

**FRENCHPORT WATER ASSOCIATION, INC.**  
**(A Nonprofit Organization)**  
**Camden, Arkansas**  
**FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTARY INFORMATION**  
**For the Years Ended October 31, 2023 and 2022**  
**and**  
**INDEPENDENT AUDITOR'S REPORT**

**FRENCHPORT WATER ASSOCIATION, INC.**  
**(A Nonprofit Organization)**  
**Camden, Arkansas**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**For the Years Ended October 31, 2023 and 2022**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Frenchport Water Association, Inc.**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of the Frenchport Water Association, Inc., (a nonprofit organization), which comprise the statements of financial position as of October 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of October 31, 2023 and 2022, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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 Frenchport Water Association, Inc. 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; and for 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 Frenchport Water Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibility 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 opinion. 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

**Board of Directors  
Frenchport Water Association, Inc.**

In performing an audit in accordance with generally accepted 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 including 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 the Frenchport Water Association, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Frenchport Water Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

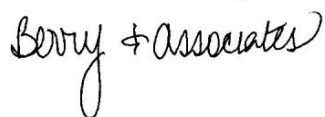
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.  
and compliance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 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 January 12, 2024 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Association's 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 Association's internal control over financial reporting and compliance.



BERRY & ASSOCIATES, P.A.  
Little Rock, Arkansas  
January 12, 2024

**FRENCHPORT WATER ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**October 31, 2023 and 2022**

| <u><b>ASSETS</b></u>                            |                   |                     |
|---|-------------------|---------------------|
| <b>ASSETS</b>                                   | 2023              | 2022                |
| Cash and cash equivalents                       | \$ 139,060        | \$ 158,161          |
| Accounts receivable                             | 45,972            | 42,569              |
| Cash restricted for long-term debt reserves     | 129,054           | 125,296             |
| Capital assets, net of accumulated depreciation | 662,873           | 712,333             |
| <b>TOTAL ASSETS</b>                             | <b>\$ 976,959</b> | <b>\$ 1,038,359</b> |
| <u><b>LIABILITIES AND NET ASSETS</b></u>        |                   |                     |
| <b>LIABILITIES</b>                              |                   |                     |
| Accounts payable                                | \$ 31,992         | \$ 23,792           |
| Sales tax payable                               | 2,578             | 2,913               |
| Accrued interest payable                        | 322               | 363                 |
| Other current liabilities                       | 1,400             | -                   |
| Customer water meter deposits                   | 37,685            | 37,670              |
| Current maturities of long-term debt            | 53,200            | 52,600              |
| Long-term debt, net of current maturities       | 329,488           | 382,675             |
| <b>TOTAL LIABILITIES</b>                        | <b>456,665</b>    | <b>500,013</b>      |
| <b>NET ASSETS</b>                               |                   |                     |
| Without donor restrictions                      | 444,591           | 485,665             |
| With donor restrictions                         | 75,703            | 52,681              |
| <b>TOTAL NET ASSETS</b>                         | <b>520,294</b>    | <b>538,346</b>      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>         | <b>\$ 976,959</b> | <b>\$ 1,038,359</b> |

**The accompanying notes to the financial statements are an integral part of these statements**

**FRENCHPORT WATER ASSOCIATION, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Years Ended October 31, 2023 and 2022**

