

NORTHEAST YELL COUNTY WATER ASSOCIATION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2024



NORTHEAST YELL COUNTY WATER ASSOCIATION

DECEMBER 31, 2024

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Independent Auditor's Report

To the Board of Directors
Northeast Yell County Water Association
Scranton, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Northeast Yell County Water Association, as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northeast Yell County Water Association as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted on 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 the Northeast Yell County Water Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 judgment 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 judgment 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 the Northeast Yell County Water Association'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.

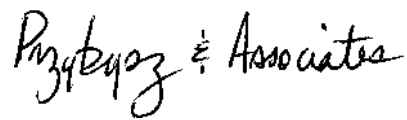
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the Northeast Yell County Water Association’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our 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 the Northeast Yell County Water Association’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northeast Yell County Water Association’s internal control over financial reporting and compliance.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 12, 2026

FINANCIAL STATEMENTS

NORTHEAST YELL COUNTY WATER ASSOCIATION

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	\$ 6,067,899
Restricted cash	89,957
Certificates of deposit	827,777
Restricted certificate of deposit	39,730
Accounts receivable, less allowance for doubtful accounts	159,980
Interest receivable	1,986
Inventories	36,623
Prepaid expenses	4,853
Total Current Assets	7,228,805
Noncurrent Assets	
Capital assets, net	4,469,372
Utility deposits	675
Total Noncurrent Assets	4,470,047
Total Assets	\$ 11,698,852
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 116,116
Payroll tax and related withholdings payable	2,652
Sales tax payable	11,018
Accrued liabilities	1,200
Customer meter deposits	129,687
Total Liabilities	260,673
Net Position	
Net investment in capital assets	4,469,372
Unrestricted	6,968,807
Total Net Position	11,438,179
Total Liabilities and Net Position	\$ 11,698,852

See accompanying notes to financial statements.

NORTHEAST YELL COUNTY WATER ASSOCIATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2024

Operating Revenue	
Water revenue	\$ 1,906,959
Connection fees	26,685
Other revenue	9,336
Total Operating Revenue	1,942,980
Operating Expense	
Water purchases	693,292
Wages	373,546
Payroll taxes	28,809
Employee benefits	57,950
Insurance	53,591
Professional fees	2,929
Miscellaneous	13,024
Dues and subscriptions	10,020
Postage	15,993
Repairs and maintenance	77,033
Operating supplies	13,723
Transportation	31,603
Utilities and telephone	79,043
Office expense	19,469
Depreciation and amortization	356,398
Total Operating Expenses	1,826,423
Net Income From Operations	116,557
Other Revenue (Expenses)	
Interest income	232,475
Arkansas Department of Transportation project reimbursements	125,302
Total Net Other Revenue (Expenses)	357,777
Change in Net Position	474,334
Net Position at Beginning of Year	10,963,845
Net Position at End of Year	\$ 11,438,179

See accompanying notes to financial statements.

NORTHEAST YELL COUNTY WATER ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows From Operating Activities	
Cash receipts from customers and other sources	\$ 1,986,434
Cash payments to suppliers for goods and services	(1,060,694)
Cash payments to employees for services	(373,546)
Net Cash Provided By Operating Activities	552,194
Cash Flows From Capital and Related Financing Activities	
Capital asset purchases	(657,367)
ARDOT capital project reimbursements	125,302
Net Cash Used In Capital and Related Financing Activities	(532,065)
Cash Flows From Investing Activities	
Reinvestment of certificate of deposit earnings	(42,607)
Interest received	232,417
Net Cash Provided By Investing Activities	189,810
Net Increase in Cash, Cash Equivalents and Restricted Cash	209,939
Cash, Cash Equivalents, and Restricted Cash At Beginning of Year	5,947,917
Cash, Cash Equivalents, and Restricted Cash At End of year	\$ 6,157,856
Reconciliation to the Statement of Net Position	
Cash and cash equivalents	\$ 6,067,899
Restricted cash	89,957
Total Cash, Cash Equivalents and Restricted Cash	\$ 6,157,856
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Net income from operations	\$ 116,557
Items not effecting cash:	
Depreciation and amortization	356,398
Changes in:	
Accounts receivable	39,526
Inventory	(14,874)
Prepaid expenses	(3,149)
Accounts payable	54,648
Payroll tax and related withholdings payable	(930)
Sales tax payable	1,844
Accrued liabilities	90
Customer meter deposits	2,084
Net Cash Provided By Operating Activities	\$ 552,194

See accompanying notes to financial statements.

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Nature of Business

The Northeast Yell County Water Association (the Association) provides water services to rural and water associations in Yell, Logan, Conway and Perry Counties in Arkansas. The Association is governed by the Northeast Yell County Water Association Public Facilities Board.

1. Summary of Significant Accounting Policies

Basis of Presentation

The Association's financial statements are prepared in conformity with principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The Association accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Association. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Income Taxes

The Association is exempt from income taxes as a governmental agency.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents including restricted cash.

Accounts Receivable

Accounts receivable consists of water fees and surcharges billed to residential and water associations based on consumption. The Association does not charge interest on overdue accounts but does charge a late fee for late payments. Accounts receivable are recorded net of estimated uncollectible amounts. The allowance for doubtful accounts is estimated based on professional judgement and historical information and is \$17,379 on December 31, 2024.

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories consist of construction and maintenance materials and is valued at cost, which approximates market using the first-in, first-out method. The cost of inventory is recognized as an expense when used (consumption method).

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

Capital Outlays and Depreciation

Capital outlays of the Association are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Temporary easements are amortized over the easement term. Expenditures for maintenance and repairs that do not add to the value or capacity of the asset or materially extend asset lives are expensed as incurred. The estimated useful lives of the assets / temporary easement terms are as follows:

Distribution System	5 - 50 Years
Buildings and Improvements	5 - 40 Years
Machinery and Equipment	5 - 20 Years
Transportation Equipment	5 - 15 Years
Temporary Land easements	25 years

It is the Association's policy to capitalize asset purchases greater than \$1,000 and expense asset purchases less than \$1,000.

Subscription-Based Technology Arrangements

Subscription-based information technology arrangements (SBITA) are contractual agreements that convey control of the right-to-use another entities information technology asset, alone, or in conjunction with a tangible capital asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Association does not have any SBITA's in excess of one year.

Customer Meter Deposits

Customers are required to make a meter deposit before being connected to the water system. When the Association no longer serves the customer, the deposit is applied to the customers final bill, and any remaining balance is refunded to the customer.

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

Employees earn vacation and sick pay in varying amounts based upon length of service with the Association. Unused vacation does not carryforward from year to year. Employees may carryforward 24 days of unused sick days from year to year. Upon termination from the Association, employees having completed one year of service leave in good standing shall paid all unused vacation hours. Sick pay is not paid upon termination. No accrual for compensated absences is necessary at December 31, 2024.

Net Position

Net position of the Association are classified in three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external 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 meet the definition of "restricted" or "net investment in capital assets".

The Association does not have a policy addressing whether it considers restricted or unrestricted to have been spent when expenditures are incurred for purposes when both are available. Association personnel decide which resources to use at the time the expenditures are incurred. For classification of net position amounts, restricted amounts would be reduced first, followed by unrestricted.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Association. Operating revenues consist primarily of water sales and fees for miscellaneous services. Operating expenses include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

1. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

Regulatory Environment

The quality of water furnished to customers is subject to the requirements of the Environmental Protection Agency under the Safe Drinking Water Act and the Arkansas Department of Health.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following new accounting standards which became effective during the Association's fiscal year.

GASB Statement No. 100, *Accounting Changes and Error - Corrections - an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The Statement's objective is to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement and guidance under a unified model and by amending certain previously required disclosures.

These statements did not have any impact on the Association's financial statements.

2. Deposits with Financial Institutions

The Association does not have a formal deposit and investment policy, but does follow state laws. State statutes generally require that municipal funds be deposited in federally insured banks located in the state of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and time deposits. Public funds may be invested in direct obligations of the United States of America, the principal and interest of which are fully guaranteed by the United States government.

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Deposits with Financial Institutions (continued)

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a Association's deposits may not be recovered. At December 31, 2024, all of the Association's deposits were insured and/or collateralized. The bank balances and carrying amount of the Association's deposits held were as follows:

Description	At December 31, 2024	
	Bank Balance	Carrying Amount
Insured	\$ 5,542,682	\$ 5,542,682
Collateralized - by letter of credit or held by pledging bank or pledging bank's trust department in the Association's name	614,219	614,924
Cash on hand	-	250
Total	\$ 6,156,901	\$ 6,157,856

At December 31, 2024, the Association has \$5,292,682 deposited in an Insured Cash Sweep (ICS) account. Funds in the account are deposited amongst a network of other FDIC insured banks, ensuring full FDIC protection.

Deposits as reported in the following Statement of Net Position captions:

As Of December 31, 2024	
Cash and cash equivalents	\$ 6,067,899
Restricted cash	89,957
Total	\$ 6,157,856

Investments

Investments consist of certificates of deposit which are stated at cost plus interest earned.

As of December 31, 2024	Market	Weighted Avg. Maturity	Credit Rating
Certificates of deposit	\$ 867,507	242 days	N/A
Total	\$ 867,507		

Investments as reported in the following Statement of Net Position captions:

As Of December 31, 2024	
Certificates of deposit	\$ 827,777
Restricted certificate of deposit	39,730
Total	\$ 867,507

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

2. Deposits with Financial Institutions (continued)

Investments (continued)

Interest Rate Risk

Interest rate risk is the risk the changes in interest of debt investments will adversely affect the fair value of an investment. The Association's investments are not subject to interest rate risk as the investments are short-term in nature.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Association has \$867,507 invested in a certificates of deposit at December 31, 2024, which are either FDIC insured, or collateralized with a letter of credit or pledged securities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the Association will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments are held by the Association or by an agent of the Association in the Association's name.

Fair Value Measurements

The Association's investments are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categories are as follows:

Level 1 - Quoted prices for identical investments in active markets.

Level 2 - Quoted prices for identical investments in markets that are not active.

Level 3 - Unobservable inputs

The following table represents the Association's investments that are measured at fair value on a recurring basis at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 867,507	-	-	867,507
Total	\$ 867,507	\$ -	\$ -	867,507

3. Restricted Funds

Restricted cash and certificate of deposit are for the repayment of customer meter deposits and are broken out as follows:

<u>As of December 31, 2024</u>	
Meter Deposits:	
Restricted cash	\$ 89,957
Restricted certificate of deposit	39,730
Total restricted cash and certificate of deposit	\$ 129,687

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

4. Capital Assets

Activity of capital assets consists of the following:

As of	January 1, 2024	Additions	Deletions	December 31, 2024
Land and permanent land easements	\$ 50,035	\$ -	\$ -	50,035
Construction in progress	12,681	291,321	-	304,002
Assets not being depreciated	62,716	291,321	-	354,037
Assets being depreciated:				
Distribution system	11,982,220	361,699	46,611	12,297,308
Buildings and improvements	456,255	-	-	456,255
Machinery and equipment	394,179	4,347	69,969	328,557
Transportation equipment	220,733	-	3,445	217,288
Temporary land easements	7,135	-	-	7,135
Assets being depreciated	13,060,522	366,046	120,025	13,306,543
Total Assets	13,123,238	657,367	120,025	13,660,580
Less accumulated depreciation/ amortization				
Distribution system	8,343,386	302,116	46,611	8,598,891
Buildings and improvements	110,526	11,990	-	122,516
Machinery and equipment	309,464	20,660	69,969	260,155
Transportation equipment	188,555	20,636	3,445	205,746
Temporary land easements	2,904	996	-	3,900
Total Depreciation and Amortization	8,954,835	356,398	120,025	9,191,208
Assets Being Depreciated, Net	4,105,687	9,648	-	4,115,335
Capital Assets, net	\$ 4,168,403	\$ 300,969	\$ -	4,469,372

Construction in progress is for the following projects:

Project	Balance at 12/31/24	Total Estimated Cost	Comments
Water line extensions	\$ 70,428	\$ 361,203	Various lines with various dates of completion
Water line relocation	211,323	360,068	Required by State and expenses will be reimbursed by ARDOT
Pump station upgrade	22,251	158,125	Total cost of project is unknown. Project still in planning stage, estimated cost is engineering only.
Total	\$ 304,002	\$ 879,396	

NORTHEAST YELL COUNTY WATER ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Association to credit risk consist primarily of accounts receivable. The Association provides unsecured credit to its customers. The receivables are from individuals located within the same geographic region. The credit risk is considered minimal as the individual customer balances are relatively small and the customer base is consistent.

In 2017, the Association signed a twenty year contract with the Dardanelle Water System for the purchase of treated water not to exceed 240 million gallons per year. The Association also has a contract to purchase treated water from the City of Danville, Arkansas not to exceed approximately 105 million gallons per year. This contract does not have a definitive term and can be cancelled at any time. Water purchases under these contracts totaled \$693,292 during the year ended December 31, 2024. If the cost of the water was to increase or if the Association were to have to obtain water from other suppliers, this could negatively impact the Association. No such increases or supplier changes have occurred subsequent to year-end.

6. Retirement Plan

The Association adopted a SIMPLE IRA plan which covers substantially all employees. Employees can make pre-tax salary contributions to the plan with up to a 3% company matching provision. Employer contributions to this plan for the year ended December 31, 2024, totaled \$8,980.

7. Risk Management

The Association is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association carries commercial insurance for these risks of losses, as well as other risks of loss such as workers' compensation insurance, general liability and property insurance.

There has been no significant reduction in the Association's insurance coverage from the previous year. In addition there have been no settlements in excess of the Association's coverage in any of the prior three fiscal years.

8. Subsequent Events

The Association has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2024 through January 12, 2026, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

ADDITIONAL REQUIRED REPORT



**Independent Auditor's 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
Northeast Yell County Water Association
Scranton, Arkansas

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 the Northeast Yell County Water Association, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Association's financial statements, and have issued our report thereon dated January 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northeast Yell County Water Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northeast Yell County Water Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northeast Yell County Water Association'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northeast Yell County Water Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 12, 2026