

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

December 31, 2019

**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, 2019**

Table of Contents

	Page
Independent Accountant's Report on Applying Agreed-Upon Procedures	3
Independent Accountant's Compilation Report	7
Financial Statements – (Unaudited)	
Statement of Assets, Liabilities, and Net Position – Modified Cash Basis	8
Statement of Cash Receipts and Cash Disbursements	9

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, 2019. 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 implemented a computerized accounting system during 2019 for the Maintenance Fund, Revenue Fund and Meter Deposit Fund. I was able to reconcile the book balances of those funds to the proof of cash. The Department did not enter the Bond Fund, Sewer Fund, Escrow Fund, USDA Debt Service Fund, Grant Fund and the Water Department C.D. into the computerized system nor was a manual general ledger prepared, precluding the reconciliation of book balances for those funds 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 implemented a computerized accounting system during 2019 for the Maintenance Fund, Revenue Fund and Meter Deposit Fund. I was able to reconcile the deposits per the journal of those funds to the proof of cash. The Department did not enter the Bond Fund, Sewer Fund, Escrow Fund, USDA Debt Service Fund, Grant Fund and the Water Department C.D. into the computerized system nor did it prepare a manual cash receipts journal. Therefore, I was unable to reconcile receipts per a cash receipt journal to the proof of cash in the aforementioned funds (Procedure A). Receipts were not issued for customer payments and payment records were not maintained in a manner conducive to the performance of a receipt test on ten customer payments (Procedure B). The customer payment documents that could be located 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 not maintained precluding the performance of a test of five customer adjustments for proper authorization (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 implemented a computerized accounting system during 2019 for the Maintenance Fund, Revenue Fund and Meter Deposit Fund. I was able to reconcile the disbursements per the journal of those funds to the proof of cash. The Department did not enter the Bond Fund, Sewer Fund,

Escrow Fund, USDA Debt Service Fund, Grant Fund and the Water Department C.D. into the computerized system nor did it prepare a manual cash disbursement journal. Therefore, I was unable to reconcile disbursements per a cash disbursement journal to the proof of cash in the aforementioned funds (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 seven (7) 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 one instance of salary overpayment to one employee. During the test of payments to employees other than payroll, three (3) of the four (4) 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, 2019 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.

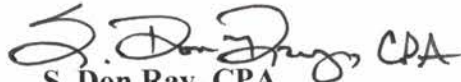
7. General

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

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

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.


S. Don Ray, CPA
Jonesboro, Arkansas
August 5, 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, 2019 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
August 5, 2024**

TOWN OF GREENWAY, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF ASSETS, LIABILITIES AND EQUITY - CASH BASIS
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 4,102
Total current assets	\$ 4,102

RESTRICTED ASSETS

Cash - Meter Deposit Fund	\$ 7,575
Water Department CD #10640	30,277
Cash - Debt Reserve Fund	10,176
Cash - Bond Fund	2,799
Total restricted assets	\$ 50,827

TOTAL ASSETS

\$ 54,929

LIABILITIES

CURRENT LIABILITIES

Current portion of note payable	\$ 7,463
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PAYABLE FROM RESTRICTED ASSETS

Customer water meter deposits	7,575
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TOTAL LIABILITIES

\$ 15,038

EQUITY

Retained earnings	
Restricted	\$ 43,252
Unreserved	(3,361)
TOTAL EQUITY	\$ 39,891

TOTAL LIABILITIES AND EQUITY

\$ 54,929

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, 2019

CASH IN BANK, JANUARY 1	
Maintenance Account	\$ 3,222
Bond Account	18,059
Sewer Account	92
Revenue Account	885
Meter Deposit Account	6,625
Escrow Account	1,706
Debt Service Account	10,166
Grant Account	1,806
TOTAL CASH IN BANK, JANUARY 1	\$ 42,561

ADD: CASH RECEIPTS	
Service fees	\$ 55,773
Meter deposits	1,100
Contribution from Town Government	13,478
Miscellaneous	3,547
Interest	19
TOTAL CASH RECEIPTS	\$ 73,917

LESS: CASH DISBURSEMENTS	
Payroll Expense	\$ 23,846
Contract Labor	175
Payroll Taxes	5,253
Employee Reimbursements	673
Postage	35
Maintenance	4,206
Utilities	8,969
Office Supplies	349
Continuing Education	186
Sales Tax	663
Refunds	150
Miscellaneous	159
License and Testing Fees	3,981
Dues	857
Contribution to Town Government	1,806
Accounting and legal	1,073
Principle reduction on long-term debt	8,561
Interest payment on long-term debt	607
TOTAL CASH DISBURSEMENTS	\$ 61,549

CASH IN BANK, DECEMBER 31	
Maintenance Account	\$ 2,090
Bond Account	2,799
Sewer Account	-
Revenue Account	2,012
Meter Deposit Account	7,575
Escrow Account	-
Debt Service Account	10,176
Grant Account	-
Water Department CD #10640	30,277
TOTAL CASH IN BANK, DECEMBER 31	\$ 54,929