

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, 2023. 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 deposit and investments.

Findings: There were no exceptions found as a result of applying this procedure.

(3) Procedure: 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) Procedure: 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 subledger 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: We could not agree cash/check composition of 4 deposits with receipt information.

Accounts Receivable:

- (1) Procedure: Agree 10 customer billings to the accounts receivable subledger.
- 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 documents.
- 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 result of applying this procedure.

Long-Term Debt

- (1) Procedure: Schedule long-term debt and verify changes 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 the 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 dark ink, appearing to read "Wood and Wood Ltd", is positioned above the printed company name.

Wood and Wood, Ltd.
Magnolia, AR

September 24, 2025

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 statement of net position as of December 31, 2023, and the related statement of revenues and expenses 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 9, 2024

TOWN OF WHELEN SPRINGS WATER SYSTEM
STATEMENT OF NET POSITION
December 31, 2023

ASSETS

CURRENT ASSETS

CASH IN BANK-REVENUE	\$ 82,953.49
CASH IN BANK-OPER & MAINT	2,954.54
ACCT REC-CUSTOMERS	<u>12,868.19</u>

TOTAL CURRENT ASSETS	98,776.22
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RESTRICTED ASSETS

CASH IN BANK-METER DEPOSITS	14,654.46
CASH IN BANK-'90 REVENUE BOND	8,780.95
CASH IN BANK-DEPR 2005 A & B	22,193.09
CASH IN BANK-AR NRC	<u>17,964.23</u>

TOTAL RESTRICTED ASSETS	63,592.73
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PROPERTY AND EQUIPMENT

LAND	2,272.00
WATER DISTRIBUTION SYSTEM	1,307,705.94
ACCUM DEPR - WATER SYSTEM	<u>(791,040.84)</u>

TOTAL PROPERTY AND EQUIPMENT	518,937.10
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OTHER ASSETS

TOTAL ASSETS	<u><u>\$ 681,306.05</u></u>
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SEE ACCOMPANYING ACCOUNTANTS' COMPILATION REPORT.

TOWN OF WHELEN SPRINGS WATER SYSTEM
STATEMENT OF NET POSITION
December 31, 2023

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

NOTE PAY - CURRENT MATURITIES	\$ 23,440.92
ACCRUED INTEREST PAYABLE	5,924.65
ACCOUNTS PAYABLE-TRADE	7,252.70
SALES TAX PAYABLE	<u>939.00</u>

TOTAL CURRENT LIABILITIES 37,557.27

LIABILITIES PAYABLE FROM RESTRICTED ASSETS

CUSTOMERS DEPOSITS	<u>12,842.69</u>
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TOTAL LIAB. PAY FROM RESTRICTED ASSETS 12,842.69

LONG TERM LIABILITIES

NOTE PAYABLE - RDA #91-01	27,792.95
NOTE PAYABLE - RDA #91-02	208,825.67
NOTE PAY - AR NATURAL RES COMM	171,785.98
NOTE PAYABLE - RDA #91-04	32,623.07
LESS CURRENT MATURITIES	<u>(23,440.92)</u>

TOTAL LONG TERM LIABILITIES 417,586.75

NET POSITION

EQUITY, CWA	(506,153.14)
GRANTS-AID OF CONSTRUCTION	712,180.62
CURRENT INCOME(LOSS)	<u>7,291.86</u>

TOTAL NET POSITION 213,319.34

TOTAL LIABILITIES & NET POSITION	<u><u>\$ 681,306.05</u></u>
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SEE ACCOMPANYING ACCOUNTANTS' COMPILATION REPORT.

TOWN OF WHELEN SPRINGS WATER SYSTEM
STATEMENT OF REVENUES & EXPENSES
FOR THE PERIOD ENDED December 31, 2023

	12 Months Ended Dec. 31, 2023
INCOME	
WATER REVENUE	\$ 148,269.93
PENALTIES	3,019.89
WATER TAP FEES	2,350.00
SANITATION	5,096.00
WATER SYSTEM PUBLIC SVC FEE	902.70
MISCELLANEOUS REVENUE	<u>8,684.95</u>
 TOTAL INCOME	 168,323.47
GENERAL EXPENSES	
PURCHASE-WATER	48,479.05
UTILITIES & TELEPHONE	2,173.23
REPAIR & MAINTENANCE	1,524.81
DEPRECIATION	34,743.00
PROFESSIONAL SERVICES	5,120.00
INSURANCE	1,444.76
DUES & SUBSCRIPTIONS	1,908.10
OUTSIDE PROCESSING SERVICES	32,000.00
OFFICE SUPPLIES & POSTAGE	64.00
SANITATION PICK-UP	5,096.00
BAD DEBTS	51.51
MISCELLANEOUS	<u>60.00</u>
 TOTAL EXPENSES	 <u>132,664.46</u>
 OPERATING INCOME	 35,659.01
OTHER INCOME (EXPENSE):	
INTEREST INCOME	466.16
INTEREST EXPENSE	<u>(28,833.31)</u>
 TOTAL OTHER INCOME(EXPENSES)	 <u>(28,367.15)</u>
 NET INCOME	 <u><u>\$ 7,291.86</u></u>

SEE ACCOMPANYING ACCOUNTANTS' COMPILATION REPORT.