|  | <u>2023</u>              | <u>2022</u>              |
|--|--------------------------|--------------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b> |                          |                          |
| <b>UNRESTRICTED REVENUES AND GAINS</b>                   |                          |                          |
| Water and sewer revenue                                  | \$ 416,236               | \$ 379,578               |
| Investment return, net                                   | <u>6,072</u>             | <u>1,034</u>             |
| Total revenues and gains without donor restrictions      | <u>422,308</u>           | <u>380,612</u>           |
| <b>EXPENSES</b>  |                          |                          |
| Water program:   |                          |                          |
| Water purchases  | 201,696                  | 156,305                  |
| Contract labor   | 60,124                   | 49,269                   |
| Repairs & maintenance                                    | 42,291                   | 17,519                   |
| Depreciation expense                                     | 49,460                   | 58,406                   |
| Supporting services:                                     |                          |                          |
| Utilities  | 8,188                    | 8,310                    |
| Legal and accounting                                     | 36,506                   | 32,483                   |
| Office expense   | 1,655                    | 1,847                    |
| Supplies   | 15,173                   | 5,006                    |
| Insurance  | 10,719                   | 7,044                    |
| Interest expense   | 4,229                    | 6,726                    |
| Bad debt expense   | 1,264                    | 2,606                    |
| Miscellaneous expenses                                   | <u>9,055</u>             | <u>9,264</u>             |
| Total Expenses   | <u>440,360</u>           | <u>354,785</u>           |
| <b>INCREASE (DECREASE) IN NET ASSETS</b>                 | (18,052)                 | 25,827                   |
| <b>NET ASSETS - BEGINNING OF YEAR</b>                    | <u>538,346</u>           | <u>512,519</u>           |
| <b>NET ASSETS - END OF YEAR</b>                          | <u><u>\$ 520,294</u></u> | <u><u>\$ 538,346</u></u> |

The accompanying notes to the financial statements are an integral part of these statements

**FRENCHPORT WATER ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended October 31, 2023 and 2022**

|   | <u>2023</u>              | <u>2022</u>              |
|---|--------------------------|--------------------------|
| <b>Cash flows from operating activities:</b>  |                          |                          |
| Cash received from customers  | \$ 417,641               | \$ 377,718               |
| Cash payments for goods and services  | <u>(380,412)</u>         | <u>(287,962)</u>         |
| Net cash provided by operating activities   | <u>37,229</u>            | <u>89,756</u>            |
| <b>Cash flows from investing activities:</b>  |                          |                          |
| Increase in customers meter deposits payable  | 15                       | 380                      |
| Purchase of capital assets  | <u>-</u>                 | <u>(2,650)</u>           |
| Net cash provided (used) by investing activities  | <u>15</u>                | <u>(2,270)</u>           |
| <b>Cash flows from capital and related financing activities:</b>  |                          |                          |
| Principal payments on long-term debt  | (52,587)                 | (51,935)                 |
| Increase (decrease) in restricted cash  | <u>(3,758)</u>           | <u>19,520</u>            |
| Net cash used by capital and related financing activities   | <u>(56,345)</u>          | <u>(32,415)</u>          |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <u>(19,101)</u>          | <u>55,071</u>            |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>  | <u>158,161</u>           | <u>103,090</u>           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u><u>\$ 139,060</u></u> | <u><u>\$ 158,161</u></u> |
| <b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                          |                          |
| Increase (decrease) in Net Assets   | \$ (18,052)              | \$ 25,827                |
| Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities: |                          |                          |
| Depreciation  | 49,460                   | 58,406                   |
| Provision for bad debt expense  | 1,264                    | -                        |
| (Increase) Decrease In:   |                          |                          |
| Prepaid expenses  | -                        | 2,371                    |
| Accounts receivable   | (3,269)                  | (2,894)                  |
| Increase (Decrease) In:   |                          |                          |
| Accounts payable  | 8,202                    | 5,977                    |
| Sales tax payable and accrued interest payable  | (335)                    | 297                      |
| Accrued interest payable  | <u>(41)</u>              | <u>(228)</u>             |
| Total adjustments   | <u>55,281</u>            | <u>63,929</u>            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <u><u>\$ 37,229</u></u>  | <u><u>\$ 89,756</u></u>  |

The accompanying notes to the financial statements are an integral part of these statements

**FRENCHPORT WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Date of Management's Review**

Subsequent events have been evaluated through January 12, 2024, which is the date the financial statements were available to be issued.

**Organization**

Frenchport Water Association, Inc. was formed as a nonprofit organization, under the laws of the State of Arkansas. The purpose of the Association is to acquire, construct, own and operate facilities for the development, storage, and utilization of water for agricultural, domestic, industrial, and community purposes on a mutual basis by residents of a rural area.

**Basis of Accounting**

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Estimates**

Management of the Association has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

**Allowance for Bad Debts**

Allowance for bad debts is determined using the specific write-off method. This method is not in accordance with generally accepted accounting principles, but use of this method is not considered a material misstatement of the financial statements.

