

**City of Madison, Arkansas**

**Financial and Compliance Report**

**December 31, 2024**

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MADISON, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2024

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# Arkansas

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House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Madison, 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 Madison, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated March 24, 2026. These procedures were not performed for the Water and Sewer Department. 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 2024:

Mayor: Roy Winfrey  
Recorder/Treasurer: Margarete Winfrey  
District Court Clerk: Margarete Winfrey  
Police Chief: Gregory Martin (appointed May 7, 2024)

We evaluated the City's compliance with certain state laws concerning general and district court 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, Recorder/Treasurer** and **District Court Clerk**.

#### **Mayor and Recorder/Treasurer**

Although Schedule 1 of this report shows a General Fund balance of \$132,790 it was brought to our attention that as of December 31, 2024, the General Fund owed a significant amount for balances owed to the Street and Sanitation Funds. As shown in Note 6 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit balance of \$235,286. A similar finding was noted in the previous five reports.

#### **Recorder/Treasurer**

1. Restricted Street Funds of \$1,271 were improperly disbursed for District Court equipment, and property taxes of \$1,327 were not properly settled to the Street Fund. Additionally, state aid for highway funds in previous years of \$21,039 owed to the Street Fund was not transferred during the engagement period, as required by Ark. Code Ann. § 27-70-207, leaving a total due to the Street Fund of \$23,637. On July 11, 2024, the City received approval from the Legislative Joint Auditing Committee to repay an initial payment of \$3,559 and \$350 monthly thereafter. The City met this requirement by remitting \$5,309 to the Street Fund. A similar finding was noted in the previous thirteen reports dating back to 2009.
2. The City paid for sewer repairs totaling \$28,038 from the Sanitation Fund, which is financed by proceeds of a 1% sales and use tax restricted for the collection and disposal of solid waste. Current year sanitation sales taxes of \$10,068 were not transferred to the Sanitation Fund, as well as, previous year's amounts owed of \$306,333, leaving a total balance owed of \$344,439. The City made payments totaling \$900 toward this balance. A similar finding was noted in the previous eight reports dating back to 2014.
3. The General Fund cash receipts and disbursements journals were not properly posted, as required by Ark. Code Ann. §§ 14-59-110, -111.

### District Court Clerk

The District Court Clerk was in noncompliance with Ark. Code Ann. § 16-10-209 and proper accounting procedures as follows:

- Bank reconciliations were not properly prepared.
- Cash receipts and disbursements journals were not properly posted and did not indicate receipt numbers.
- Prenumbered receipts were not issued for all funds collected.

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



Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
March 24, 2026  
LOM211724

CITY OF MADISON, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2024	\$ 120,121	\$ 420,443
Receipts:		
State aid	11,287	91,684
Federal aid	7,400	9,000
Property taxes	13,894	
Franchise fees	20,302	
Sales taxes	153,284	111,018
Fines, forfeitures, and costs	24,240	
Interest	297	407
Local permits and fees	3,324	
Insurance proceeds	19,005	
Other	6,860	
Transfers in		6,209
Total Receipts	<u>259,893</u>	<u>218,318</u>
Disbursements:		
General government	221,755	2,748
Law enforcement	2,408	12,804
Highways and streets		54,147
Public safety		24,702
Sanitation		90,802
Recreation and culture	14,632	
Sewer		28,032
Debt service	2,220	
Transfers out	6,209	
Total Disbursements	<u>247,224</u>	<u>213,235</u>
Cash Balance, December 31, 2024	<u>\$ 132,790</u>	<u>\$ 425,526</u>

CITY OF MADISON, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (UNAUDITED)

Schedule 2

	Street	Sanitation	Fire Department	Police Department Special	Youth Committee	USDA Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2024	\$ 154,605	\$ 176,391	\$ 82,440	\$ 38	\$ 429	\$ 3,066	\$ 3,474	\$ 420,443
Receipts:								
State aid	62,413		29,271					91,684
Federal aid						9,000		9,000
Sales taxes		111,018						111,018
Interest	407							407
Transfers in	5,309	900						6,209
Total Receipts	<u>68,129</u>	<u>111,918</u>	<u>29,271</u>			<u>9,000</u>		<u>218,318</u>
Disbursements:								
General government							2,748	2,748
Law enforcement				38		12,065	701	12,804
Highways and streets	54,147							54,147
Public safety			24,702					24,702
Sanitation		90,802						90,802
Sewer		28,032						28,032
Total Disbursements	<u>54,147</u>	<u>118,834</u>	<u>24,702</u>	<u>38</u>		<u>12,065</u>	<u>3,449</u>	<u>213,235</u>
Cash Balance, December 31, 2024	<u>\$ 168,587</u>	<u>\$ 169,475</u>	<u>\$ 87,009</u>	<u>\$ 0</u>	<u>\$ 429</u>	<u>\$ 1</u>	<u>\$ 25</u>	<u>\$ 425,526</u>

CITY OF MADISON, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (UNAUDITED)

Schedule 3

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 Community Center

3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2024
District Court	\$ 15,079

This balance represents fines, forfeitures, and costs that have not been transferred to the appropriate entities.

4. The Municipality's capital assets records are summarized below:

	December 31, 2024
Land	\$ 8,000
Buildings	214,952
Equipment	344,540
Total	\$ 567,492

5. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2024
USDA Rural Development	\$ 41,455

CITY OF MADISON, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (UNAUDITED)

Schedule 3

6. The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the City of Madison (City) owed significant balances to other funds of the City. The information below begins with the cash balance per Schedules 1 and 2 of this report. The computation includes increases and decreases to cash balances for amounts due to and due from funds within the City.

Balances as of December 31, 2024	<u>Total Combined General</u>	<u>Street</u>	<u>Sanitation</u>
Cash balance per Schedules	\$ 132,790	\$ 168,587	\$ 169,475
Due from other funds:			
Sanitation sales tax			344,439
State aid for highway funds		23,637	
Due to other funds:			
Sanitation sales tax	(344,439)		
State aid for highway funds	(23,637)		
Restated balances as of December 31, 2024	<u>\$ (235,286)</u>	<u>\$ 192,224</u>	<u>\$ 513,914</u>