

TOWN OF WHELEN SPRINGS WATER SYSTEM  
DECEMBER 31, 2022  
AND  
AGREED-UPON PROCEDURE FOR WATER AND  
SEWER  
AUGUST 2, 2021

WOOD AND WOOD, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Town Council of Whelen Springs  
Town of Whelen Springs Water System

We have performed the procedures enumerated below on the financial accounts of the Town of Whelen Springs, Arkansas Water System, as of and for the year ended December 31, 2022. The Town of Whelen Springs, Arkansas Water System is responsible for the financial accounts.

The Town of Whelen Springs, Arkansas Water System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas Code §14-234-119 and the *Guidelines for Conducting Agreed-upon Procedures for Water and Sewer Providers* dated August 2, 2021 as published by the Arkansas Legislative Joint Auditing Committee. This report may not be suitable for any other purpose. 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.

The procedures and the associated findings are as follows:

Cash and Investments

- (1) Procedure: Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- Findings: There were no exceptions found as a result of applying this procedure.
- (2) Procedure: Confirm with depository institutions the cash on deposits and investments.
- Findings: There were no exceptions found as a result of applying procedures.
- (3) Procedures: Agree the proof of cash ending balances to the book balances within 5% or \$500.00 whichever is greater.
- Findings: There were no exceptions found as a result of applying this procedure.

Receipts

- (1) Procedures: Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500.00, whichever is greater.
- Findings: There were no exceptions found as a result of applying this procedure.
- (2) Procedure: Agree 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.
- Findings: There were no exceptions found as a result of applying this procedure.
- (3) Procedure: For ten deposits, agree the cash/check composition of the deposit with receipt information
- Findings: There were no exceptions found as a result of applying this procedure.

#### Accounts Receivable

- (1) Procedure: Agree 10 customer billings to the accounts receivable sub ledger.  
Findings: There were no exceptions found as a result of applying the procedure.
- (2) Procedure: Determine that 5 customer adjustments were properly authorized.  
Findings: When errors in billings are determined (located) corrections to such billings were made.

#### Disbursements

- (1) Procedure: Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500.00, whichever is greater.  
Findings: There were no exceptions found as a result of applying this procedure.
- (2) Procedure: Analyze all property, plant and equipment disbursements.  
Findings: There were no exceptions found as a result of applying this procedure.
- (3) Procedure: Select all disbursements paid to employees other than payroll and 10 other disbursements and determine if they were adequately documented.  
Findings: There were no exceptions found as a result of applying this procedure.

#### Property, Plant and Equipment

- (1) Procedure: Determine that additions and disposals were properly accounted for in the records. (Materiality level 5% of total equipment or \$500.00, whichever is greater).  
Findings: There were no exceptions found as a result of applying the procedures.


#### Long-Term Debt

- (1) Procedure: Schedule long-term debt and verify change in all balances for the year.  
Findings: There were no exceptions found as a result of applying this procedure.
- (2) Procedure: Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.  
Findings: Direct confirmation of notes payable to Arkansas Natural Resources Commission were not requested. Alternative procedures were applied in lieu of direct confirmation, ie; examination of documentation and loan schedules. No exceptions were found.
- (3) Procedure: Determine that the appropriate debt service accounts have been established and maintained.  
Findings: There were no exceptions found as a result of applying this procedure. It was determined that the appropriate debt service accounts have been established in accordance with loan requirements.

We were engaged by the Town of Whelen Springs, Arkansas Water System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial accounts and compliance with Arkansas Statutes. 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 Town of Whelen Springs, Arkansas Water System and to meet our other 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 management of the Town of Whelen Springs, Arkansas Water System and the State of Arkansas Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Wood and Wood Ltd", written in a cursive style.

Wood and Wood, Ltd.  
Magnolia, AR

April 17, 2025

**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, 2022, 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  
January 5, 2023

**TOWN OF WHELEN SPRINGS WATER SYSTEM  
BALANCE SHEET  
December 31, 2022**

**ASSETS**

**CURRENT ASSETS**

CASH IN BANK-REVENUE	\$	79,937.47
CASH IN BANK-OPER & MAINT		2,444.77
ACCT REC-CUSTOMERS		<u>12,856.36</u>

<b>TOTAL CURRENT ASSETS</b>		<b>\$ 95,238.60</b>
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**RESTRICTED ASSETS**

CASH IN BANK-METER DEPOSITS		13,814.08
CASH IN BANK-'90 REVENUE BOND		8,242.87
CASH IN BANK-DEPR 2005 A & B		21,721.25
CASH IN BANK-AR NRC		<u>16,020.23</u>