**Capital Assets**

The cost of additions and major replacements of retired units of property are capitalized. The Association defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets and any profit or loss resulting from the disposal is credited or charged in the non-operating section of the statements of revenues, expenses and changes in net assets. The cost of current repairs, maintenance, and minor replacements is charged to expense. Construction in progress primarily relates to upgrades of existing facilities.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

|                                  | Years  |
|----------------------------------|--------|
| Buildings                        | 40     |
| Distribution Lines and Equipment | 5 - 40 |
| Pump Station                     | 40     |
| Pond                             | 40     |



**FRENCHPORT WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 2023 and 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.):**

**Operating Revenues and Expenses**

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

**Income Taxes**

The Association is exempt from income taxes. They have been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501 (c) (12).

**Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Frenchport Water Association, Inc. considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Equity Classifications**

Net assets comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net assets are classified in the following two components:

*With donor restrictions-* This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Without donor restrictions -* This component of net assets consists of net assets not subject to donor - imposed restrictions.

**Budgets and Budgetary Accounting**

Prior to the beginning of the new fiscal year, the Board of Directors adopts an annual budget for the Association. The budget of the Association is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, and nonoperation income and expense items are not considered. All annual appropriations lapse at fiscal year-end.

**Restricted Assets**

Certain proceeds of the Association's revenue, as well as certain resources set aside for the bond repayment and bond agreement requirements, are classified as restricted assets on the Statement of Financial Position, because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Restricted assets set aside for debt service reserves at October 31, 2023 and 2022 totaled \$129,054 and \$125,296 respectively.

**Adoption of GASB 87**

Effective November 1, 2022, the Association adopted GASB 87, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

Results for periods beginning prior to November 1, 2022 continue to be reported in accordance with our historical accounting treatment, based on relief provided in the practical expedients of this new standard. The adoption of GASB 87 did not have a material impact on the Fund's results of operations or cash flows.

**FRENCHPORT WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 2023 and 2022**

**NOTE 2 - LONG-TERM DEBT:**

Long-term debt consists of the following:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Loan Payable to Arkansas Natural Resources Commission, due in annual installments of \$23,842, including interest at 2.75% (1)           | \$ 137,667        | \$ 155,285        |
| Loan Payable to Arkansas Development Finance Authority, due in semi-annual installments of \$18,162, including a service fee of 0.5% (2) | <u>245,021</u>    | <u>279,990</u>    |
|  | 382,688           | 435,275           |
| Less Current Portion   | (53,200)          | (52,600)          |
| Long Term Portion  | <u>\$ 329,488</u> | <u>\$ 382,675</u> |

(1) The revenue bond has a restrictive covenant, including the requirement to establish and maintain a depreciation reserve fund equal to 3% of the systems gross revenue until the reserve reaches \$50,000.

(2) The revenue bond has a restrictive covenant, including the requirement to establish and maintain a depreciation reserve fund equal to 3% of the systems gross revenue until the reserve reaches \$35,410.

Maturities of long-term debt in the years subsequent to October 31, 2023 are approximately:

|           | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-----------|-------------------|------------------|-------------------|
| 2024      | \$ 53,200         | \$ 5,034         | \$ 58,234         |
| 2025      | 53,900            | 4,334            | 58,234            |
| 2026      | 54,600            | 3,634            | 58,234            |
| 2027      | 55,300            | 2,934            | 58,234            |
| 2028      | 56,100            | 2,134            | 58,234            |
| 2029-2030 | <u>109,588</u>    | <u>6,886</u>     | <u>116,474</u>    |
|           | <u>\$ 382,688</u> | <u>\$ 13,002</u> | <u>\$ 395,690</u> |

