

**TOWN OF FRANKLIN
WATER DEPARTMENT
AGREED-UPON PROCEDURES
DECEMBER 31, 2022**

WHITMIRE, ROBINSON & CO., CPA, LTD.

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Town of Franklin Water Department
Franklin, AR

We have performed the procedures enumerated below on the Town of Franklin Water Department (the Department)'s financial statements for the fiscal year ended December 31, 2022. The Mayor, City Council, and Town of Franklin's management are responsible for the financial statements and these procedures.

The Mayor of the Town of Franklin and City Council have agreed to acknowledge that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas Code Annotated 14-234-119 through 14-234-122 and *Guidelines for Conducting Agreed-Upon Procedure for Water and Sewer Service Providers* prepared by the Arkansas Legislative Joint Audit Committee. The Town of Franklin's management is responsible for maintaining the financial records and complying with state law. The procedures enumerated below were performed only for the Water Works System. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and findings are as follows:

CASH AND INVESTMENTS

- a) Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- b) Confirm with depository institutions the cash on deposit and investments.
- c) Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of the above procedures.

RECEIPTS

- a) Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.

- b) Agree ten (10) customer payments on the accounts receivable sub-ledger to deposit and billing documents.
- c) For one deposit, agree the cash/check composition of the deposit with the receipt information.

We found no exceptions as a result of the above procedures.

ACCOUNTS RECEIVABLE

- a) Agree ten (10) customer billings to the accounts receivable sub-ledger.
- b) Determine that five (5) customer adjustments were properly authorized.

We found 5 exceptions of billing not calculated correctly.
We found customers adjustments were not properly authorized.

DISBURSEMENTS

- a) Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- b) Analyze all property, plant, and equipment disbursements.
- c) Select all disbursements paid to employees other than payroll and ten (10) disbursements and determine if they were adequately documented.

We found one exception of no invoice for cash disbursement to Harland checks for \$65.73.

PROPERTY, PLANT AND EQUIPMENT

- a) Determine that additions and disposals were properly accounted for in the records. (Materiality legal - 5% of total equipment or \$500, whichever is greater.)

We found no exceptions as a result of the above procedures.

LONG-TERM DEBT

- a) Schedule long-term debt and verify changes in all balances for the year.
- b) Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- c) Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the above procedures.

GENERAL

- a) Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the above procedures.

We were engaged by the Mayor of the Town of Franklin 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 examination or review engagement, the objective of which would be the expression of an opinion or conclusion on the accounting records. 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 Town of Franklin and to meet our 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 Mayor and City Council of the Town of Franklin and is not intended to be, and should not be, used by anyone other than those specified parties.

Whitmire, Robinson & Co.

Whitmire, Robinson & Co., CPA
Batesville, AR
May 26, 2023

**TOWN OF FRANKLIN
WATER DEPARTMENT
COMPILATION
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Council Members of the Town of Franklin Water Department
Franklin, Arkansas

Management is responsible for the accompanying financial statements of the business-type activities of the Town of Franklin Water Department (the Department) which comprise the statement of net position - cash basis as of December 31, 2022 and 2021, and the related statement of revenue, expenses and net position - cash basis for the years 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 of Accounting and Review Services promulgated by 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. We do not express an opinion, a conclusion, nor provide any 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.

Cash basis of accounting requires that property, plant and equipment be recorded in the financial statements. Management has not recorded property, plant, and equipment in the accompanying financial statements. Management has not determined the effect on this departure on the financial statements.

Management has elected to omit substantially all the disclosures ordinarily included in the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, cash receipts and disbursements. Accordingly, the financial statements are not designed for those who are informed about such things.

Whitmire, Robinson & Co.

Whitmire, Robinson & Co., CPA
Batesville, Arkansas
May 26, 2023

**Town of Franklin Water Department
Statement of Net Position- Cash Basis
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 86,762	\$ 56,220
Due from general fund	423	479
Certificate of Deposits	89,026	113,873
Restricted Cash	100	-
Construction in Progress	11,714	-
Total Assets	<u>188,025</u>	<u>170,572</u>
	<u>2022</u>	<u>2021</u>
Liabilities		
Sales Tax Payable	392	251
Payroll Tax Payable	391	380
Long Term Debt	13,452	-
Total Liabilities	<u>14,235</u>	<u>631</u>
Net Position		
Unrestricted	<u>173,790</u>	<u>169,941</u>
Total Net Position	<u>173,790</u>	<u>169,941</u>
Total Liabilities and Equity	<u>\$ 188,025</u>	<u>\$ 170,572</u>

See Accountants' Compilation Report

Town of Franklin Water Department
Statement of Revenue, Expenses and Net Position - Cash Basis
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue		
Water income	\$ 51,731	\$ 42,812
Sales Tax Income	5,365	4,547
Interest Income	164	475
Other Revenue	1,000	1,271
Total Revenue	<u>58,260</u>	<u>49,105</u>
Expenses		
Contract Labor	2,282	1,826
Fuel	80	70
Dues and Subscriptions	1,102	1,108
Insurance	545	534
Miscellaneous	819	96
Office expense	964	489
Payroll taxes	736	503
Postage	502	503
Repairs and Maintenance	12,483	1,008
Salaires	9,796	8,959
Supplies	4,923	1,171
Trash Payments	12,710	11,583
Utilities	7,469	6,492
Total Expenses	<u>54,411</u>	<u>34,342</u>
Income	<u>3,849</u>	<u>14,763</u>
Beginning Net Position	<u>169,941</u>	<u>155,178</u>
Ending Net Position	<u>\$ 173,790</u>	<u>\$ 169,941</u>

See Accountants' Compilation Report