

BRUNNER HILL WATER ASSOCIATION, INC.

COMPILED FINANCIAL STATEMENTS
AND
AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

BALLARD & COMPANY, LTD.

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BALLARD & COMPANY, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

BUSINESS CONSULTANTS

Members of the American Institute of Certified Public Accountants
Member of the Arkansas Society of Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors and Management
Brunner Hill Water Association, Inc.
Jordan, Arkansas

Management is responsible for the accompanying financial statements of the Brunner Hill Water Association, Inc. (a non-profit organization), which comprise the statement of financial position – modified cash basis as of December 31, 2021 and the related statement of activities – modified cash basis, the statement of functional expenses – modified cash basis, and the statement of cash flows – modified cash basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 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 modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Ballard & Company, Ltd.

Mountain Home, Arkansas
November 07, 2022

BRUNNER HILL WATER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 177,673
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PROPERTY AND EQUIPMENT

Land	22,120
Water System	3,477,428
Buildings	8,311
Vehicles	32,250
Equipment	84,934
Office Equipment	7,407

Property and Equipment - Total	3,632,450
Accumulated Depreciation	(2,053,322)

Property and Equipment - Net	1,579,128
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Total Assets	\$ 1,756,801
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll Taxes Payable	\$ 3,748
Sales Tax Payable	2,097
Customer Meter Deposits	32,422
Current Maturities of Long-Term Debt	42,906

Total Current Liabilities	81,173
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LONG-TERM LIABILITIES

Long Term Debt, Net of Current Maturities	837,674
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NET ASSETS

Without Donor Restrictions	837,954
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Total Liabilities and Net Assets	\$ 1,756,801
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See independent accountant's compilation report.

BRUNNER HILL WATER ASSOCIATION, INC.
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

**UNRESTRICTED REVENUES AND
OTHER SUPPORT**

Metered Water Sales	\$	352,752
Connection Charges		2,175
Interest Income		105
Miscellaneous Income		<u>314</u>
Total Revenue and Reclassifications		<u>355,346</u>

EXPENSES

Program Services		446,689
Management and General		<u>6,905</u>
Total Expenses		<u>453,594</u>

Change in Net Assets		(98,248)
Net Assets - Beginning of Year		<u>936,202</u>
Net Assets - End of Year	\$	<u><u>837,954</u></u>

See independent accountant's compilation report.

BRUNNER HILL WATER ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL EXPENSES</u>
Auto Expenses	\$ 10,409	\$ -	\$ 10,409
Depreciation	95,527	-	95,527
Insurance	24,824	-	24,824
Interest Expense	39,974	-	39,974
Legal and Professional	3,060	-	3,060
Licenses and Dues	5,493	-	5,493
Miscellaneous Expenses	563	-	563
Office Expense	1,642	-	1,642
Operating Supplies	80,837	-	80,837
Payroll Taxes	9,647	508	10,155
Postage	2,269	-	2,269
Salaries and Wages	121,542	6,397	127,939
Sales Tax	22,720	-	22,720
Telephone	4,179	-	4,179
Utilities	24,003	-	24,003
Total Expenses	<u>\$ 446,689</u>	<u>\$ 6,905</u>	<u>\$ 453,594</u>

See independent accountant's compilation report.

BRUNNER HILL WATER ASSOCIATION, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	\$ (98,248)
Depreciation	95,527
(Increase) Decrease:	
Payroll taxes payable	(271)
Sales tax payable	314
Meter deposit liability	<u>822</u>
Net cash flows from operations	(1,856)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal paid on long-term notes payable	<u>(41,011)</u>
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INCREASE (DECREASE) IN CASH (42,867)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 220,540

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 177,673

See independent accountant's compilation report.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Brunner Hill Water Association, Inc.
Jordan, Arkansas

We have performed the procedures enumerated below on the financial statements of Brunner Hill Water Association, Inc. as of and for the year ended December 31, 2021. Brunner Hill Water Association, Inc.'s management is responsible for the financial statements.

Brunner Hill Water Association, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Ark. Code, Ann. 14-234-119 to 122. 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 associated findings are as follows:

Cash and Investments

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
 - *No exceptions were found as a result of applying the procedure.*
2. Confirm with depository institutions the cash on deposit and investments.
 - *No exceptions were found as a result of applying the procedure.*
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*

Accounts Receivable

4. Agree ten customer billings to the accounts receivable subledger.
 - *We were unable to complete this procedure as no accounts receivable subledgers were retained by the Association. The Association has currently implemented procedures to retain monthly subledgers.*
5. Determine that five customer adjustments were properly authorized.
 - *We noted adjustment documentation was retained by the Association beginning in October 2021. Of the five customer adjustments we selected, none of them had any documented approval on them.*

Receipts

6. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
 - *No exceptions were found as a result of applying the procedure.*
7. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.
 - *We noted that monthly accounts receivable subledgers were not retained by the Association to select payments from. However, we agreed ten customer outstanding billed amounts per the billing registers to the applicable payments per the daily receipt reports. We further agreed these payments to the applicable deposit per the bank statements. The Association has currently implemented procedures to retain accounts receivable reports.*
8. For one deposit, agree the cash/check composition of the deposit with the receipt information.
 - *No exceptions were found as a result of applying the procedure.*

Disbursements

9. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
 - *No exceptions were found as result of applying the procedure.*
10. Analyze all property, plant, and equipment disbursements.
 - *Procedure was not applicable as there were no disbursements for property, plant and equipment during the year.*
11. Select twenty-five disbursements and determine if they were adequately documented.
 - *Of the 25 disbursements selected, two did not have any supporting documentation available.*

Property, Plant, and Equipment

12. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater)
 - *Procedure was not applicable as there were no property, plant, and equipment additions or disposals during the year.*

Long-Term Debt

13. Schedule long-term debt and verify changes in all balances for the year.
 - *No exceptions were found as a result of applying the procedure. The following loans were noted:*

Lender and Loan Number	Balance at 12/31/21
USDA – Rural Development 91-01	\$ 289,701
USDA – Rural Development 91-04	389,778
USDA – Rural Development 91-06	80,071
ANRC – 00601-WSSW-D	62,704
ANRC – WSSW-27-06-D	50,096
ANRC – DL-27-21-WDF	8,230
Total outstanding	<u>\$ 880,580</u>

Long-Term Debt – Continued:

14. Confirm loans, bonds, notes and contracts payable with lender/trustee/contractor.
 - *No exceptions were found as a result of applying the procedure.*
15. Determine that the appropriate debt service accounts have been established and maintained.
 - *No exceptions were found as a result of applying the procedure.*

General

16. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.
 - *No exceptions were found as a result of applying the procedure.*

We were engaged by Brunner Hill Water Association, Inc. 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements. 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 Brunner Hill Water Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Ballard & Company, Ltd.

Mountain Home, Arkansas
November 07, 2022