt service | 24,389 |
| Unrestricted | 23,275 |
| Total Net Assets | <u>822,361</u> |

| | |
|----------------------------------|---------------------|
| Total Liabilities and Net Assets | <u>\$ 1,117,664</u> |
|----------------------------------|---------------------|

See independent accountant's compilation report

CITY OF BISCOE WATERWORKS
STATEMENT OF REVENUES AND EXPENSES – CASH BASIS
FOR THE YEAR ENDED JULY 31, 2018

OPERATING REVENUES:

| | |
|----------------|----------------|
| Water fees | \$ 58,783 |
| Sewer fees | 56,825 |
| Other revenues | 5,919 |
| | <u>121,527</u> |

OPERATING EXPENSES:

| | |
|------------------------------------|----------------|
| Salaries and Labor | 35,297 |
| Retirement | 5,427 |
| Health Insurance | 7,658 |
| Depreciation | 61,087 |
| Utilities | 9,644 |
| Operating Maintenance and Supplies | 23,951 |
| Insurance | 334 |
| Office Supplies | 1,777 |
| Payroll Taxes | 2,613 |
| Fuel and Vehicle | 1,693 |
| Postage | 912 |
| Audit | 2,400 |
| Travel | 3,149 |
| Miscellaneous | 9,551 |
| | <u>165,493</u> |

| | |
|-------------------------|-----------------|
| Operating Income (Loss) | <u>(43,966)</u> |
|-------------------------|-----------------|

Non-operating revenues (expenses)

| | |
|------------------|-----------------|
| Interest expense | (13,028) |
| Interest income | 20 |
| | <u>(13,008)</u> |

**EXCESS (DEFICIENCY) OF REVENUE
OVER EXPENSE**

| | |
|--|---------------------------|
| | <u><u>\$ (56,974)</u></u> |
|--|---------------------------|

See independent accountant's compilation report