

**CROSS COUNTY RURAL WATER SYSTEM  
FINANCIAL STATEMENTS  
APRIL 30, 2025**

**MEYER & WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE ARKANSAS 72396**

CROSS COUNTY RURAL WATER SYSTEM  
CROSS COUNTY, ARKANSAS

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cross County Rural Water System  
Hickory Ridge, AR 72347

**Report on the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the Cross County Rural Water System as of and for the years ended April 30, 2025, and April 30, 2024, and the related notes to the financial statements, which collectively comprise the Cross County Rural Water System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cross County Rural Water System as of April 30, 2025 and April 30, 2024, the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cross County Rural Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cross County Rural Water System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cross County Rural Water System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cross County Rural Water System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages 5 through 7 and 20 be presented to supplement the basic financial statements. Such 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cross County Rural Water System's basic financial statements. The schedule of water and sewer rates on page 21 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of water and sewer rates is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of water and sewer rates is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025, on our consideration of the Cross County Rural Water System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cross County Rural Water System's internal control over financial reporting and compliance.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

October 13, 2025

**CROSS COUNTY RURAL WATER SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
April 30, 2025**

Within this section of the Cross County Rural Water System's financial report (the Entity), the Entity's management provides narrative discussion and analysis of the financial activities of the Entity for the year ended April 30, 2025. The Entity's financial performance is discussed and analyzed with the context of the accompanying financial statements and disclosures following this section.

**Using this annual report**

The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information about the Entity as a whole and present a longer-term view of the Entity's finances. The Statement of Cash Flows provides a summary of the changes in cash and cash equivalents for the year. Information is included in the notes to financial statements to disclose accounting policies and additional financial detail amounts shown in the financial statements. A report on internal control is also included.

**Reporting on Cross County Rural Water System as a whole**

Our analysis of the Entity as a whole follows in the next section. The Entity operates as a business-type activity providing water utilities to its customers. Its revenues must be sufficient to cover the cost of operations, payment of indebtedness, and cost of improvements to the system. One of the most important questions asked about the Entity's finances is: "Is the Entity as a whole better off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Entity as a whole, and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Entity's net position and changes in them. You can think of the Entity's net position (the difference between assets and liabilities) as one way to measure the Entity's financial health, or financial position. Over time, increases or decreases in the net position are one indicator of whether the financial health is improving, or deteriorating. You will need to consider other non-financial factors, however, such as the condition of the water system, to assess the overall health of the Entity.

**CROSS COUNTY RURAL WATER SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)  
April 30, 2025**

<b>Financial Highlights</b>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beginning Net Position	\$ 3,786,682	\$ 3,885,277	\$ 4,051,805
Increase (decrease) in Net Position	<u>173,100</u>	<u>(98,595)</u>	<u>(166,528)</u>
Ending Net Position	<u>\$ 3,959,782</u>	<u>\$ 3,786,682</u>	<u>\$ 3,885,277</u>

The following table summarizes the net position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 1,042,340	\$ 967,779	\$ 1,009,768
Restricted assets	1,302,449	1,233,948	1,338,960
Capital assets	7,862,068	8,044,661	8,186,585
Other assets	75	75	75
Total Assets	<u>\$ 10,206,932</u>	<u>\$ 10,246,463</u>	<u>\$ 10,535,388</u>
Current Liabilities	\$ 642,506	\$ 608,810	\$ 533,663
Long-term liabilities	<u>5,604,644</u>	<u>5,850,971</u>	<u>6,116,448</u>
Total Liabilities	<u>6,247,150</u>	<u>6,459,781</u>	<u>6,650,111</u>
Net position			
Unrestricted	1,791,317	1,685,414	1,905,723
Restricted for debt service	181,041	177,578	169,417
Invested in capital assets	<u>1,987,424</u>	<u>1,923,690</u>	<u>1,810,137</u>
	<u>\$ 10,206,932</u>	<u>\$ 10,246,463</u>	<u>\$ 10,535,388</u>

The following schedule presents a summary of revenues and expenditures for the years ended April 30, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues	\$ 2,360,087	\$ 2,164,127	\$ 2,208,075
Operating Expenses	<u>1,780,023</u>	<u>1,642,384</u>	<u>1,706,825</u>
Operating Income	580,064	521,743	501,250
Non-Operating Income (Expenses)	<u>(406,964)</u>	<u>(620,338)</u>	<u>(667,778)</u>
	<u>\$ 173,100</u>	<u>\$ (98,595)</u>	<u>\$ (166,528)</u>

**CROSS COUNTY RURAL WATER SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)  
April 30, 2025**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets:

At year end April 30, 2025, the Entity had \$ 7,862,068 invested in capital assets. This represents a net decrease of \$ 337,775 which is the result of depreciation expense recognized of \$ 517,821, capital asset additions of \$ 337,775 and capital asset disposals with net book value of \$ 2,547.

