

MADISON WATER & SEWER DEPARTMENT
MADISON, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

Members of the City Council
Madison Water & Sewer Department
Madison, AR 72359

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122, of the City of Madison Water and Sewer Department as of December 31, 2023, and for the year then ended. The City of Madison Water and Sewer Department's management is responsible for the Department's accounting records.

The City of Madison Water and Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended compliance with Ark, Code Ann. 14-234-119 to 122. Additionally, the Mayor, City Council and management of the City of Madison Water and Sewer Department have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for other purposes. The procedures performed may not address all the items of interest of a user of this report and may not meet the needs of all users of the report, and as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and associated findings are as follows:

Cash and Investments

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.

2. We obtained confirmation of the cash on deposit for the Madison Water and Sewer Department:

First National Bank of Eastern Arkansas:

Cash - Operating	\$	51,541
Cash - Depreciation Reserve Sewer		325
Cash - Debt Service Reserve		14,474
Cash - ANRC		10,532
CD - Sewer Sinking Fund		8,627
	\$	<u>85,499</u>

3. We agreed the proof of cash ending balances to the book balances.

We found no exceptions as a result of these procedures.

Receipts

1. All customer billing, collections, disputes, and adjustments are handled by the Forrest City Water and Sewer Department. A monthly check is remitted to the Madison Water and Sewer Department for their share of the collections. We agreed all amounts per the monthly Forrest City Water and Sewer Department remittance reports to the cash receipts journal and to deposits made to the Madison Water and Sewer Department bank account.

We found no exceptions as a result of these procedures.

Accounts Receivable

1. All accounts receivables were billed, and adjustments made, by the Forrest City Water and Sewer Department. All collections are sent to the Madison Water and Sewer Department monthly along with monthly remittance reports. We agreed all collections posted to the monthly remittance reports, and amounts deposited.

We found no exceptions as a result of these procedures.

Cash Disbursements

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5%.
2. Analyzed all property, plant and equipment disbursements.

3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant, and Equipment

1. We determined that all additions and disposals were properly accounted for in the records.

We found no exceptions as a result of the procedures.

Long-Term Debt

1. We scheduled long-term debt and verified changes in the balances for the year.
2. We confirmed the loan payables with the lenders.
3. We reviewed debt service accounts to determine if appropriate reserves have been established and maintained.

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. We noted that the appropriate transfers were made as required.

A summary of long-term debt activity is as follows:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
4.5% Note payable to USDA, due in monthly installments of \$1,022, through 2038	\$ 137,688	\$ -	\$ 6,195	\$ 131,493
5% Note payable to ANRC, due in annual installments of \$7,025 through 2029	40,653		4,992	35,661
	<u>\$ 178,341</u>	<u>\$ -</u>	<u>\$ 11,187</u>	<u>\$ 167,154</u>

We were not engaged to, and did not perform 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.

This report is intended solely for the information and use of the City of Madison Water and Sewer Department and is not intended to be and should not be used by anyone other than this specified party.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR

February 22, 2024

CITY OF MADISON WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023
AND
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

**CITY OF MADISON WATER AND SEWER DEPARTMENT
MADISON, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Independent Accountant’s Compilation Report on Financial Statements	1
Statement of Assets, Liabilities, and Net Position –Cash Basis	2 - 3
Statement of Receipts and Disbursements – Cash Basis	4

MEYER AND WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Members of the City Council
City of Madison Water & Sewer Department
Madison, Arkansas 72359

Management is responsible for the accompanying financial statements of Madison Water and Sewer Department, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2023 and the related statement of receipts and 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 statements 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 omitted the management's discussion and analysis that the cash basis of accounting requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental 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.

Management has elected to omit substantially all of the disclosures required by the 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.

Meyer & Ward

Meyer and Ward, CPAs
Wynne, AR 72396

February 22, 2023

**CITY OF MADISON WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS
December 31, 2023**

ASSETS	
CURRENT ASSETS	
Cash	\$ 51,541
Due from City	853
Total Current Assets	52,394
 RESTRICTED ASSETS	
Cash - ANRC	10,532
Cash-Debt Service Reserve	14,474
Cash-Depreciation Reserve	325
Certificate of Deposit	8,627
Total Restricted Assets	33,958
 FIXED ASSETS-AT COST	
Land	17,000
Equipment	2,600
Sewer Treatment Plant	2,093,125
	2,112,725
Less Accumulated Depreciation	(1,957,070)
Net Fixed Assets	155,655
 TOTAL ASSETS	 \$ 242,007

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF MADISON WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2023**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current portion of notes payable	\$	11,705
Total Current Liabilities		11,705

LONG TERM LIABILITIES

Notes payable, net of current portion		155,449
		167,154

TOTAL LIABILITIES

NET POSITION

Net investment in capital assets		11,499
Restricted for debt service		33,633
Unrestricted		29,721
Total Net Position		74,853

TOTAL LIABILITIES AND NET POSITION

	\$	242,007
--	----	---------

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF MADISON WATER AND SEWER DEPARTMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash Receipts:

Sewer	\$ 75,283
Water	72,498
Insurance Claim	22,571
Interest	455
Total Cash Receipts	<u>170,807</u>

Cash Disbursements:

Equipment Purchases	50,992
Cost of Water Purchased	66,415
Salaries, Payroll Taxes and Fringe	20,130
Insurance	15,082
Repairs and Maintenance	12,600
Principal Payments on Notes Payable	11,187
Utilities	10,260
Interest Expense	8,102
Professional Fees	1,950
Supplies	652
Fees and Licenses	446
Total Cash Disbursements	<u>197,816</u>

Increase (Decrease) in Cash and Restricted Cash	<u>(27,009)</u>
---	-----------------

Beginning Cash and Restricted Cash at 1-1-2023	<u>113,361</u>
--	----------------

Ending Cash and Restricted Cash at 12-31-2023	<u>\$ 86,352</u>
---	------------------

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT