

**TOWN OF GREENWAY WATER AND SEWER
DEPARTMENT
Greenway, Arkansas**

December 31, 2017

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
AND COMPILATION REPORT**

S. DON RAY

CERTIFIED PUBLIC ACCOUNTANT

**TOWN OF GREENWAY
WATER AND SEWER DEPARTMENT
GREENWAY, ARKANSAS
DECEMBER 31, 2017**

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S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

To the Mayor, Town Council and Management
of the Town of Greenway Water and Sewer Department
Greenway, Arkansas

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

I have performed the procedures enumerated below, which were agreed to by the Mayor, Town Council and management on the procedures specified by the Arkansas Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the Town of Greenway, Arkansas, Water and Sewer Department (the Department), for the year ended December 31, 2017. The Department's management is responsible for the Department's accounting records. The sufficiency of these procedures is solely the responsibility of the Arkansas Legislative Joint Auditing Committee. Consequently, I 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.

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.

Findings: I obtained confirmation of the cash on deposit from the Piggott State Bank and confirmed to the amount shown on the bank statement (Procedure B). The Department did not have a computerized accounting system nor did it prepare manual cash receipts and disbursement journals. The Department did not have a general ledger which precluded reconciling bank account balances to a general ledger (Procedures A and C).

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 subsidiary ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: The Department did not have a computerized accounting system nor did it prepare a manual cash receipts journal. Receipts were not issued for customer payments. Therefore, I was unable to reconcile receipts per a general ledger or cash receipts journal to deposits into the Department's bank account (Procedure A). Payment records were not maintained in a manner conducive to the performance of a receipt test on ten customer payments (Procedure B). Customer payments did not indicate whether the payment was made by cash or by check, therefore, I was unable to perform a cash/check composition test on one deposit (Procedure C).

3. Accounts Receivable

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

Findings: The Department did not maintain an accounts receivable sub-ledger which precluded the tracing of ten customer payments to an accounts receivable sub ledger (Procedure A). A customer adjustment file was maintained and included proper authorization; however, the documentation did not include the date of the adjustment (Procedure B).

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.

Findings: The Department did not have a computerized accounting system nor did it prepare a manual general ledger or cash disbursement journal which precluded agreement of disbursement per the proof of cash to a journal or general ledger (Procedure A). The Department did not maintain or have property, plant and equipment records available for analysis (Procedure B). I tested ten disbursements to determine if they were adequately documented. In four (4) instances supporting documentation could not be located for the disbursements included in the test (Procedure C).

During the course of performing the above procedures, I noted advance salary payments to one employee. During the test of payments to employees other than payroll, four (4) of the six (6) payments tested did not have supporting documentation (Procedure C).

5. Property, Plant & Equipment

- A. Determine that additions and disposals were properly accounted for in the records.

Findings: The Department did not maintain or have property, plant and equipment records for past capital outlay nor could invoices for potential property, plant and equipment purchases incurred during the year ended December 31, 2017 be located.

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 the lender/trustee/contractor.
- C. Determine that the appropriate debt service accounts have been established and maintained.

Findings: I found no exceptions as a result of the above procedures.

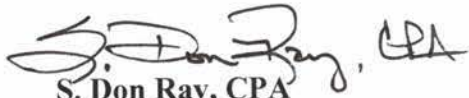
7. General

- A. Determine that any item of financial significance was approved and documented in the minutes of the governing body's meetings.

Findings: The Department's minutes of the governing body did include items of financial significance; however, some significant financial activity was not documented (grant receipt and related disbursements).

This engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Arkansas Code Ann. 14-234-119. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, USDA Rural Development, and the Department and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read "S. Don Ray, CPA". The signature is stylized and cursive.

S. Don Ray, CPA
Jonesboro, Arkansas
July 15, 2024

S. DON RAY
CERTIFIED PUBLIC ACCOUNTANT

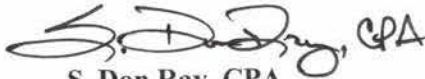
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**To the Mayor, Town Council and Management
of the Town of Greenway Water and Sewer Department
Greenway, Arkansas**

Management is responsible for the accompanying financial statements of the Town of Greenway Water and Sewer Department (the Department) business-type activities, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2017 and the related statement of cash receipts and cash disbursements for the year then ended, and for determining the modified-cash basis of accounting is an acceptable financial reporting framework. I 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. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I 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 modified 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 required in financial statements prepared in accordance with the modified 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.



**S. Don Ray, CPA
Jonesboro, Arkansas
July 15, 2024**

TOWN OF GREENWAY, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 7,119
Total current assets	\$ 7,119

RESTRICTED ASSETS

Cash - Meter Deposit Fund	\$ 5,925
Cash - Debt Reserve Fund	10,156
Cash - Bond Fund	13,272
Cash - Escrow Fund	1,705
Cash - Grant Fund	5,376
Total restricted assets	\$ 36,434

TOTAL ASSETS

\$ 43,553

LIABILITIES

CURRENT LIABILITIES

Current portion of note payable	\$ 8,145
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LONG-TERM DEBT

Notes payable	16,024
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PAYABLE FROM RESTRICTED ASSETS

Customer water meter deposits	5,925
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TOTAL LIABILITIES

\$ 30,094

EQUITY

Retained earnings	
Restricted	\$ 30,508
Unreserved	(17,049)
TOTAL EQUITY	\$ 13,459

TOTAL LIABILITIES AND EQUITY

\$ 43,553

SEE ACCOUNTANT'S REPORT

TOWN OF GREENWAY, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2017

CASH IN BANK, JANUARY 1

Maintenance Account	\$ 8,608
Bond Account	8,485
Sewer Account	92
Revenue Account	110
Meter Deposit Account	10,324
Escrow Account	1,704
Debt Service Account	11,308
Grant Account	100
TOTAL CASH IN BANK, JANUARY 1	\$ 40,731

ADD: CASH RECEIPTS

Service fees	\$ 52,937	
Meter deposits	200	
Grant Proceeds	75,000	
Miscellaneous	4,878	
Interest	11	
TOTAL CASH RECEIPTS	\$ 133,026	

LESS: CASH DISBURSEMENTS

Payroll Expense	\$ 26,615	
Payroll Taxes	1,346	
Unemployment Tax	1,122	
Postage	204	
Maintenance	76,879	
Utilities	8,537	
Office Supplies	498	
Sales Tax	2,667	
Refunds	60	
Miscellaneous	132	
License and Testing Fees	633	
Dues	500	
Fuel	93	
Accounting and legal	1,750	
Principle reduction on long-term debt	7,748	
Interest payment on long-term debt	1,420	
TOTAL CASH DISBURSEMENTS	\$ 130,204	

CASH IN BANK, DECEMBER 31

Maintenance Account	\$ 6,682
Bond Account	13,272
Sewer Account	92
Revenue Account	345
Meter Deposit Account	5,925
Escrow Account	1,705
Debt Service Account	10,156
Grant Account	5,376
TOTAL CASH IN BANK, DECEMBER 31	\$ 43,553

SEE ACCOUNTANT'S REPORT