Debt:

At year end, the Entity had \$ 5,974,150 in outstanding bonds and notes payable. This represents a decrease of \$ 250,850 due to principal payments of \$ 270,000 and additional borrowings of \$ 19,150.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Entity has no plans for significant changes in the coming year, other than completion of a sewer improvement project of approximately \$ 1,000,000,

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, suppliers, and creditors with a general overview of the Entity's finances and to show the Entity's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David King, Manager of the Cross County Rural Water System.

**CROSS COUNTY RURAL WATER SYSTEM  
STATEMENTS OF NET POSITION  
APRIL 30, 2025 and 2024**

**ASSETS**

	2025	2024
Current Assets:		
Cash on hand and in banks	\$ 602,778	\$ 677,901
Accounts receivable	210,706	181,699
Accounts receivable - state grant	126,564	
Accrued interest receivable	604	897
Prepaid expenses	58,316	63,910
Inventory	43,372	43,372
Total Current Assets	1,042,340	967,779
Restricted Assets:		
Cash	1,261,099	1,192,598
Certificates of Deposit	41,350	41,350
Total Restricted Assets	1,302,449	1,233,948
Property, Plant and Equipment		
Construction in Progress	19,000	48,826
Land	130,865	130,865
Water plant and improvements	22,129,192	21,870,404
Equipment	1,413,393	1,330,054
	23,692,450	23,380,149
Less: Accumulated Depreciation	(15,830,382)	(15,335,488)
Net Property, Plant and Equipment	7,862,068	8,044,661
Other Assets:		
Utility deposits	75	75
Total Other Assets	75	75
<b>TOTAL ASSETS</b>	<b>\$ 10,206,932</b>	<b>\$ 10,246,463</b>

The accompanying notes are an integral part of the financial statements

**CROSS COUNTY RURAL WATER SYSTEM  
STATEMENTS OF NET POSITION  
APRIL 30, 2025 and 2024**

**LIABILITIES AND NET POSITION**

	2025	2024
Current Liabilities:		
Current portion of notes payable	\$ 270,000	\$ 270,000
Accounts payable	99,362	76,584
Accrued payroll taxes	6,521	1,192
Accrued interest	53,750	54,537
Accrued sales tax payable	15,708	15,226
Total Current Liabilities	445,341	417,539
Current Liabilities Payable from Restricted Assets:		
Customer Meter Deposits	197,165	191,271
Long-Term Debt (Net of Current Portion):		
Notes and Bonds payable	5,704,150	5,955,000
Discount on Bonds Payable	(99,506)	(104,029)
Total Long-Term Debt (Net of Current Portion)	5,604,644	5,850,971
Net Position:		
Invested in capital assets, net of related debt	1,617,919	1,923,690
Restricted for debt service	181,041	177,578
Unrestricted	2,160,822	1,685,414
Total Net Position	3,959,782	3,786,682
Total Liabilities and Net Position	\$ 10,206,932	\$ 10,246,463

The accompanying notes are an integral part of the financial statements.

**CROSS COUNTY RURAL WATER SYSTEM  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024**

	2025	2024
Operating Revenues:		
Water fees and installation services	\$ 2,274,950	\$ 2,089,981
Late charges, penalties, and fees	55,910	47,231
Other operating revenues	29,227	26,915
Total Operating Revenues	2,360,087	2,164,127
Operating Expenses:		
Salaries and wages	476,720	469,839
Board Meetings	2,770	5,567
Legal and professional	22,938	15,600
Payroll taxes	36,802	37,055
Group insurance	116,649	163,909
Employee retirement plan	30,000	30,000
Telephone	5,426	4,497
Operating maintenance and supplies	780,402	579,954
Truck	107,920	143,971
Utilities	14,952	11,192
Insurance-casualty and property	126,564	107,483
Travel	2,116	2,532
Office Supplies and expenses	22,140	32,497
Postage	22,879	20,736
Uniforms	11,745	17,552
Total Operating Expenses	1,780,023	1,642,384
OPERATING INCOME	580,064	521,743

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The accompanying notes are an integral part of the financial statements.

