

BEAVERFORK PUBLIC WATER AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

with

INDEPENDENT AUDITORS' REPORT

**BEAVERFORK PUBLIC WATER AUTHORITY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Beaverfork Public Water Authority

Opinion

We have audited the accompanying financial statements of Beaverfork Public Water Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beaverfork Public Water Authority as of December 31, 2024, and the respective changes in financial position, and where applicable, the cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beaverfork Public Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beaverfork Public Water Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

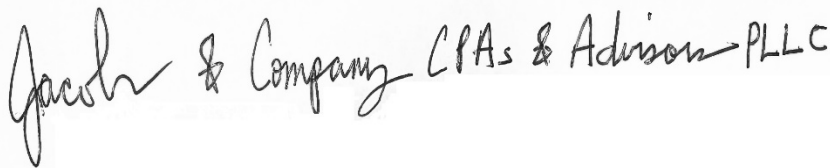
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beaverfork Public Water Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Beaverfork Public Water Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated June 25, 2025, on our consideration of Beaverfork Public Water Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beaverfork Public Water Authority's internal control over financial reporting on or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaverfork Public Water Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jacob & Company CPAs & Advisors PLLC". The signature is written in a cursive, flowing style.

Jacksonville, Arkansas
June 25, 2025

BEAVERFORK PUBLIC WATER AUTHORITY
STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

CURRENT ASSETS

| | |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 259,526 |
| Accounts receivable | <u>91,277</u> |
| Total current assets | <u>350,803</u> |

NON-CURRENT ASSETS

| | |
|--|----------------|
| Cash and cash equivalents - restricted | <u>153,826</u> |
| Total non-current assets | |

PROPERTY & EQUIPMENT

| | |
|--------------------------------|------------------|
| Property and equipment | 3,886,189 |
| Less: accumulated depreciation | <u>(451,071)</u> |
| Total property & equipment | <u>3,435,118</u> |

OTHER ASSETS

| | |
|--|---------------|
| Unamortized construction period interest | <u>29,514</u> |
| Total other assets | <u>29,514</u> |

| | |
|---------------------|----------------------------|
| Total Assets | <u>\$ 3,969,261</u> |
|---------------------|----------------------------|

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

| | |
|--|----------------|
| Accounts payable and accrued liabilities | \$ 56,237 |
| Accrued interest payable | 3,908 |
| Current maturities of long-term debt | <u>118,253</u> |
| Total current liabilities | <u>178,398</u> |

NONCURRENT LIABILITIES

| | |
|------------------------------|------------------|
| Long-term debt | 1,609,135 |
| Less: current maturities | <u>(118,253)</u> |
| Total noncurrent liabilities | <u>1,490,882</u> |
| Total liabilities | <u>1,669,280</u> |

NET POSITION

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 1,825,983 |
| Unrestricted | 320,172 |
| Temporarily restricted | <u>153,826</u> |
| Total net position | <u>2,299,981</u> |

| | |
|---|----------------------------|
| Total Liabilities & Net Position | <u>\$ 3,969,261</u> |
|---|----------------------------|

BEAVERFORK PUBLIC WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
December 31, 2024

| | |
|--|---------------------|
| OPERATING REVENUES | <u>\$ 1,532,082</u> |
| | |
| OPERATING EXPENSES | |
| Water and sewer purchases | 478,744 |
| Depreciation and amortization | 132,115 |
| Sewer expense | 134,427 |
| Repairs and maintenance | 6,446 |
| Salaries and benefits | 321,012 |
| Utilities and telephone | 17,814 |
| Legal and professional | 11,784 |
| Materials and supplies | 33,707 |
| Office expense | 33,344 |
| Outside services | 42,397 |
| Insurance | 23,351 |
| Vehicle expense | 10,508 |
| Dues and fees | 10,559 |
| Other expense | 11,214 |
| Total operating expenses | <u>1,267,422</u> |
| | |
| OPERATING INCOME | 264,660 |
| | |
| NON-OPERATING REVENUES (EXPENSES) | |
| Miscellaneous income | 21,616 |
| Interest and dividend income | 10,960 |
| Interest expense | <u>(87,040)</u> |
| | |
| Net non-operating revenue (expenses) | <u>(54,464)</u> |
| | |
| CHANGE IN NET POSITION | 210,196 |
| | |
| NET POSITION - BEGINNING OF YEAR | <u>2,089,785</u> |
| | |
| NET POSITION - END OF YEAR | <u>\$ 2,299,981</u> |

BEAVERFORK PUBLIC WATER AUTHORITY
STATEMENT OF CASH FLOWS
December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|------------------|
| Cash received from customers | \$ 1,535,115 |
| Cash payments to employees | (321,012) |
| Payment of general and administrative expenses | <u>(825,822)</u> |
| Net cash provided by operating activities | <u>388,281</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|------------------|
| Purchase of capital assets | (429,118) |
| Change in restricted assets | (417) |
| Other income received | 21,616 |
| Interest earned | <u>10,960</u> |
| Net cash provided by (used for) investing activities | <u>(396,959)</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|---|------------------|
| Principal payments on long-term debt | (108,193) |
| Interest payments on long-term debt | <u>(87,040)</u> |
| Net cash used by capital and related financing activities | <u>(195,233)</u> |

NET INCREASE IN CASH AND CASH EQUIVALENTS (203,911)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 463,437

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 259,526

Reconciliation of operating income to net cash provided by operating activities:

| | |
|---|-----------------|
| Operating income | \$ 264,660 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 129,700 |
| Amortization of construction period interest | 2,415 |
| (Increase) decrease in: | |
| Accounts receivable | 3,033 |
| Increase (decrease) in: | |
| Accounts payable and accrued liabilities | <u>(11,527)</u> |

Net cash provided by operating activities: \$ 388,281

**BEAVERFORK PUBLIC WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | <u>\$ 1,387,650</u> | <u>\$ 1,387,650</u> | <u>\$ 1,532,082</u> | <u>\$ 144,432</u> |
| OPERATING EXPENSES | | | | |
| Water purchases | 561,400 | 561,400 | 478,744 | (82,656) |
| Depreciation and amortization | - | - | 132,115 | 132,115 |
| Sewer expense | 124,000 | 124,000 | 134,427 | 10,427 |
| Repairs and maintenance | 21,700 | 21,700 | 6,446 | (15,254) |
| Salaries | 334,050 | 334,050 | 321,012 | (13,038) |
| Utilities and telephone | 19,230 | 19,230 | 17,814 | (1,416) |
| Legal and professional | 14,520 | 14,520 | 11,784 | (2,736) |
| Materials and supplies | 45,000 | 45,000 | 33,707 | (11,293) |
| Office expense | 38,900 | 38,900 | 33,344 | (5,556) |
| Outside services | 68,000 | 68,000 | 42,397 | (25,603) |
| Insurance | 25,000 | 25,000 | 23,351 | (1,649) |
| Vehicle expense | 13,517 | 13,517 | 10,508 | (3,009) |
| Dues and Fees | 12,240 | 12,240 | 10,559 | (1,681) |
| Other expense | 14,849 | 14,849 | 11,214 | (3,635) |
| Total operating expenses | <u>1,292,406</u> | <u>1,292,406</u> | <u>1,267,422</u> | <u>(24,984)</u> |
| OPERATING INCOME | 95,244 | 95,244 | 264,660 | 169,416 |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Miscellaneous income | 96 | 96 | 21,616 | 21,520 |
| Interest and dividend income | 2,779 | 2,779 | 10,960 | 8,181 |
| Interest expense | <u>(83,798)</u> | <u>(83,798)</u> | <u>(87,040)</u> | <u>(3,242)</u> |
| Net non-operating revenue (expenses) | <u>(80,923)</u> | <u>(80,923)</u> | <u>(54,464)</u> | <u>26,459</u> |
| CHANGE IN NET POSITION | <u>\$ 14,321</u> | <u>\$ 14,321</u> | <u>\$ 210,196</u> | <u>\$ 195,875</u> |

See Independent Auditors' Report and accompanying notes to financial statements.

**BEAVERFORK PUBLIC WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Beaverfork Public Water Authority (the Authority), is a public water authority whose purpose is to construct, maintain, and operate a water system. Members consist of residents of northeastern Faulkner county, Arkansas. The Authority is governed by a board of five members. The Authority is supported primarily through service revenue and other fees.

Basis of Presentation and Account

The Authority's accounts are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net position, revenues, and expenses. Enterprise funds account for activities that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included in the statement of net assets. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets; restricted for debt service; and unrestricted components.

Cash and Cash Equivalents

The Authority considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Taxes

The Authority is a political subdivision of the State of Arkansas and is exempt from income taxes.

BEAVERFORK PUBLIC WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Acquisitions of property, plant and equipment are capitalized and recorded at cost. The Authority defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Depreciation is provided in these financial statements using the straight-line method over the lives of the assets, which is generally seven to thirty-nine years. Expenditures for maintenance and repairs are charged against income as incurred. Depreciation expense was \$129,700 for the year ended December 31, 2024.

Revenue Recognition

The Authority adopted FASB ASC 606, Revenue from Contracts with Customers, which amended the existing accounting standards for revenue recognition. The adoption of this new revenue standard does not have a significant impact on the amount and timing of revenue recognized in the Authority's financial statements. Based on the Authority's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result for the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing an investing type of activities and result from nonexchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expense to restricted net position to the extent such are available and then to unrestricted net position.

Long-Lived Assets

The Authority reviews long-lived assets held and used by the Authority for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the year ended December 31, 2024, this review has not materially affected the Authority's reported earnings, net position or results of operations.

Budgets and Budgetary Accounting

Prior to the beginning of the new fiscal year, the Board of Directors adopts an annual budget for the Authority. The budget of the Authority is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, and nonoperating income and expense items are not considered. All annual appropriations lapse at fiscal year-end.

BEAVERFORK PUBLIC WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain assets are classified as restricted assets on the Statement of Net Position, because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Equity Classifications

Net position comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Temporarily restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not mee the definition of “restricted.”

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due for water service sales and other ancillary services, such as connection fees. Accounts receivable are written off when the possibility of collection is unlikely. Allowance for doubtful accounts was \$5,390 at December 31, 2024.

NOTE 3: RESTRICTED ASSETS

Restricted assets consist of a debt service reserve fund in the amount of \$153,826.

**BEAVERFORK PUBLIC WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2024 are as follows:

| | Balance at 12/31/2023 | Additions | Deletions/ Transfers | Balance at 12/31/2024 |
|--------------------------------|--------------------------|-------------------|-------------------------|--------------------------|
| Land and land rights | \$ 78,613 | \$ - | \$ - | \$ 78,613 |
| Buildings and furnishings | 465,511 | - | - | 465,511 |
| Vehicles | 128,871 | - | - | 128,871 |
| Water treatment equipment | <u>2,784,076</u> | <u>429,118</u> | <u>-</u> | <u>3,213,194</u> |
| | 3,457,071 | 429,118 | - | 3,886,189 |
| Less: accumulated depreciation | <u>(321,371)</u> | <u>(129,700)</u> | <u>-</u> | <u>(451,071)</u> |
| | <u>\$ 3,135,700</u> | <u>\$ 299,418</u> | <u>\$ -</u> | <u>\$ 3,435,118</u> |

NOTE 5: LONG-TERM DEBT

Long-term debt consists of the following:

| | |
|--|---------------------|
| Note payable to First Security Bank; monthly payments of \$3,120 beginning July 2014; interest rate of 4.0% maturing June 2027 | \$ 173,313 |
| Note Payable to USDA Rural Development; monthly payments of \$9,804 beginning April 1996; interest 5.375 %, maturing May 2036 | 982,424 |
| Note Payable to USDA Rural Development; monthly payments of \$2,628 beginning February 2027; interest 4.25 %, maturing January 2045 | 425,024 |
| Note payable to finance company; monthly payments of \$1,186 beginning February 2022; interest rate of 5.00%, maturing December 2026 | <u>28,374</u> |
| | 1,609,135 |
| Less current maturities | <u>(118,253)</u> |
| | <u>\$ 1,490,882</u> |

**BEAVERFORK PUBLIC WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 5: LONG-TERM DEBT – CONTINUED

The annual maturities of long-term debt payable at December 31, 2024 are as follows:

| | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2025 | \$ 118,253 | \$ 80,223 | \$ 198,476 |
| 2026 | 124,843 | 73,634 | 198,477 |
| 2027 | 205,626 | 63,801 | 269,427 |
| 2028 | 91,230 | 55,577 | 146,807 |
| 2029 | 96,070 | 50,736 | 146,806 |
| 2030-2034 | 562,518 | 171,513 | 734,031 |
| 2035-2039 | 264,326 | 48,640 | 312,966 |
| 2040-2044 | 139,912 | 14,390 | 154,302 |
| 2045 | <u>6,357</u> | <u>9</u> | <u>6,366</u> |
| | <u>\$ 1,609,135</u> | <u>\$ 558,523</u> | <u>\$ 2,167,658</u> |

Long-term liability activity for the year ended December 31, 2024 as follows:

| | Balance at 12/31/2023 | Additions | Retirements | Balance at 12/31/2024 | Due Within One Year |
|---------------------|--------------------------|-------------|---------------------|--------------------------|------------------------|
| Long-Term Debt | | | | | |
| Loans | \$ 233,715 | \$ - | \$ (32,028) | \$ 201,687 | \$ 40,123 |
| Water Revenue Bonds | <u>1,483,613</u> | <u>-</u> | <u>(76,165)</u> | <u>1,407,448</u> | <u>78,130</u> |
| | <u>\$ 1,717,328</u> | <u>\$ -</u> | <u>\$ (108,193)</u> | <u>\$ 1,609,135</u> | <u>\$ 118,253</u> |

The Authority pledged future water customer revenues, net of specified operating expenses, to repay \$1,407,44861 in loans and revenue bonds. Proceeds from the loans/bonds were used for building the Authority's capital assets. Principal and interest on the bonds are payable through 2045, solely from the water customer net revenues. Principal and interest paid in the year ended December 31, 2024 was \$152,336.

NOTE 6: DEPOSITS WITH FINANCIAL INSTITUTIONS:

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provision of state law.

BEAVERFORK PUBLIC WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6: DEPOSITS WITH FINANCIAL INSTITUTIONS – continued.

State laws requires collateralization of all deposits with federal depository insurance, a surety bond; U.S. Treasury and U.S. Agencies and instrumentality bonds or other obligations; bonds of the State of Arkansas or by bonds of a political subdivision, therefor, which has never defaulted on any of its obligations, in an amount at least equal to the amount of such deposit or by a bond executed by a surety company authorized to do business in the State of Arkansas. The Authority maintains separate bank accounts, as required by state statutes.

The Authority cash consists of deposits with financial institutions. State statutes govern the Authority's investment policies. Permissible investments include direct obligation of the U.S. Government, certificates of deposit and savings accounts. The Authority's deposits are recorded at cost. The carrying amount of deposits are displayed on the statement of net position as cash and restricted assets.

At December 31, 2024, all of the Authority's deposits were properly insured and collateralized.

The Authority borrowed \$2,500,000 from the United States Department of Agriculture. Pursuant to the loan agreement, the Authority is required to maintain a debt service reserve fund.

NOTE 7: RELATED PARTY DISCLOSURE

During the year ended December 31, 2024 there have been no advances to or from related parties. There are no accounts or loans receivable from related parties or accounts or loans payable to related parties.

The Authority also had no purchases from related parties during the year ended December 31, 2024.

NOTE 8: EMPLOYEE BENEFITS

The Authority participates in a Simple IRA administered by Edward Jones Company. All employees are eligible to participate. The Authority matches up to 3% of the eligible compensation. For the year ended December 31, 2024, contributions by the Authority were \$7,368.

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2025, the date which the financial statements were available for issue.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Beaverfork Public Water Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Beaverfork Public Water Authority, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 25, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Beaverfork Public Water Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Beaverfork Public Water Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

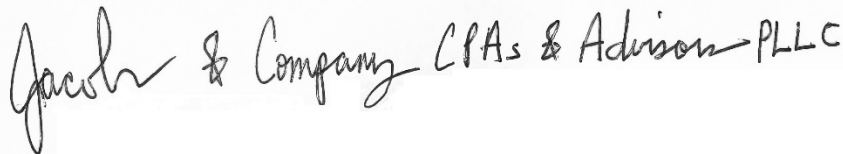
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beaverfork Public Water Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Beaverfork Public Water Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Beaverfork Public Water Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Jacob & Company CPAs & Advisors PLLC". The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Jacksonville, Arkansas
June 25, 2025

