

BRUNNER HILL WATER ASSOCIATION, INC.

**COMPILED FINANCIAL STATEMENTS
AND
AGREED-UPON PROCEDURES REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

BALLARD & COMPANY, LTD.

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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, 2023 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 19, 2024

BRUNNER HILL WATER ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 281,850
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PROPERTY AND EQUIPMENT

Land	19,620
Water System	3,466,106
Vehicles	20,250
Equipment	66,076
Office Equipment	<u>2,708</u>

Property and Equipment - Total	3,574,760
Accumulated Depreciation	<u>(2,154,565)</u>

Property and Equipment - Net	<u>1,420,195</u>
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Total Assets	<u><u>\$ 1,702,045</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll Taxes Payable	\$ 2,704
Customer Meter Deposits	38,175
Current Maturities of Long-Term Debt	<u>46,967</u>
Total Current Liabilities	87,846

LONG-TERM LIABILITIES

Long Term Debt, Net of Current Maturities	<u>745,814</u>
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NET ASSETS

Without Donor Restrictions	<u>868,385</u>
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Total Liabilities and Net Assets	<u><u>\$ 1,702,045</u></u>
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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, 2023

**UNRESTRICTED REVENUES AND
OTHER SUPPORT**

Metered Water Sales	\$ 392,219
Connection Charges	10,703
Interest Income	<u>317</u>
Total Revenue and Reclassifications	<u>403,239</u>

EXPENSES

Program Services	386,350
Management and General	<u>6,784</u>
Total Expenses	<u>393,134</u>

Change in Net Assets	10,105
Net Assets - Beginning of Year	<u>858,280</u>
Net Assets - End of Year	<u><u>\$ 868,385</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, 2023

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL EXPENSES</u>
Auto Expenses	\$ 10,112	\$ -	\$ 10,112
Bank Charges	-	1,048	1,048
Computer/Technical Services	4,699	-	4,699
Depreciation	91,750	-	91,750
Insurance	25,674	-	25,674
Interest Expense	36,093	-	36,093
Legal and Professional	4,045	-	4,045
Licenses and Permits	3,045	-	3,045
Miscellaneous Expenses	209	-	209
Office Expense	3,410	-	3,410
Operating Supplies	25,942	-	25,942
Payroll Taxes	7,916	417	8,333
Postage	3,873	-	3,873
Repairs and Maintenance	16,777	-	16,777
Salaries and Wages	101,069	5,319	106,388
Sales Tax	23,853	-	23,853
Telephone	2,142	-	2,142
Utilities	25,741	-	25,741
Total Expenses	<u>\$ 386,350</u>	<u>\$ 6,784</u>	<u>\$ 393,134</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	\$ 10,105
Depreciation	91,750
Increase (Decrease):	
Payroll taxes payable	(760)
Sales tax payable	(1,672)
Meter deposit liability	<u>1,950</u>
Net cash flows from operations	<u>101,373</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal paid on long-term notes payable	<u>(44,891)</u>
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INCREASE (DECREASE) IN CASH	56,482
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>225,368</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 281,850</u></u>
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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, 2023. 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.
 - *No exceptions were found as a result of applying the procedure.*
5. Determine that five customer adjustments were properly authorized.
 - *No exceptions were found as a result of applying the procedure.*

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.
 - *No exceptions were found as a result of applying the procedure.*
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 a result of applying the procedure.*
10. Analyze all property, plant, and equipment disbursements.
 - *No exceptions were found as a result of applying the procedure.*
11. Select twenty-five disbursements and determine if they were adequately documented.
 - *No exceptions were found as a result of applying the procedure.*

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)
 - *No exceptions were found as a result of applying the procedure.*

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:*

<u>Lender and Loan Number</u>	<u>Balance at 12/31/23</u>
USDA – Rural Development 91-01	\$ 252,464
USDA – Rural Development 91-04	370,044
USDA – Rural Development 91-06	76,313
ANRC – 00601-WSSW-D	57,272
ANRC – DL-27-21-WDF	5,177
ANRC – WSSW-27-06-D	31,511
Total outstanding	<u>\$ 792,781</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 19, 2024