**CROSS COUNTY RURAL WATER SYSTEM  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (cont'd)  
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024**

	2025	2024
(cont'd)		
Non-operating (Revenues) Expenses:		
Depreciation	\$ 517,821	\$ 548,221
Amortization	4,523	4,523
Other (Income) expense	(9,838)	(10,481)
Gain on sales of assets	(28,729)	(21,211)
Grant from State of Arkansas	(175,390)	
Interest income	(31,674)	(34,637)
Interest expense	130,251	133,923
Total Non-operating (Revenues) Expenses	406,964	620,338
Increase (Decrease) in Net Assets	173,100	(98,595)
Total Net Assets - beginning	3,786,682	3,885,277
Total Net Assets - ending	\$ 3,959,782	\$ 3,786,682

The accompanying notes are an integral part of the financial statements.

**CROSS COUNTY RURAL WATER SYSTEM  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED APRIL 30, 2025 AND 2024**

	2025	2024
Cash Flows From Operating Activities:		
Receipts from customers	\$ 2,346,812	\$ 2,213,555
Payments to suppliers	(1,269,120)	(1,142,930)
Payments to employees	(476,720)	(469,839)
Net cash provided by operating activities	600,972	600,786
Cash Flows from Capital and Related Financing Activities:		
Principal paid on capital debt	(270,000)	(260,000)
Proceeds from long term debt	19,150	
Purchase of property and equipment	(337,775)	(409,051)
Grant Revenue for capital improvements	48,826	
Proceeds from sales of property and equipment	31,276	3,000
Proceeds from insurance claim	-	20,965
Interest paid on capital debt	(131,038)	(136,090)
Net cash provided (used) by capital and related activities	(639,561)	(781,176)
Cash Flows from Investing Activities:		
Interest income	31,967	34,637
Net cash provided (used) by investing activities	31,967	34,637
Increase (decrease) in cash and cash equivalents	(6,622)	(145,753)
Cash and cash equivalents, beginning of year	1,870,499	2,016,252
Cash and cash equivalents, end of year	\$ 1,863,877	\$ 1,870,499
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 580,064	\$ 521,743
Other income	9,838	10,481
(Increase) Decrease in:		
Accounts Receivable	(29,007)	12,270
Inventory	-	(1,000)
Prepaid expenses	5,594	(10,022)
Increase (Decrease) in :		
Accounts Payable	22,778	43,519
Customer Meter Deposits	5,894	26,677
Accrued sales tax	482	(187)
Accrued payroll tax	5,329	(2,695)
	\$ 600,972	\$ 600,786

The accompanying notes are an integral part of the financial statements.

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Financial Reporting Entity – Cross County Rural Water System is a Public Facility Board, created to provide water to the citizens of Cross County, and parts of five neighboring counties in eastern Arkansas.

Basis of accounting – The Cross County Rural Water System uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents – The Cross County Rural Water System considers all cash, savings accounts, and certificate of deposits purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable arise from sales of water and sewer services to local customers. Accounts receivable are presented net of an allowance for uncollectible accounts of \$ 11,528 and \$ 11,528 as of April 30, 2025 and April 30, 2024. Accounts receivable are collateralized by customer deposits.

Inventory – Inventory consists of material used in the repair and maintenance of the water system. Inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE A- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Property and Equipment – Property and equipment is stated at cost. Expenditures for major renewals and betterments are capitalized, while minor repairs, replacements, and maintenance which does not improve or extend the life of such assets are charged to operations as incurred. Depreciation is provided by the straight-line method over the estimated lives of the assets, which range from 5 - 7 years for office furniture and equipment, 10 - 15 years for machinery and equipment, and up to 40 years for water and sewer systems and improvements.

Restricted Assets - The Cross County Rural Water System is required under the terms of various bond ordinances to establish and maintain prescribed cash balances that can only be used for specific purposes.

Risk Management - The Cross County Rural Water System minimizes risk of loss through purchase of commercial insurance coverage.

Compensated Absences - No accrual has been made for compensated absences because the amounts would not be material.

Advertising – Advertising costs are expensed as incurred.

Sales Tax – The Cross County Rural Water System collects sales taxes on water sold, and remits taxes collected monthly to the State of Arkansas Department of Finance and Administration. Water fees are presented in the accompanying financial statements net of sales taxes.

Budgets – The Cross County Rural Water System adopts an operating budget annually.

Operating Revenues and Expenses – Operating Revenues and Expenses consists of those revenues that result from ongoing operations, and are primarily charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary services. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Entity's policy to apply those expenses to restricted net assets to the extent such as are available and then to unrestricted net assets.

