

TOWN OF WHELEN SPRINGS WATER SYSTEM

DECEMBER 31, 2021



ECHOLS, THOMPSON & KNEEBONE ^{LTD}
— CERTIFIED PUBLIC ACCOUNTANTS —

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Town of Whelen Springs Water System

We have performed the procedures enumerated below. These procedures are provided by the Arkansas Joint Auditing Committee and agreed to by the Town of Whelen Springs Water System and its board of directors, solely to assist you with respect to the financial information of the Town of Whelen Springs Water System for the year ended December 31, 2021. Management is responsible for the financial information of the Town of Whelen Springs Water System. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Cash and Investments:

- 1) We performed a proof of cash for the year and reconciled year-end bank balances to book balance.
- 2) We confirmed with depository institutions the cash on deposit and investments.
- 3) We agreed the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We had no findings with respect to the procedures performed.

Receipts:

- 1) We agreed the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- 2) We agreed ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- 3) For one deposit, we agreed the cash/check composition of the deposit with receipt information.

We had no findings with respect to the procedures performed.

Accounts Receivable:

- 1) We agreed ten customer billings to the accounts receivable sub ledger.
- 2) We determined that five customer adjustments were properly authorized.

We had no findings with respect to the procedures performed.

**Independent Accountant's Report
On Applying Agreed-Upon Procedures (Continued)
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Disbursements:

- 1) We agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- 2) We analyzed all property, plant, and equipment disbursements.
- 3) We selected ten disbursements and determined that they were adequately documented.

We had no findings with respect to the procedures performed.

Property, Plant, and Equipment:

- 1) We determined that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater.)

We had no findings with respect to the procedures performed.

Long-Term Debt:

- 1) We scheduled long-term debt and verify changes in all balances for the year.
- 2) We confirmed loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- 3) We determined that the appropriate debt service accounts have been established and maintained.

We had no findings with respect to the procedures performed.

General:

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

We had no findings with respect to the procedures performed.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Whelen Springs Water System, Arkansas Natural Resources Commission, and the Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than those specified parties.

Echols, Thompson & Kneebone, LTD.

October 31, 2022

TURNER, RODGERS, MANNING & PLYLER, PLLC
Certified Public Accountants

To the Town Council
Town of Whelen Springs Water System

Management is responsible for the accompanying financial statements of the business-type activities of the Town of Whelen Springs Water System, which comprise the balance sheet as of December 31, 2021, and the related statement of income for the one month and the twelve months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's balance sheet and income statement. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Town of Whelen Springs Water System.

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, AR
September 11, 2022

**TOWN OF WHELEN SPRINGS WATER SYSTEM
BALANCE SHEET
December 31, 2021**

ASSETS

CURRENT ASSETS

CASH IN BANK-REVENUE	\$	76,281.18
CASH IN BANK-OPER & MAINT		9,392.02
ACCT REC-CUSTOMERS		<u>10,771.51</u>

TOTAL CURRENT ASSETS \$ 96,444.71

RESTRICTED ASSETS

CASH IN BANK-METER DEPOSITS	13,461.91
CASH IN BANK-'90 REVENUE BOND	7,724.11
CASH IN BANK-DEPR 2005 A & B	21,297.76
CASH IN BANK-AR NRC	<u>14,076.23</u>

TOTAL RESTRICTED ASSETS 56,560.01

PROPERTY AND EQUIPMENT

LAND	2,272.00
WATER DISTRIBUTION SYSTEM	1,288,355.94
ACCUM DEPR - WATER SYSTEM	<u>(724,088.88)</u>

TOTAL PROPERTY AND EQUIPMENT 566,539.06

OTHER ASSETS

TOTAL ASSETS \$ 719,543.78

**TOWN OF WHELEN SPRINGS WATER SYSTEM
BALANCE SHEET
December 31, 2021**

LIABILITIES AND EQUITY

CURRENT LIABILITIES

NOTE PAY - CURRENT MATURITIES	\$	20,849.44
ACCRUED INTEREST PAYABLE		7,485.30
ACCOUNTS PAYABLE-TRADE		6,885.95
SALES TAX PAYABLE		<u>796.00</u>

