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COMPTON WATER ASSOCIATION, INC.
FOR THE YEAR ENDED DECEMBER 31, 2018
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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CERTIFIED PUBLIC ACCOUNTANTS

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

Compton Water Association, Inc.
Compton, Arkansas

We have performed the procedures enumerated below with respect to the financial information and compliance with certain state laws for Compton Water Association, Inc. for the year ended December 31, 2018. Compton Water Association, Inc is responsible for its accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of Compton Water Association, Inc. 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.

Our 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 balance.
- 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: None

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 10 customer payments on the accounts receivable subledger to deposit and billing documents.

Findings: None

3. Accounts Receivable

- A. Agree 10 customer billings to the accounts receivable subledger.
- B. Determine that five (5) customer adjustments were properly authorized.

Findings: I noted that the Association does not have a formal procedure for authorizing customer adjustments. They did not have a report that showed customer adjustments each month.

I recommend the Association adopt a policy for approving customer adjustments and maintain supporting documentation for all adjustments.

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 ten (10) disbursements and determine if they were adequately documented.

Findings: None

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

Findings: None

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 appropriate debt service account have been established and maintained.

Findings: None

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on 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 Compton Water Association, Inc., USDA Rural Development, and the Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

Searcy & Associates, LLC
Monticello, AR 71655

July 10, 2019