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE B – DEPOSITS WITH FINANCIAL INSTITUTIONS**

The entity’s policy is for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity’s deposits are categorized to give an indication of the level of risk assumed by the entity at April 30, 2025. The categories are described as follows:

Category 1- Insured or collateralized by the entity or by its agent in the entity’s name.

Category 2- Collateralized with securities held by the pledging financial institution’s trust department or by its agent in the entity’s name.

Category 3- Uncollateralized.

At April 30, 2025, Cash Deposits, categorized by level of risk are:

	CATEGORY		
carrying amount	1	2	3
\$ 1,905,227	\$ 744,791	911,178	\$ 249,258

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE C- PROPERTY AND EQUIPMENT**

A summary of property, plant and equipment for the entity is presented below:

	<u>April 30 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>April 30 2025</u>
Assets not subject to depreciation:				
Land	\$ 130,865	\$ -	\$ -	\$ 130,865
Construction in progress	48,826	152,462	182,288	19,000
Assets subject to depreciation:				
Water Plant	21,870,404	258,788	-	22,129,192
Equipment	1,330,054	108,813	25,474	1,413,393
	<u>\$ 23,380,149</u>	<u>\$ 520,063</u>	<u>\$ 207,762</u>	<u>\$ 23,692,450</u>
Accumulated Depreciation	<u>\$ (15,335,488)</u>	<u>\$ (517,821)</u>	<u>\$ 22,927</u>	<u>\$ (15,830,382)</u>

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE D- LONG-TERM LIABILITIES**

The following is a summary of the Cross County Rural Water Department's Long-term Liabilities.

	2025	2024
0.7%-2.375% Bond payable to Region's Bank, due in semi-annual installments through December 2046, secured by the water system and by pledge of future revenues	\$ 5,955,000	\$ 6,225,000
1.75% Bond Payable to Arkansas Development Finance principal payments due in semiannual installments beginning January 1, 2027, and the first day of each month thereafter	19,150 5,974,150	6,225,000
Less Current Maturities	(270,000)	(270,000)
	\$ 5,704,150	\$ 5,955,000

The following is a summary of payments required for long-term liabilities at April 30, 2025:

	Principal	Interest	Total
For years ended April 30,			
2026	\$ 270,000	\$ 129,000	\$ 399,000
2027	294,150	123,600	417,750
2028	285,000	118,100	403,100
2029	285,000	112,400	397,400
2030	295,000	106,700	401,700
For five year periods ending April 30,			
2035	1,490,000	442,744	1,932,744
2040	1,175,000	299,644	1,474,644
2045	1,320,000	161,013	1,481,013
2050	560,000	19,950	579,950
	\$ 5,974,150	\$ 1,513,151	\$ 7,487,301

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

Balance 4/30/2024	Additions	Reductions	Balance 4/30/2025
\$ 6,225,000	\$ 19,150	\$ 270,000	\$ 5,974,150

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE E – RESTRICTED ACCOUNTS**

The Debt Service Reserve and Depreciation Reserve cash accounts have been established pursuant to the terms of the Entity’s debt agreements. These accounts are to maintain monthly transfers and are restricted for retirement of long-term debt, and repairs. The required Debt service amount at April 30, 2025, and 2024 was 173,405. Actual Debt Service reserve account balances were \$ 181,041 and \$ 177,578 for years ended April 30, 2025 and 2024.

A summary of restricted accounts as of April 30, 2025 and 2024 is as follows:

As of April 30, 2025:

Cash- debt service	\$	181,041
Cash - meter deposit		192,401
Certificate of deposit-meter		41,350
Cash construction and shop		887,657
	<u>\$</u>	<u>1,302,449</u>

As of April 30, 2024:

Cash- debt service	\$	177,578
Cash - meter deposit		176,664
Certificate of deposit		41,350
Cash construction and shop		838,356
	<u>\$</u>	<u>1,233,948</u>

**NOTE F – RETIREMENT PLAN**

Cross County Rural Water System maintains a Simplified Employee Pension Plan for the benefit of employees. Employees are eligible who are 1) at least 21 years old, and 2) who have worked in at least three of the immediately preceding five years. Contributions expense was \$ 30,000 for 2025, and \$ 30,000 for 2024.

**NOTE G – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of this report, which is the date the report was available to be issued. No items noted which would require disclosure.

**CROSS COUNTY RURAL WATER SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2025**

**NOTE H- CONSTRUCTION IN PROGRESS**

As of April 30, 2025, the construction in progress consists of \$19,000 in costs incurred for sewer system improvements. Construction is expected to be completed in 2026 with a total estimated cost of approximately \$ 1,000,000.