Long-term liability activity for the years ended October 31, 2023 and 2022 is as follows:

|                | <u>Balance</u>    |                  | <u>Balance</u>     |                   | <u>Due Within</u> |
|----------------|-------------------|------------------|--------------------|-------------------|-------------------|
|                | <u>10/31/2022</u> | <u>Additions</u> | <u>Retirements</u> | <u>10/31/2023</u> | <u>One Year</u>   |
| Long Term Debt |                   |                  |                    |                   |                   |
| Bond           | \$ 279,990        | \$ -             | \$ (34,969)        | \$ 245,021        | \$ 35,100         |
| Loan           | <u>155,285</u>    | <u>-</u>         | <u>(17,618)</u>    | <u>137,667</u>    | <u>18,100</u>     |
| Total          | <u>\$ 435,275</u> | <u>\$ -</u>      | <u>\$ (52,587)</u> | <u>\$ 382,688</u> | <u>\$ 53,200</u>  |

**FRENCHPORT WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 2023 and 2022**

**NOTE 2 - LONG-TERM DEBT (continued):**

|                |    | Balance<br>10/31/2021 | Additions   | Retirements        | Balance<br>10/31/2022 | Due Within<br>One Year |
|----------------|----|-----------------------|-------------|--------------------|-----------------------|------------------------|
| Long Term Debt |    |                       |             |                    |                       |                        |
| Bond           | \$ | 314,779               | \$ -        | \$ (34,789)        | \$ 279,990            | \$ 35,000              |
| Loan           |    | 172,431               | -           | (17,146)           | 155,285               | 17,600                 |
| Total          | \$ | <u>487,210</u>        | <u>\$ -</u> | <u>\$ (51,935)</u> | <u>\$ 435,275</u>     | <u>\$ 52,600</u>       |

The Association has pledged future water customer revenues, net of specified operating expenses, to repay \$382,688 in long-term debt. Proceeds from the bonds/loans were used for the rehabilitation of the Association's storage tank and to improve system-wide water meters and meter reading. Principal and interest on the bonds/loans are payable through October 2030, solely from the water customer net revenues. Principal and interest paid in the year ended October 31, 2023 were \$52,587 and \$4,270, respectively. Principal and interest paid in the year ended October 31, 2022 were \$51,935 and \$6,954, respectively.

**NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS:**

As required by law, all funds are deposited in approved banks. The deposited funds are insured by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the banks in the Association's name.

**NOTE 4 – CAPITAL ASSETS:**

A summary of changes in capital assets for the years ended October 31, 2023 and 2022 is as follows:

|                                | Balance<br>10/31/2022 | Additions   | Deletions/<br>Transfers | Balance<br>10/31/2023 |
|--------------------------------|-----------------------|-------------|-------------------------|-----------------------|
| Buildings                      | \$ 27,285             | \$ -        | \$ -                    | \$ 27,285             |
| Construction                   | 284,163               | -           | -                       | 284,163               |
| Distribution Lines & Equipment | 1,235,592             | -           | -                       | 1,235,592             |
| Machinery & Equipment          | 45,585                | -           | -                       | 45,585                |
| Electronic Meters              | 349,397               | -           | -                       | 349,397               |
| Elliot Pond                    | 10,000                | -           | -                       | 10,000                |
| Land                           | 14,900                | -           | -                       | 14,900                |
| Octave Meter                   | 35,784                | -           | -                       | 35,784                |
| Pump Station                   | 34,925                | -           | -                       | 34,925                |
| Total                          | <u>2,037,631</u>      | <u>\$ -</u> | <u>\$ -</u>             | <u>2,037,631</u>      |
| Less: Accumulated Depreciation | <u>(1,325,298)</u>    |             |                         | <u>(1,374,758)</u>    |
| Total Capital Assets           | <u>\$ 712,333</u>     |             |                         | <u>\$ 662,873</u>     |

