

MADISON WATER & SEWER DEPARTMENT  
MADISON, ARKANSAS  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2024

MEYER AND WARD, P.A.  
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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Mayor and Members of the City Council  
City of Madison Water and Sewer Department  
Madison, Arkansas 72359

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, 2024, 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 proof of cash for the year and reconciled year end bank balances to book balances.
2. We confirmed the cash on deposit with depository institutions.
3. We agreed the proof of cash ending balances to the book balances.

**Cash and Investments – (cont'd):**

|  |                  |
|--|------------------|
| First National Bank of Eastern Arkansas: |                  |
| Cash - Operating                         | \$ 60,417        |
| Cash - Depreciation Reserve Sewer        | 326              |
| Cash - Debt Service Reserve              | 14,510           |
| Cash - ANRC                              | 10,532           |
| CD - Sewer Sinking Fund                  | 9,000            |
|  | <u>\$ 94,785</u> |

We found no exceptions as a result of these procedures.

**Cash 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 receivable were billed, and adjustments were made by the Forrest City Water and Sewer Department. All collections are sent to the Madison Water and Sewer Department monthly along with a monthly remittance report. We agreed all collections posted to the monthly remittance reports with amounts deposited.

We found no exceptions as a result of these procedures.

**Cash Disbursements**

1. We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5%.
2. We analyzed all property, plant and equipment disbursements.
3. We selected 10 disbursements and determined if 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 long-term debt with the lenders.
3. We reviewed debt service accounts to determine if appropriate reserves have been established and maintained.

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

|   | <u>12/31/2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/2024</u> |
|---|-------------------|------------------|-------------------|-------------------|
| 4.5% Note payable to USDA, due in monthly installments of \$1,022, through 2038 | \$ 131,493        |                  | \$ 6,479          | \$ 125,014        |
| 5% Note payable to ANRC, due in annual installments of \$7,025 through 2029     | 35,661            |                  | 5,242             | 30,419            |
|   | <u>\$ 167,154</u> | <u>\$ -</u>      | <u>\$ 11,721</u>  | <u>\$ 155,433</u> |

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.

We were engaged by the City of Madison Water and Sewer Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the specified elements, accounts or items. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Madison Water and Sewer Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 72396

April 8, 2025

CITY OF MADISON WATER AND SEWER DEPARTMENT  
FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
AND  
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
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CITY OF MADISON WATER AND SEWER DEPARTMENT  
MADISON, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2024

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P.O. BOX 1045  
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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

To the Mayor and Members of the City Council  
City of Madison Water and 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, 2024 and the related statement of revenues and expenses- 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, P.A.  
Certified Public Accountants  
Wynne, AR 72396

April 8, 2025

**CITY OF MADISON WATER AND SEWER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS  
DECEMBER 31, 2024**

| <b>ASSETS</b>                            |                |
|--|----------------|
| <b>CURRENT ASSETS</b>                    |                |
| Cash                                     | \$ 60,417      |
| Due from City                            | 854            |
| Total Current Assets                     | 61,271         |
| <br><b>RESTRICTED ASSETS</b>             |                |
| Cash - ANRC                              | 10,532         |
| Cash - Debt Service Reserve              | 14,510         |
| Cash - Depreciation Reserve              | 326            |
| Certificate of Deposit                   | 9,000          |
| Total Restricted Assets                  | 34,368         |
| <br><b>PROPERTY, PLANT AND EQUIPMENT</b> |                |
| Land                                     | 17,000         |
| Equipment                                | 2,600          |
| Sewer Treatment Plant                    | 2,098,624      |
| (Less) Accumulated Depreciation          | (2,004,182)    |
| Net Property, Plant and Equipment        | 114,042        |
| <br><b>TOTAL ASSETS</b>                  | <br>\$ 209,681 |

*SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT*

**CITY OF MADISON WATER AND SEWER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITES, AND NET POSITION - CASH BASIS  
DECEMBER 31, 2024**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|                                  |               |
|----------------------------------|---------------|
| Current Portion of Notes Payable | \$ 12,281     |
| Total Current Liabilities        | <u>12,281</u> |

**LONG TERM LIABILITIES**

|                                       |                |
|---------------------------------------|----------------|
| Notes Payable, Net of Current Portion | <u>143,152</u> |
|---------------------------------------|----------------|

**TOTAL LIABILITIES**

155,433

**NET POSITION**

|                                  |                 |
|----------------------------------|-----------------|
| Net Investment in Capital Assets | 41,391          |
| Restricted for Debt Service      | 34,042          |
| Unrestricted                     | <u>(21,185)</u> |
| Total Net Position               | <u>54,248</u>   |

**TOTAL LIABILITIES AND NET POSITION**

\$ 209,681

*SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT*

**CITY OF MADISON WATER AND SEWER DEPARTMENT  
STATEMENT OF REVENUES AND EXPENSES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**OPERATING REVENUES**

|                         |    |         |
|-------------------------|----|---------|
| Sewer Fees              | \$ | 81,318  |
| Water Fees              |    | 77,991  |
| Total Operating Revenue |    | 159,309 |

**OPERATING EXPENSES**

|                          |  |         |
|--------------------------|--|---------|
| Cost of Water Purchased  |  | 76,220  |
| Contract Services        |  | 3,674   |
| Depreciation             |  | 47,112  |
| Insurance                |  | 8,193   |
| Licenses & Fees          |  | 542     |
| Professional Fees        |  | 2,000   |
| Repairs & Maintenance    |  | 17,404  |
| Salaries & Payroll Taxes |  | 21,212  |
| Supplies                 |  | 1,022   |
| Utilities                |  | 8,899   |
| Total Operating Expenses |  | 186,278 |

|                         |  |          |
|-------------------------|--|----------|
| Operating Income (Loss) |  | (26,969) |
|-------------------------|--|----------|

Non-Operating Revenues (Expenses)

|   |  |         |
|---|--|---------|
| Insurance Proceeds                      |  | 13,389  |
| Interest Income                         |  | 542     |
| Interest Expense                        |  | (7,567) |
| Total Non-Operating Revenues (Expenses) |  | 6,364   |

|   |    |          |
|---|----|----------|
| Excess (Deficiency) of Revenues Over Expenses | \$ | (20,605) |
|---|----|----------|

*SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT*