

BRADLEY WATER AND SEWER FUND



BRADLEY, ARKANSAS

DECEMBER 31, 2023

BRADLEY WATER AND SEWER FUND  
BRADLEY, ARKANSAS

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Mayor and City Council  
Bradley Water and Sewer Fund  
Bradley, Arkansas

We have performed the procedures enumerated below on the accounting records of Bradley Water and Sewer Fund as of and for the year ended December 31, 2023. Bradley Water and Sewer Fund's management is responsible for the entity's accounting records.

Bradley Water and Sewer Fund has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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:

1. Cash and Investments

- a. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- b. Confirm with depository institutions the cash on deposit and investments.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of the procedures.

2. Receipts

- a. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- b. Agree ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

4. Disbursements

- a. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- b. Analyze all property, plant and equipment disbursements.
- c. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

We found no exceptions as a result of the procedure.

6. Long-Term Debt

- a. Schedule long-term debt and verify changes in all balances for the year.
- b. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

7. General

- a. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the procedure.

We were engaged by Bradley Water and Sewer Fund 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 examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of Bradley Water and Sewer Fund. 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 Bradley Water and Sewer Fund and to meet 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 Bradley Water and Sewer Fund and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

*Turner, Rodgers, Manning & Plyler, PLLC*

Arkadelphia, Arkansas  
October 31, 2024

To the City Council  
Bradley Water and Sewer Fund  
Bradley, Arkansas

Management is responsible for the accompanying financial statements of Bradley Water and Sewer Fund of the City of Bradley, Arkansas, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has omitted the Budgetary Comparison Schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management.

As discussed in Note 1, the financial statements referred to above present only Bradley Water and Sewer Fund, which is an enterprise fund of the City of Bradley, and are not intended to present fairly the financial position of the City of Bradley, and the results of its operations and the cash flows of its other funds in conformity with generally accepted accounting principles.

*Turner, Rodgers, Manning & Plyler, PLLC*

Arkadelphia, Arkansas  
October 31, 2024

BRADLEY WATER AND SEWER FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2023 AND 2022

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	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:			
Cash and Cash Equivalents		\$ 12,619	\$ 17,193
Accounts Receivable		42,561	36,997
TOTAL CURRENT ASSETS:		<u>55,180</u>	<u>54,190</u>
RESTRICTED ASSETS:			
Cash - Meter Deposits		16,736	15,034
Cash - Depreciation Reserves		4,994	8,639
Certificate of Deposit - Meter Deposits		5,750	5,750
TOTAL RESTRICTED ASSETS:		<u>27,480</u>	<u>29,423</u>
CAPITAL ASSETS:			
Equipment		72,280	69,701
Vehicles		51,315	27,815
Water and Sewer System		3,371,774	3,371,774
Total		<u>3,495,369</u>	<u>3,469,290</u>
Less Accumulated Depreciation		<u>(1,163,226)</u>	<u>(1,099,076)</u>
TOTAL CAPITAL ASSETS:		<u>2,332,143</u>	<u>2,370,214</u>
TOTAL ASSETS:		<u><u>\$ 2,414,803</u></u>	<u><u>\$ 2,453,827</u></u>

See Independent Accountants' Compilation Report and Notes to Financial Statements.

BRADLEY WATER AND SEWER FUND  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2023 AND 2022

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LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 8,374	\$ 7,226
Sales Tax Payable	852	823
Accrued Interest Payable	64	102
Accrued Payroll	2,289	2,238
Current Portion of Long-Term Debt	10,957	10,552
TOTAL CURRENT LIABILITIES:	<u>22,536</u>	<u>20,941</u>
LIABILITIES PAYABLE FROM RESTRICTED FUNDS:		
Customers' Meter Deposits	21,263	19,963
LONG-TERM LIABILITIES:		
Notes Payable	85,095	96,052
TOTAL LIABILITIES:	<u>128,894</u>	<u>136,956</u>
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	2,236,091	2,263,610
Restricted Net Position	6,217	9,460
Unrestricted Net Position	43,601	43,801
TOTAL NET POSITION:	<u>2,285,909</u>	<u>2,316,871</u>
TOTAL LIABILITIES AND NET POSITION:	<u>\$ 2,414,803</u>	<u>\$ 2,453,827</u>

See Independent Accountants' Compilation Report and Notes to Financial Statements.