TOTAL CURRENT LIABILITIES \$ 36,016.69

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

CUSTOMERS DEPOSITS		<u>12,037.69</u>
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TOTAL LIAB. PAY FROM RESTRICTED ASSETS \$ 12,037.69

LONG TERM LIABILITIES

NOTE PAYABLE - RDA #91-01	34,909.43
NOTE PAYABLE - RDA #91-02	223,487.13
NOTE PAY - AR NATURAL RES COMM	191,852.48
NOTE PAYABLE - RDA #91-04	34,448.33
LESS CURRENT MATURITIES	<u>(20,849.44)</u>

TOTAL LONG TERM LIABILITIES 463,847.93

FUND EQUITY

EQUITY, CWA	(494,480.68)
GRANTS-AID OF CONSTRUCTION	712,180.62
CURRENT INCOME(LOSS)	<u>(10,058.47)</u>

TOTAL FUND EQUITY 207,641.47

TOTAL LIABILITIES & EQUITY \$ 719,543.78

**TOWN OF WHELEN SPRINGS WATER SYSTEM
INCOME STATEMENT
FOR THE PERIOD ENDED December 31, 2021**

	1 Month Ended <u>Dec. 31, 2021</u>	<u>Pct</u>	12 Months Ended <u>Dec. 31, 2021</u>	<u>Pct</u>
INCOME				
WATER REVENUE	\$ 11,171.00	98.28	\$ 145,863.46	97.50
PENALTIES	195.64	1.72	2,585.19	1.73
WATER TAP FEES	0.00	0.00	1,150.00	0.77
SANITATION	464.00	4.08	5,400.00	3.61
WATER SYSTEM PUBLIC SVC FEE	74.70	0.66	879.30	0.59
MISCELLANEOUS REVENUE	(1,192.44)	(10.49)	(5,979.61)	(4.00)
TRANSFERS FROM GENERAL FUND	<u>8,782.21</u>	<u>77.26</u>	<u>8,782.21</u>	<u>5.87</u>
TOTAL INCOME	19,495.11	171.51	158,680.55	106.07
GENERAL EXPENSES				
PURCHASE-WATER	3,674.00	32.32	52,768.06	35.27
UTILITIES & TELEPHONE	50.31	0.44	2,419.99	1.62
REPAIR & MAINTENANCE	0.00	0.00	14,325.92	9.58
DEPRECIATION	2,684.08	23.61	32,208.96	21.53
PROFESSIONAL SERVICES	1,825.00	16.06	6,600.00	4.41
INSURANCE	0.00	0.00	1,280.16	0.86
DUES & SUBSCRIPTIONS	0.00	0.00	2,683.00	1.79
OUTSIDE PROCESSING SERVICES	2,000.00	17.60	24,000.00	16.04
OFFICE-SUPPLIES & POSTAGE	0.00	0.00	60.90	0.04
SANITATION PICK-UP	504.00	4.43	5,392.00	3.60
BAD DEBTS	0.00	0.00	333.11	0.22
MISCELLANEOUS	<u>(318.31)</u>	<u>(2.80)</u>	<u>1,469.29</u>	<u>0.98</u>
TOTAL EXPENSES	<u>10,419.08</u>	<u>91.66</u>	<u>143,541.39</u>	<u>95.95</u>
OPERATING INCOME(LOSS)	9,076.03	79.85	15,139.16	10.12
OTHER INCOME (EXPENSE):				
INTEREST INCOME	10.19	0.09	117.03	0.08
INTEREST EXPENSE	<u>(2,740.57)</u>	<u>(24.11)</u>	<u>(25,314.66)</u>	<u>(16.92)</u>
TOTAL OTHER INCOME(EXPENSES)	<u>(2,730.38)</u>	<u>(24.02)</u>	<u>(25,197.63)</u>	<u>(16.84)</u>
NET INCOME (LOSS)	\$ <u><u>6,345.65</u></u>	<u><u>55.83</u></u>	\$ <u><u>(10,058.47)</u></u>	<u><u>(6.72)</u></u>