

TOWN OF MORRISON BLUFF, ARKANSAS
WATER DEPARTMENT
DECEMBER 31, 2022 AND 2021

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ARKANSAS SOCIETY OF
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and Management
Town of Morrison Bluff
Water Department
Morrison Bluff, Arkansas

We have performed the procedures enumerated below, which were agreed to by the members of the Board of Directors, as specified in the Agreed Upon Procedures as required under Arkansas Code Annotated 14-234-119, solely to assist the specified parties in evaluating the Town of Morrison Bluff Water Department's compliance with the *Guidelines and Rules* specified below, as of December 31, 2022 and 2021. The Town of Morrison Bluff Water Department's management is responsible for the compliance with those requirements.

The procedures and associated findings are as follows:

Cash

1. a. Prepared a proof of cash for the year on all bank accounts.
- b. Reconciled year-end bank balances to book balances, within 5% or \$500, whichever is greater.
- c. Confirmed with bank the cash on deposit and investments.

We found no exceptions as a result of the procedures.

Receipts

2. a. Agreed ten customer payments to the billing documents and to the customers' accounts receivable subsidiary account..
- b. Agreed cash receipts journal total to deposits per proof of cash within 5% or \$500, whichever is greater.
- c. Agreed ten deposit's cash/check composition with receipt information.

We found no exceptions as a result of the procedures.

Accounts Receivable

3. a. Agreed ten customer billings to the customers' accounts receivable subsidiary account.
- b. Selected five customer adjustments and validated they were approved.
- c. Agreed accounts receivable ledger to year-end book balance.

All adjustments were approved by the water clerk, and we found no exceptions as a result of the procedures.

Disbursements

4. a. Reviewed all disbursements for property, plant and equipment expenses.
- b. Reviewed all disbursements paid to employees other than payroll and ten other disbursements and determined if they were adequately documented.
- c. Agreed cash disbursements journal to disbursements per proof of cash within 5% or \$500, whichever is greater.

We found no exceptions as a result of the procedures.

Property, Plant, and Equipment

5. Confirmed there were no fixed assets owned by the water department within the scope of the compilation.

Long-term Debt

6. Confirmed there was no debt within the scope of the compilation.

General

7. Reviewed the minutes of the governing body's meetings, and if applicable, determined that any items of financial significance were therein approved and documented.

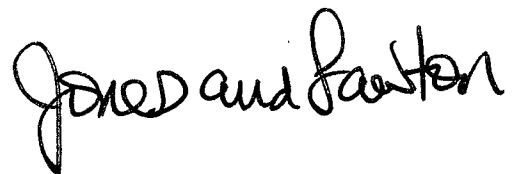
We found no exceptions as a result of the procedures.

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, on the effectiveness of internal controls over compliance. 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. The sufficiency of the procedures is solely the responsibility of the members of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.

This report is intended solely for the information and use of the Town of Morrison Bluff Board of Directors, Management of the Water Department, and Arkansas Department of Finance and Administration, Office of Intergovernmental Services and is not intended to be and should not be used by anyone other than these specified parties.

Jones & Lawton, CPAs, P.A.

Russellville, Arkansas
October 10, 2023

A handwritten signature in black ink that reads "Jones and Lawton". The signature is written in a cursive, flowing style.

MORRISON BLUFF WATER DEPARTMENT
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash and Cash Equivalents: (Note 2)		
Unrestricted	\$ 299,330	\$ 307,525
Restricted	9,232	9,256
Accounts Receivable	1,231	2,487
	309,793	319,268

LIABILITIES

Accounts Payable	7,654	9,088
Customer Deposits	9,232	9,256
	16,886	18,344

NET POSITION

Unrestricted Net Assets	292,907	300,924
	\$ 309,793	\$ 319,268

MORRISON BLUFF WATER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<u>OPERATING REVENUES</u>		
Water Sales and Other Income	\$ 75,836	\$ 64,669
Payments from City General Fund	6,160	0
	81,996	64,669
<u>OPERATING EXPENSES</u>		
Water Purchased	39,341	36,500
Salaries and Related Payroll Taxes	15,489	12,836
Legal & Accounting	1,800	1,740
Dues & Fees	1,222	1,247
Supplies	464	1,363
Office Expense	596	607
Purchase of new Meters	31,244	0
Travel Expense	1,520	793
	91,676	55,086
Operating Income (Loss)	(9,680)	9,583
Other Income		
Interest Income	1,663	1,797
	1,663	1,797
INCREASE (DECREASE) IN NET POSITION	(8,017)	11,380
NET POSITION, BEGINNING OF YEAR	300,924	289,544
NET POSITION, END OF YEAR	\$ 292,907	\$ 300,924

MORRISON BLUFF WATER DEPARTMENT
STATEMENTS OF CASH FLOW
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Operating Income	\$ (9,680)	\$ 9,583
Adjustments to reconcile Operating Income to cash provided by operating activities:		
(Increase) Decrease in Operating Assets:		
Accounts Receivable	1,256	4,479
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(1,434)	916
Customer Deposits	(24)	171
Total Adjustments	(202)	5,566
Net Cash Provided (Used) by Operating Activities	(9,882)	15,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1,663	1,797
Net Cash Provided by Investing Activities	1,663	1,797
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,219)	16,946
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	316,781	299,835
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 308,562	\$ 316,781
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Reconciliation of Cash to the Statement of Net Position		
Unrestricted Cash	\$ 299,330	\$ 307,525
Restricted Cash	9,232	9,256
	\$ 308,562	\$ 316,781

MORRISON BLUFF WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Morrison Bluff Water Department is engaged in providing water services to the general public located in Morrison Bluff, Arkansas.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Organization

The Morrison Bluff Water Department is a municipally operated system governed by the Town Council of the Town of Morrison Bluff, Arkansas. The Department is a proprietary fund type used to account for activities conducted for the public. The Department applies all Government Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1998, unless these pronouncements conflict with or contradict GASB pronouncements.

Regulatory Environment

The quality of water furnished to customers is subject to the requirements of the Environmental Protection Agency under the Safe Drinking Water Act and the Arkansas Health Department.

Income Tax

The Morrison Bluff Water Department is municipally owned and is exempt from Federal and State income tax.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Department considers cash to be cash on hand and in banks, including time deposits and cash equivalents held in restricted accounts.

Accounts Receivable

The Morrison Bluff Water Department services customers in Morrison Bluff, Arkansas. All of the accounts receivable balance reported herein are from these customers. All accounts receivable are recorded at the gross value, and when deemed to be uncollectable, the accounts receivables are charged to bad debt expense using the allowance method for bad debts. Accounts receivables are presented net of the allowance for doubtful accounts.

MORRISON BLUFF WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 2: CASH AND CASH EQUIVALENTS

At December 31, 2022 and 2021, the System had unrestricted and restricted cash shown as follows:

<u>Unrestricted</u>	<u>2022</u>	<u>2021</u>
Operations and Maintenance Fund	\$ 8,992	\$ 8,602
Water System General Fund	83,171	93,060
Certificates of Deposit	<u>207,167</u>	<u>205,863</u>
	<u>299,330</u>	<u>307,525</u>
 <u>Restricted</u>		
Meter Fund	<u>9,232</u>	<u>9,256</u>
	<u>\$ 308,562</u>	<u>\$ 316,781</u>

NOTE 3: PROPERTY, PLANT, AND EQUIPMENT

All Fixed Assets are recorded in the books of the Town of Morrison Bluff, Arkansas. Therefore, no Fixed Assets are reflected on the Department's Statement of Net Position.

NOTE 4: LONG-TERM DEBT

The Department had no previous debt, and incurred no debt during the period included in the scope of this compilation report. Therefore, no debt is reflected on the Department's Statement of Net Position.

NOTE 5: CONCENTRATION OF RISK

The Department maintains cash balances with several banks located in Arkansas. The balances at these banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Association has obtained pledged securities for all funds that exceed this Federal Deposit Insurance limit. The following is a summary of the insured and pledged coverage as of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Funds insured by the Federal Deposit Insurance Corporation	\$ 250,000	\$ 250,000
Funds collateralized by securities held by the financial institution's trust department or agent	<u>58,563</u>	<u>66,781</u>
	<u>\$ 308,562</u>	<u>\$ 316,781</u>

NOTE 6: CUSTOMERS

The number of customers using the water services as of December 31, 2022 and 2021 were 128 and 128 respectfully.

MORRISON BLUFF WATER DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 and 2021

NOTE 7: SCHEDULE OF RATES

The monthly water rates for customers from January 1, 2022 through December 31, 2022:

Monthly Water Rates	In Town Limits:	
	First 1,000 gallons	\$13.65
	Next 4,000 gallons	5.15 per 1,000 gallons
	Next 3,000 gallons	4.15 per 1,000 gallons
	Over 8,000 gallons	3.65 per 1,000 gallons

Monthly Water Rates	Outside Town Limits:	
	First 1,000 gallons	\$15.15
	Next 4,000 gallons	5.22 per 1,000 gallons
	Next 3,000 gallons	4.22 per 1,000 gallons
	Over 8,000 gallons	3.72 per 1,000 gallons

The monthly water rates for customers as of July 31, 2021 and prior are listed below, and the rates of August 1, 2021 through December 31, 2021 are the same as listed in the 2022 table above.

Monthly Water Rates	In Town Limits:	
	First 1,000 gallons	\$13.50
	Next 4,000 gallons	5.00 per 1,000 gallons
	Next 3,000 gallons	4.00 per 1,000 gallons
	Over 8,000 gallons	3.50 per 1,000 gallons

Monthly Water Rates	Outside Town Limits:	
	First 1,000 gallons	\$15.00
	Next 4,000 gallons	5.07 per 1,000 gallons
	Next 3,000 gallons	4.07 per 1,000 gallons
	Over 8,000 gallons	3.57 per 1,000 gallons

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated events through October 10, 2023, which is the date the financial statements were available to be issued.