**FRENCHPORT WATER ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**October 31, 2023 and 2022**

**NOTE 4 – CAPITAL ASSETS (continued):**

|                                | Balance<br>10/31/2021 | Additions | Deletions/<br>Transfers | Balance<br>10/31/2022 |
|--------------------------------|-----------------------|-----------|-------------------------|-----------------------|
| Buildings                      | \$ 27,285             | \$ -      | \$ -                    | \$ 27,285             |
| Construction                   | 284,163               | -         | -                       | 284,163               |
| Distribution Lines & Equipment | 1,235,592             | -         | -                       | 1,235,592             |
| Machinery & Equipment          | 42,935                | 2,650     | -                       | 45,585                |
| Electronic Meters              | 349,397               | -         | -                       | 349,397               |
| Elliot Pond                    | 10,000                | -         | -                       | 10,000                |
| Land                           | 14,900                | -         | -                       | 14,900                |
| Octave Meter                   | 35,784                | -         | -                       | 35,784                |
| Pump Station                   | 34,925                | -         | -                       | 34,925                |
| Total                          | 2,034,981             | \$ 2,650  | \$ -                    | 2,037,631             |
| Less: Accumulated Depreciation | (1,266,892)           |           |                         | (1,325,298)           |
| Total Capital Assets           | \$ 768,089            |           |                         | \$ 712,333            |

**NOTE 5 –LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The following reflects the Association's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

|   | 2023       | 2022       |
|---|------------|------------|
| Financial assets at year end  | \$ 314,086 | \$ 326,026 |
| Less those unavailable for general expenditures within one year, due to:              |            |            |
| Donor-restricted for long-term debt reserves  | 129,054    | 125,296    |
| Financial assets available to meet cash needs for general expenditure within one year | \$ 185,032 | \$ 200,730 |

As part of the Association's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically certificates of deposit and savings accounts.

## **SUPPLEMENTARY INFORMATION**



**Berry & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of CPA

Arkansas Society of CPAs

Texas Society of CPAs

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**INDEPENDENT AUDITOR'S 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**

**To the Board of Directors  
Frenchport Water Association, Inc.  
Camden, Arkansas**

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 Frenchport Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of October 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) as a basis for designing 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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**11225 Huron Lane, Suite 212 • Little Rock, AR 72211 • 501-227-9044 • Fax 501-227-8791 •  
[jiberry@berryassociatescpa.com](mailto:jiberry@berryassociatescpa.com)  
2911 Turtle Creek Blvd., Suite 300 • Dallas, TX 75219 • 972-437-2919  
2088 Main Street, Suite A • Madison, MS 39110**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association'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 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 or other matters that are required to be reported under *Government Auditing Standards*.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Berry & Associates".

Berry & Associates, P.A.  
Little Rock, Arkansas  
January 12, 2024

**FRENCHPORT WATER ASSOCIATION, INC.  
SUPPLEMENTARY INFORMATION  
OCTOBER 31, 2023**

**WATER AND SEWER RATE SCHEDULES:**

| Water Rates                          |    | Per Thousand<br>Gallons |
|--------------------------------------|----|-------------------------|
| <b>Rate Schedule 1</b>               |    |                         |
| First 1,000 gallons (minimum charge) | \$ | 17.00                   |
| Next 7,000 gallons                   |    | 8.00                    |
| Next 7,000 gallons                   |    | 7.50                    |
| All over 15,000 gallons              |    | 6.75                    |
| <b>Rate Schedule 2</b>               |    |                         |
| First 1,000 gallons (minimum charge) | \$ | 19.00                   |
| Next 4,000 gallons                   |    | 8.25                    |
| Next 5,000 gallons                   |    | 7.75                    |
| All over 10,000 gallons              |    | 7.00                    |
| <b>Rate Schedule 3</b>               |    |                         |
| First 1,000 gallons (minimum charge) | \$ | 21.05                   |
| Next 4,000 gallons                   |    | 8.25                    |
| Next 5,000 gallons                   |    | 7.75                    |
| All over 10,000 gallons              |    | 7.00                    |
| <b>Sewer Rates</b>                   |    |                         |
| First 1,000 gallons (minimum charge) | \$ | 21.00                   |
| All over 1,000 gallons               |    | 4.05                    |

At October 31, 2023 water service was provided to 734 users.

**ACCOUNTING:**

The accounting records were found to be adequate and in agreement with the accompanying financial statements, after giving affect to various adjustments.

**BOARD MEMBERS:**

| Name          | Title          |
|---------------|----------------|
| Kyle Wimsett  | President      |
| Danny Foster  | Vice-President |
| Brian Minor   | Secretary      |
| Michael Tyler | Board Member   |
| Tammy Tyler   | Board Member   |
| Blake Eason   | Maintenance    |