BRADLEY WATER AND SEWER FUND  
STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022

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	<u>2023</u>	<u>2022</u>
OPERATING REVENUE:		
Water Revenue	\$ 56,940	\$ 46,492
Sewer Revenue	82,265	82,669
Trash Fees	44,752	44,244
Contract Service Revenue	12,000	12,000
Other Revenue	20,449	19,223
TOTAL REVENUE:	<u>216,406</u>	<u>204,628</u>
OPERATING EXPENSES:		
Salaries	58,450	52,520
Payroll Taxes	4,536	4,137
Depreciation	64,150	59,978
Insurance	1,838	3,316
Utilities and Telephone	27,705	42,870
Maintenance and Repairs	19,823	17,816
Fuel	6,078	5,300
Membership Fees	1,371	1,740
Permits and License	1,067	18,000
Professional Fees	2,958	4,049
Supplies	10,877	10,328
Office Expense	4,224	4,418
Other Expenses	5,276	3,554
TOTAL OPERATING EXPENSES:	<u>208,353</u>	<u>228,026</u>
OPERATING INCOME (LOSS):	<u>8,053</u>	<u>(23,398)</u>
NON-OPERATING REVENUE (EXPENSES):		
Interest Income	345	150
Interest Expense	(3,554)	(1,731)
TOTAL NON-OPERATING REVENUE (EXPENSES):	<u>(3,209)</u>	<u>(1,581)</u>
NET INCOME (LOSS):	<u>4,844</u>	<u>(24,979)</u>
NET POSITION - BEGINNING OF YEAR:	2,316,871	2,375,832
NET TRANSFERS (TO)/FROM OTHER CITY FUNDS:	(35,806)	(33,982)
NET POSITION - END OF YEAR:	<u>\$ 2,285,909</u>	<u>\$ 2,316,871</u>

See Independent Accountants' Compilation Report and Notes to Financial Statements.



BRADLEY WATER AND SEWER FUND  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022

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	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 210,842	\$ 203,809
Cash Payments for Goods and Services	(84,576)	(118,443)
Cash Payments to Employees	(58,399)	(52,977)
NET CASH FLOW FROM OPERATING ACTIVITIES:	<u>67,867</u>	<u>32,389</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers (to)/from other City Funds	(35,806)	(33,982)
Increase in Meter Deposits	1,300	350
NET CASH FLOW FROM FINANCING ACTIVITIES:	<u>(34,506)</u>	<u>(33,632)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Paid for Capital Assets	(26,079)	-
Principal Paid on Long-Term Debt	(10,552)	(1,846)
Interest Paid on Long-Term Debt	(3,592)	(6,228)
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(40,223)</u>	<u>(8,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	345	150
NET CHANGE IN CASH AND CASH EQUIVALENTS:	<u>(6,517)</u>	<u>(9,167)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR:	40,866	50,033
CASH AND CASH EQUIVALENTS, END OF YEAR:	<u>\$ 34,349</u>	<u>\$ 40,866</u>

See Independent Accountants' Compilation Report and Notes to Financial Statements.

BRADLEY WATER AND SEWER FUND  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED DECEMBER 31, 2023 AND 2022

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Reconciliation of operating income to net cash flow from operating activities:

	<u>2023</u>	<u>2022</u>
OPERATING INCOME (LOSS):	\$ 8,053	\$ (23,398)
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Depreciation and Amortization	64,150	59,978
Change in Assets and Liabilities:		
Accounts Receivable	(5,564)	(819)
Accounts Payable	1,148	(2,898)
Other Current Liabilities	80	(474)
TOTAL ADJUSTMENTS	<u>59,814</u>	<u>55,787</u>
NET CASH FLOW FROM OPERATING ACTIVITIES:	<u>\$ 67,867</u>	<u>\$ 32,389</u>

SCHEDULE OF NONCASH INVESTING AND FINANCING  
ACTIVITIES:

None

See Independent Accountants' Compilation Report and Notes to Financial Statements.