**NOTE I – RECONCILIATION OF CASH EQUIVALENTS IN STATEMENT OF CASH FLOW TO STATEMENT OF NET POSITION.**

Statement of Net Position	2025	2024
Cash	\$ 602,778	\$ 677,901
Restricted Cash	1,261,099	1,192,598
	\$ 1,863,877	\$ 1,870,499

**CROSS COUNTY RURAL WATER SYSTEM  
BUDGETARY COMPARISON SCHEDULE  
APRIL 30, 2025**

	<u>Actual</u>	<u>Budgeted</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Water fees and installation services	\$ 2,274,950	\$ 2,325,000	\$ (50,050)
Late charges, penalties, and fees	55,910	50,000	5,910
Other operating revenues	29,227	53,000	(23,773)
Total Operating Revenues	<u>2,360,087</u>	<u>2,428,000</u>	<u>(67,913)</u>
<b>OPERATING EXPENSES</b>			
Salaries/Payroll taxes/Group insurance	630,171	625,000	(5,171)
Board meetings	2,770	5,500	2,730
Legal & professional	22,938	16,000	(6,938)
Employee retirement plan	30,000	30,000	-
Telephone	5,426	5,000	(426)
Operating & maintenance supplies	780,402	775,000	(5,402)
Truck	107,920	95,000	(12,920)
Utilities	14,952	10,700	(4,252)
Insurance-casualty & property	126,564	115,000	(11,564)
Travel	2,116	2,500	384
Office supplies & expenses	22,140	25,000	2,860
Postage	22,879	20,000	(2,879)
Uniforms	11,745	19,500	7,755
Total Operating Expenses	<u>1,780,023</u>	<u>1,744,200</u>	<u>(35,823)</u>
<b>OTHER (INCOME) EXPENSES</b>			
Depreciation	517,821	540,000	22,179
Amortization	4,523	-	(4,523)
Other income	(9,838)		9,838
Gain on sale of assets	(28,729)		28,729
Grant from State of Arkansas	(175,390)	(14,000)	161,390
Interest expense	130,251	130,890	639
Interest income	(31,674)	(17,500)	14,174
Net Other (Income) Expenses	<u>406,964</u>	<u>639,390</u>	<u>232,426</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 173,100</u>	<u>\$ 44,410</u>	<u>\$ 128,690</u>

**CROSS COUNTY RURAL WATER AND SEWER WORKS  
SCHEDULE OF WATER AND SEWER RATES  
APRIL 30, 2025**

CROSS COUNTY RURAL WATER SYSTEM (ALL CUSTOMERS):  
FIRST 2,000 GALLONS \$36.00 MINIMUM  
NEXT 3,000 GALLONS \$6.50 PER 1,000 GALLONS  
NEXT 5,000 GALLONS \$5.00 PER 1,000 GALLONS  
OVER 15,000 GALLONS \$4.00 PER 1,000 GALLONS

**MEYER & WARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1045**  
**WYNNE, ARKANSAS 72396**

**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Cross County Rural Water System  
Hickory Ridge, AR

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cross County Rural Water System as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated October 13, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cross County Rural Water System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cross County Rural Water System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cross County Rural Water System's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Cross County Rural Water System's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be significant deficiencies See (#25-1).

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cross County Rural Water System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

#### Cross County Rural Water System's Response to Findings

Cross County Rural Water System's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Cross County Rural Water System's responses and, accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cross County Rural Water System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cross County Rural Water System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

October 13, 2025

CROSS COUNTY RURAL WATER SYSTEM  
SCHEDULE OF FINDINGS AND RESPONSES  
APRIL 30, 2025

# 25-1 SEGREGATION OF DUTIES

CONDITION: The Cross County Rural Water System does not have enough employees for the appropriate segregation of duties necessary for effective internal controls.

CRITERIA: Segregation of duties provides for independent review and approval of all transactions at various stages of the transaction process. Adequate segregation of duties is an essential part of effective internal control structure.

EFFECT: Inadequate segregation of duties reduces Cross County Rural Water System's internal control over financial reporting, processing of transactions, and safeguarding of assets.

RECOMMENDATION: The Entity's board of directors should review all transactions, and accounting records, and reconciliations, in order to compensate for the limited number of employees. Such review should be performed at least monthly and documented.

RESPONSE: Additional employees for the purpose of improving internal controls would not be cost beneficial. Currently, all employees are supervised by management, and financial records reviewed monthly by the board.