

**City of Greenway, Arkansas**

**Financial and Compliance Report**

**December 31, 2017 and 2016**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# Arkansas

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**Sen. Lance Eads**  
Senate Vice Chair



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**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Greenway, Arkansas Officials and Council Members  
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Greenway, Arkansas, as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated September 26, 2018. These procedures were not performed for the Water and Sewer Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2017 and 2016:

Mayor: William McHaffey  
Recorder/Treasurer: Patty McHaffey

We evaluated the City's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor** and **Recorder/Treasurer**.

#### **MAYOR**

1. The budgets were not adopted by ordinance or resolution, in noncompliance with Ark. Code Ann. § 14-58-202. A similar finding was noted in the previous report.
2. The governing body did not review the prior report and accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418. A similar finding was noted in the previous report.

#### **RECORDER/TREASURER**

1. During 2017 and 2016, the Recorder/Treasurer, who also served as Payroll Preparer, paid all elected officials, including herself, monthly in advance of time served, in noncompliance with Ark. Const. art. 12, § 5. On three occasions in 2017, the Recorder/Treasurer paid herself for three months in advance, resulting in duplicate salary payments in subsequent months. After being made aware of the duplicate payments, the Recorder/Treasurer reimbursed the City \$586 on July 10, 2018.
2. The cash receipts journal was not properly classified and did not contain year to date totals for the 2017 and 2016 General Fund and the 2016 Street Fund. The cash disbursements journal was not properly posted in the 2017 and 2016 Fire Equipment and Training Fund, in noncompliance with Ark. Code Ann. §§ 14-59-110, -111.
3. The following issues were noted regarding the City's receipting process, in noncompliance with Ark. Code Ann. § 14-59-109:
  - Prenumbered receipts again were not issued for all funds received.
  - Receipts were not formally receipted at the time of collection or at the earliest opportunity.
  - All receipts were not made available for accountant inspection.
4. A fixed asset listing was established but again did not include all additions, deletions, and serial numbers, as required by Ark. Code Ann. § 14-59-107.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
September 26, 2018  
LOM207217

CITY OF GREENWAY, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2017	\$ 63,364	\$ 29,062
Receipts:		
State aid	3,315	34,978
Property taxes	3,875	1,363
Sales taxes	26,904	
Interest	4	
Unclassified	10,209	
Total Receipts	<u>44,307</u>	<u>36,341</u>
Disbursements:		
General government	62,191	
Highways and streets		22,927
Public safety	3,791	810
Contributions to water department	2,000	
Total Disbursements	<u>67,982</u>	<u>23,737</u>
Cash Balance, December 31, 2017	<u>\$ 39,689</u>	<u>\$ 41,666</u>

CITY OF GREENWAY, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Fire Equipment and Training</u>	<u>Total</u>
Cash Balance, January 1, 2017	\$ 17,638	\$ 11,424	\$ 29,062
Receipts:			
State aid	14,377	20,601	34,978
Property taxes	1,363		1,363
Total Receipts	<u>15,740</u>	<u>20,601</u>	<u>36,341</u>
Disbursements:			
Highways and streets	22,927		22,927
Public safety		810	810
Total Disbursements	<u>22,927</u>	<u>810</u>	<u>23,737</u>
Cash Balance, December 31, 2017	<u>\$ 10,451</u>	<u>\$ 31,215</u>	<u>\$ 41,666</u>

CITY OF GREENWAY, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2016	\$ 48,309	\$ 31,932
Receipts:		
State aid	3,338	23,806
Property taxes	5,543	1,170
Sales taxes	26,910	
Interest	4	
Unclaimed property refund	44,524	
Unclassified	8,912	
Total Receipts	<u>89,231</u>	<u>24,976</u>
Disbursements:		
General government	73,968	
Highways and streets		17,072
Public safety	208	10,774
Total Disbursements	<u>74,176</u>	<u>27,846</u>
Cash Balance, December 31, 2016	<u>\$ 63,364</u>	<u>\$ 29,062</u>

CITY OF GREENWAY, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016  
 (UNAUDITED)

Schedule 4

	<u>Street</u>	<u>Fire Equipment and Training</u>	<u>Total</u>
Cash Balance, January 1, 2016	\$ 19,734	\$ 12,198	\$ 31,932
Receipts:			
State aid	13,806	10,000	23,806
Property taxes	1,170		1,170
Total Receipts	<u>14,976</u>	<u>10,000</u>	<u>24,976</u>
Disbursements:			
Highways and streets	17,072		17,072
Public safety		10,774	10,774
Total Disbursements	<u>17,072</u>	<u>10,774</u>	<u>27,846</u>
Cash Balance, December 31, 2016	<u>\$ 17,638</u>	<u>\$ 11,424</u>	<u>\$ 29,062</u>



CITY OF GREENWAY, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
 (UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts.
  
2. The General Fund column on the Financial Schedules includes the following bank accounts:  
 General and Fire Department.
  
3. The Municipality's capital assets records are summarized below:

	December 31, 2017	December 31, 2016
Land	\$ 9,739	\$ 9,739
Buildings	42,433	42,433
Equipment	108,826	83,076
Total	\$ 160,998	\$ 135,248