

MORO WATER AND SEWER DEPARTMENT  
MORO, ARKANSAS  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING 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, 2017. 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	\$ 41,255
Moro Water	7,755
Moro Water and Sewer CD	5,896
Moro Water Dept System Debt Pymt	32,528
Moro Sewer Savings	33,170
	<u>\$ 120,604</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	<u>\$ 26,527</u>
	<u><u>\$ 26,527</u></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.

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  
August 20, 2018

MORO WATER AND SEWER DEPARTMENT  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2017  
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, 2017**

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CERTIFIED PUBLIC ACCOUNTANTS  
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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, 2017 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  
August 20, 2018

**MORO WATER AND SEWER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS  
FOR THE YEAR ENED DECEMBER 31, 2017**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 41,255
Total Cash	<u>41,255</u>

**RESTRICTED ASSETS**

Cash - debt services	32,528
Cash - revenue	33,170
Certificate of deposit - (debt service)	5,896
Cash - customer deposit	<u>7,755</u>
Total Restricted Assets	<u>79,349</u>

**PROPERTY, PLANT AND EQUIPMENT**

Water and sewer system	269,265
Less Accumulated Depreciation	<u>(132,704)</u>
Net Property, Plant and Equipment	<u>136,561</u>

**TOTAL ASSETS**

\$ 257,165

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

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

**PAYABLE FROM RESTRICTED ASSETS**

Meter deposits	<u>2,714</u>
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**LONG TERM LIABILITIES**

Notes payable, net of current portion	<u>24,860</u>
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**NET POSITION**

Unrestricted	<u>227,924</u>
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**TOTAL LIABILITIES AND NET POSITION**

\$ 257,165

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT



**MORO WATER AND SEWER DEPARTMENT  
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Cash Receipts**

Water and Sewer Revenues	\$ 60,646	
Meter deposits	800	
Interest	137	
Transfers from City	109,228	
Total Cash Receipts	109,228	\$ 170,811

**Cash Disbursements**

Water purchased	\$ 15,274	
Salaries	10,718	
Loan Payments	114,387	
Operating Supplies and Maintenance	4,828	
Office and postage	408	
Professional fees	1,500	
License, permits and other taxes	1,760	
Utilities	1,233	
Lab fees	750	
Meter deposit refunds	965	
Travel	438	
Miscellaneous	1,689	
Total Cash Disbursements	153,950	\$ 153,950

**INCREASE IN CASH AND RESTRICTED CASH** \$ 16,861

**BEGINNING CASH AND RESTRICTED CASH at 01-01-17** 103,743

**ENDING CASH AND RESTRICTED CASH at 12-31-17** \$ 120,604

See independent accountants compilation report.