<b>TOTAL RESTRICTED ASSETS</b>		<b>59,798.43</b>
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**PROPERTY AND EQUIPMENT**

LAND		2,272.00
WATER DISTRIBUTION SYSTEM		1,288,355.94
ACCUM DEPR - WATER SYSTEM		<u>(756,297.84)</u>

<b>TOTAL PROPERTY AND EQUIPMENT</b>		<b>534,330.10</b>
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**OTHER ASSETS**

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>689,367.13</u></b>
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**TOWN OF WHELEN SPRINGS WATER SYSTEM  
BALANCE SHEET  
December 31, 2022**

**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>955.00</u>

**TOTAL CURRENT LIABILITIES** \$ 36,175.69

**LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

CUSTOMERS DEPOSITS		<u>12,402.69</u>
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**TOTAL LIAB. PAY FROM RESTRICTED ASSETS** \$ 12,402.69

**LONG TERM LIABILITIES**

NOTE PAYABLE - RDA #91-01	31,505.97
NOTE PAYABLE - RDA #91-02	217,028.92
NOTE PAY - AR NATURAL RES COMM	172,471.48
NOTE PAYABLE - RDA #91-04	33,644.34
LESS CURRENT MATURITIES	<u>(20,849.44)</u>

**TOTAL LONG TERM LIABILITIES** 433,801.27

**FUND EQUITY**

EQUITY, CWA	(504,539.15)
GRANTS-AID OF CONSTRUCTION	712,180.62
CURRENT INCOME(LOSS)	<u>(653.99)</u>

**TOTAL FUND EQUITY** 206,987.48

**TOTAL LIABILITIES & EQUITY** \$ 689,367.13

**TOWN OF WHELEN SPRINGS WATER SYSTEM  
INCOME STATEMENT  
FOR THE PERIOD ENDED December 31, 2022**

	1 Month Ended Dec. 31, 2022	Pct	12 Months Ended Dec. 31, 2022	Pct
<b>INCOME</b>				
WATER REVENUE	\$ 11,797.10	98.65	\$ 142,204.46	97.63
PENALTIES	161.54	1.35	2,232.85	1.53
WATER TAP FEES	0.00	0.00	1,225.00	0.84
SANITATION	424.00	3.55	5,152.00	3.54
WATER SYSTEM PUBLIC SVC FEE	76.20	0.64	896.10	0.62
MISCELLANEOUS REVENUE	(71.58)	(0.60)	(700.77)	(0.48)
<b>TOTAL INCOME</b>	<b>12,387.26</b>	<b>103.58</b>	<b>151,009.64</b>	<b>103.67</b>
<b>GENERAL EXPENSES</b>				
PURCHASE-WATER	2,476.01	20.70	42,924.46	29.47
UTILITIES & TELEPHONE	203.75	1.70	2,498.04	1.71
REPAIR & MAINTENANCE	215.29	1.80	20,699.66	14.21
DEPRECIATION	2,684.08	22.44	32,208.96	22.11
PROFESSIONAL SERVICES	405.00	3.39	7,920.00	5.44
INSURANCE	0.00	0.00	1,405.60	0.96
DUES & SUBSCRIPTIONS	0.00	0.00	1,947.40	1.34
OUTSIDE PROCESSING SERVICES	2,000.00	16.72	24,000.00	16.48
OFFICE-SUPPLIES & POSTAGE	0.00	0.00	62.70	0.04
SANITATION PICK-UP	424.00	3.55	5,184.00	3.56
BAD DEBTS	33.78	0.28	608.45	0.42
MISCELLANEOUS	50.00	0.42	80.00	0.05
<b>TOTAL EXPENSES</b>	<b>8,491.91</b>	<b>71.01</b>	<b>139,539.27</b>	<b>95.80</b>
<b>OPERATING INCOME(LOSS)</b>	<b>3,895.35</b>	<b>32.57</b>	<b>11,470.37</b>	<b>7.87</b>
<b>OTHER INCOME (EXPENSE):</b>				
INTEREST INCOME	42.32	0.35	220.98	0.15
INTEREST EXPENSE	(1,109.08)	(9.27)	(12,345.34)	(8.48)
<b>TOTAL OTHER INCOME(EXPENSES)</b>	<b>(1,066.76)</b>	<b>(8.92)</b>	<b>(12,124.36)</b>	<b>(8.32)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 2,828.59</b>	<b>23.65</b>	<b>\$ (653.99)</b>	<b>(0.45)</b>