BRADLEY WATER AND SEWER FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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Note 1. Significant Accounting Policies:

The Bradley Water and Sewer Fund, the "Fund", is an Enterprise Fund of the City of Bradley, Arkansas and is governed by the Board of Directors of the City of Bradley, Arkansas. The accompanying financial statements reflect the Bradley Water and Sewer Fund only and do not include other funds of the City of Bradley, Arkansas.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with generally accepted accounting principles under which revenues are recognized when earned, and expenses are recorded when incurred. The Fund applies all relevant Government Accounting Standards Board (GASB) pronouncements. The Fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

For purposes of the Statement of Cash Flows, the Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets are stated at cost or customer cost of construction on contributed assets. Assets capitalized have an original cost of \$1,500 or more and useful lives of at least two years. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Vehicles	5 Years
Machinery and Equipment	5-7 Years
Water and Sewer System	50 Years

Management has evaluated subsequent events through October 31, 2024, the date the financial statements were available for issuance.

BRADLEY WATER AND SEWER FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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Note 2. Capital Assets:

Capital Assets activity for the years ended December 31, 2023 and 2022 was as follows:

	12/31/2022	INCREASES	DECREASES	12/31/2023
Capital Assets at Historical Costs:				
Equipment	\$ 69,701	\$ 2,579	\$ -	\$ 72,280
Vehicles	27,815	23,500	-	51,315
Water and Sewer System	3,371,774	-	-	3,371,774
	3,469,290	26,079	-	3,495,369
Less Accumulated Depreciation	(1,099,076)	(64,150)		(1,163,226)
NET	<u>\$ 2,370,214</u>	<u>\$ (38,071)</u>	<u>\$ -</u>	<u>\$ 2,332,143</u>
	12/31/2021	INCREASES	DECREASES	12/31/2022
Capital Assets at Historical Costs:				
Equipment	\$ 69,701	\$ -	\$ -	\$ 69,701
Vehicles	27,815	-	-	27,815
Water and Sewer System	3,371,774	-	-	3,371,774
	3,469,290	-	-	3,469,290
Less Accumulated Depreciation	(1,039,098)	(59,978)		(1,099,076)
NET	<u>\$ 2,430,192</u>	<u>\$ (59,978)</u>	<u>\$ -</u>	<u>\$ 2,370,214</u>

Note 3. Public Fund Deposits and Investments:

State law generally requires that City funds be deposited in federally insured banks located within the State of Arkansas. The deposits may be in the form of checking accounts, savings accounts, and/or time deposits.

Public funds may also be invested in direct obligations of the United States of America and obligations where principal and interest are fully guaranteed by the United States of America. All cash funds of the Fund, are deposited in accounts in the name of Bradley Water and Sewer in financial institutions permitted by law.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Bradley Water and Sewer Fund does not have a policy for custodial credit risk. The carrying value of the Fund's accounts and investments at December 31, 2023 was \$40,098. On that date, deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had bank balances of \$38,057 before adjustment for outstanding items.

Federal Deposit Insurance Corporation coverage allows for \$250,000 of coverage on all accounts deposited within each financial institution participating in the FDIC program. We were unable to determine the amount of FDIC coverage for Bradley Water and Sewer accounts and investments. FDIC coverage is provided on an entity level to be shared jointly by all City of Bradley accounts and investments at a financial institution.

BRADLEY WATER AND SEWER FUND  
NOTES TO FINANCIAL STATEMENTS  
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Note 3. Public Fund Deposits and Investments: (Continued)

Investment Interest Rate Risk: The Fund does not have an investment interest rate risk. All investments are short-term certificates of deposit and the Fund is under no obligation to renew upon maturity.

Investment Credit Risk: The Fund does not have a formal investment policy. All investments are short-term certificates of deposit with banks authorized by state law to receive deposits of public funds and with which the Fund has a collateral agreement.

Foreign Currency Risk: The Fund has no exposure to foreign currency risk.

Note 4. Liabilities:

Accounts payable, reported as a current liability, is composed of operating expenses for December. These amounts were paid subsequent to December 31, 2023.

Note 5. Commitments:

Long-term debt consists of the following as of December 31, 2023:

Note Payable - Loan amount \$112,662;	\$ 96,502
Interest (3.5%); Maturing in 2027.	
Less portion considered current	(10,957)
Total long-term debt	<u>\$ 85,545</u>

The future maturities of long-term debt as follows:

	Principal	Interest	Total
2024	\$ 10,957	\$ 3,187	\$ 14,144
2025	11,347	2,797	14,144
2026	11,750	2,394	14,144
2027	61,998	869	62,867
Thereafter	-	-	-
Total	<u>\$ 96,052</u>	<u>\$ 9,248</u>	<u>\$ 105,300</u>

Note 6. Risk Management:

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Fund maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Fund.