

MORO WATER AND SEWER DEPARTMENT
MORO, ARKANSAS

INDEPENDENT ACCOUNTANT'S REPORT ON
APPYING AGREED-UPON PROCEDURES

MEYER AND WARD, P.A.
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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, 2016. 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 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.

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 Town of Moro Water and Sewer Department.

Farmers and Merchants Bank	
Water and Sewer - Operating	\$ 32,036
Moro Water	7,855
Moro Water and Sewer CD	5,873
Moro Water Dept System Debt Pymt	26,491
Moro Sewer Savings	31,488
	<u>\$ 103,743</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:

4.5% Note Payable to United States Rural Development, due in monthly installments of \$ 722	\$ 109,778
5 % Note Payable to Arkansas Natural Resouces Commission due in annual installments of \$ 2,992	<u>28,114</u>
	<u>\$ 137,892</u>

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.

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 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
August 3, 2017

MORO WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
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, 2016**

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MEYER AND WARD, P.A.
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P.O. BOX 1045
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 and liabilities – cash basis as of December 31, 2016 and the related statement of cash receipts and cash disbursements 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 and liabilities, 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
August 3, 2017

**MORO WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS AND LIABILITIES - CASH BASIS
FOR THE YEAR ENED DECEMBER 31, 2016**

ASSETS

CURRENT ASSETS

Cash	\$ 32,036
Total Cash	<u>32,036</u>

RESTRICTED ASSETS

Cash - debt services	26,491
Cash - revenue	31,488
Certificate of deposit - (debt service)	5,873
Cash - customer deposit	7,855
Total Restricted Assets	<u>71,707</u>

PROPERTY, PLANT AND EQUIPMENT

Water and sewer system	269,265
Less Accumulated Depreciation	<u>(125,972)</u>
Net Property, Plant and Equipment	<u>143,293</u>

TOTAL ASSETS

\$ 247,036

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current portion of notes payable	\$ 5,389
	<u>5,389</u>

PAYABLE FROM RESTRICTED ASSETS

Meter deposits	<u>2,879</u>
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LONG TERM LIABILITIES

Notes payable, net of current portion	<u>132,503</u>
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NET POSITION

Unrestricted	<u>106,265</u>
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TOTAL LIABILITIES AND NET POSITION

\$ 247,036

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**MORO WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Cash Receipts

Water and Sewer Revenues	\$ 58,860	
Meter deposits	600	
Interest	107	
Total Cash Receipts	<u> </u>	\$ 59,567

Cash Disbursements

Water purchased	\$ 16,323	
Salaries	14,508	
Loan Payments	11,657	
Operating Supplies and Maintenance	5,345	
Office and postage	534	
Professional fees	1,500	
License, permits and other taxes	1,695	
Utilities	1,297	
Lab fees	340	
Meter deposit refunds	200	
Travel	437	
Miscellaneous	665	
Total Cash Disbursements	<u> </u>	\$ 54,501

INCREASE IN CASH AND RESTRICTED CASH \$ 5,066

BEGINNING CASH AND RESTRICTED CASH at 01-01-16 98,677

ENDING CASH AND RESTRICTED CASH at 12-31-16 \$ 103,743

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT