

GARLAND WATER & SEWER SYSTEM

GARLAND, ARKANSAS

DECEMBER 31, 2018

**GARLAND WATER & SEWER SYSTEM
GARLAND, ARKANSAS**

**TABLE OF CONTENTS
DECEMBER 31, 2018**

	<u>PAGE NO.</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1 - 2
Independent Accountants' Compilation Report	3
Statement of Assets, Liabilities and Fund Equity - Cash Basis - December 31, 2018	4
Statement of Cash Receipts and Cash Disbursements - Cash Basis - For Year Ended December 31, 2018	5

TURNER, RODGERS, MANNING & PLYLER, PLLC
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Garland, Arkansas

We have performed the procedures enumerated below, which were agreed to by Garland Water & Sewer System and the Arkansas Legislative Joint Auditing Committee, on the accounting records of Garland Water & Sewer System as of and for the year ended December 31, 2018. Garland Water & Sewer System's management is responsible for the entity's accounting records. The sufficiency of these procedures is solely the responsibility of the specified users of the report. 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:

1. Cash and Investments

- a. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- b. Confirm with depository institutions the cash on deposit and investments.
- 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.

2. Receipts

- 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 ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- c. For one deposit, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

4. Disbursements

- 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 all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

We noted one cash disbursement for which supporting documentation could not be located. (\$387.01 – Embassy Suites 9/6/18)

5. Property, Plant, and Equipment

- a. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater.)

We found no exceptions as a result of the procedures.

6. Long-Term Debt

- a. Schedule long-term debt and verify changes in all balances for the year.
- b. Confirm loans, bonds, notes, and contracts payable with 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.

7. General

- a. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the procedure.

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, 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 Garland Water & Sewer System and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

November 21, 2019

TURNER, RODGERS, MANNING & PLYLER, PLLC
Certified Public Accountants

Page 3

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Garland Water & Sewer System
Garland, AR

Management is responsible for the accompanying financial statements of Garland Water & Sewer System, which comprise the statement of assets, liabilities, and fund equity – cash basis as of December 31, 2018, 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 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 statement 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 elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Garland Water & Sewer System's cash position, and results of operations – cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

Management has omitted the budgetary comparison schedule that the Government Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Government 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.

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
November 21, 2019

GARLAND WATER & SEWER SYSTEM
STATEMENT OF ASSETS, LIABILITIES
AND FUND EQUITY - CASH BASIS
DECEMBER 31, 2018

Page 4

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ -
Certificates of Deposit	9,633
TOTAL CURRENT ASSETS	<u>9,633</u>

RESTRICTED ASSETS:

Restricted Cash - Meter Deposits	10,852
TOTAL ASSETS	<u><u>\$ 20,485</u></u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:

Current portion of Long-Term Debt	\$ 9,431
-----------------------------------	----------

LIABILITIES PAYABLE FROM RESTRICTED ASSETS:

Meter Deposits Payable	10,863
------------------------	--------

LONG-TERM LIABILITIES:

Notes Payable	42,153
---------------	--------

TOTAL LIABILITIES	<u>62,447</u>
-------------------	---------------

FUND EQUITY:

Unrestricted Net Assets	(41,962)
TOTAL FUND EQUITY	<u>(41,962)</u>

TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 20,485</u></u>
-----------------------------------	-------------------------

See Independent Accountants' Compilation Report.

GARLAND WATER & SEWER SYSTEM
STATEMENT OF CASH RECEIPTS AND
CASH DISBURSEMENTS - CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2018

Page 5

CASH RECEIPTS:

Customer Collections	\$ 55,523
Transfers from General Fund	2,132
Interest Income	11
TOTAL CASH RECEIPTS	<u>57,666</u>

CASH DISBURSEMENTS:

Salaries, Wages, and Payroll Taxes	29,851
Sales Tax	2,760
Utilities	6,414
Repairs and Supplies	8,999
Debt Service	9,144
Miscellaneous	671
TOTAL CASH DISBURSEMENTS	<u>57,839</u>

NET CHANGE IN CASH	<u>(173)</u>
---------------------------	--------------

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,025
--	--------

CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 10,852</u></u>
--	-------------------------

See Independent Accountants' Compilation Report.