RUNYAN SANITARY SEWER IMPROVEMENT DISTRICT NO. 211

FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

with

INDEPENDENT AUDITORS' REPORT

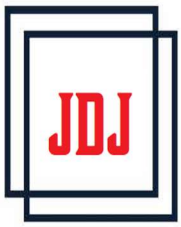
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Runyan Sanitary Sewer Improvement District No. 211

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Runyan Sanitary Sewer Improvement District No. 211 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Runyan Sanitary Sewer Improvement District No. 211 as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United Statements 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Runyan Sanitary Sewer Improvement District No. 211 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 opinions.

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 Runyan Sanitary Sewer Improvement District No. 211's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, 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 Runyan Sanitary Sewer Improvement District No. 211'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 Runyan Sanitary Sewer Improvement District No. 211'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 our report dated May 25, 2026, on our consideration of Runyan Sanitary Sewer Improvement District No. 211's internal control over financial reporting and on our 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 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 Runyan Sanitary Sewer Improvement District No. 211'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 Runyan Sanitary Sewer Improvement District No. 211's internal control over financial reporting and compliance.

Jacobs & Company CPAs & Advisors PLLC
Jacksonville, Arkansas
May 25, 2026

RUNYAN SANITARY SEWER IMPROVEMENT DISTRICT NO. 211
STATEMENT OF FINANCIAL POSITION
December 31, 2025

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 1,291,061
Accounts receivable	108,465
Total current assets	1,399,525
NON-CURRENT ASSETS	
Cash and cash equivalents - restricted	318,114
Total non-current assets	318,114
PROPERTY & EQUIPMENT	
Sewer plant and equipment	12,775,712
Less: accumulated depreciation	(3,444,617)
Total property & equipment	9,331,095
Total Assets	$ 11,048,735

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 10,426
Accrued interest payable	5,289
Current maturities of long-term debt	231,644
Total current liabilities	247,359
NONCURRENT LIABILITIES	
Bonds payable construction in progress	5,528,868
Bonds payable	2,973,798
Less: current maturities	(231,644)
Total noncurrent liabilities	8,271,022
Total Liabilities	8,518,381
NET ASSETS	
Net investment in capital assets	885,554
With restrictions	318,114
Without restrictions	1,326,684
Total fund balance	2,530,352
Total Liabilities & Net Assets	$ 11,048,735

See Independent Auditor's Report and
accompanying notes to financial statements.

RUNYAN SANITARY SEWER IMPROVEMENT DISTRICT NO. 211
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
December 31, 2025

UTILITY REVENUE	$ 1,027,426
OPERATING EXPENSES	
Depreciation and amortization	170,202
Repairs and maintenance	213,533
Management fees	180,694
Utilities and telephone	49,923
Licenses and permits	10,119
Legal and professional	133,475
Supplies	5,420
Other expense	3,616
Total operating expenses	766,982
OPERATING INCOME	260,444
OTHER INCOME/EXPENSE	
Interest and dividend income	24,720
Interest expense	(94,799)
Total other income/expense	(70,079)
NET CHANGE IN NET ASSETS	190,363
NET ASSETS, BEGINNING OF YEAR	2,339,989
NET ASSETS, END OF YEAR	$ 2,530,352

See Independent Auditor's Report and
accompanying notes to financial statements.

RUNYAN SANITARY SEWER IMPROVEMENT DISTRICT NO. 211
STATEMENT OF CASH FLOWS
December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Net change in net assets	$	190,363
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization		170,202
Increase in:		
Accounts receivable		(38,530)
Decrease in:		
Accounts payable		(3,099)
Accrued interest payable		(332)
Total adjustments		128,241
NET CASH PROVIDED BY OPERATING ACTIVITIES		318,604
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in fixed assets		(4,870,898)
Change in restricted cash and cash equivalents		(1,487)
NET CASH USED BY INVESTING ACTIVITIES		(4,872,385)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt		4,907,408
Principal payments on loans		(224,740)
NET CASH PROVIDED BY FINANCING ACTIVITIES		4,682,668
NET INCREASE IN CASH AND CASH EQUIVALENTS		128,887
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,480,288
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 1,609,175

See Independent Auditor's Report and
accompanying notes to financial statements.

RUNYAN SANITARY SEWER IMPROVEMENT DISTRICT NO. 211
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Runyan Sanitary Sewer Improvement District No. 211 (the District), a political subdivision of Pulaski County, Arkansas, provides sewer service to the Runyan Acres, Arbor Oaks, Cardinal Valley, Stone, Oak Shadows, Bent Tree, Village East and Pleasant Valley subdivisions, all existing west of Gravel Ridge, Arkansas.

Basis of Accounting

The District'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 District'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 changes 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 District is determined by its measurement focus. The transactions of the District 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 District considers all highly liquid investments, with a maturity of 90 days or less when purchased, to be cash equivalents. As required by law, all funds are deposited in approved banks. The deposited funds are insured by Federal Deposit Insurance Corporation ("FDIC") or collateralized by securities held by the banks in the District's name. As of December 31, 2025, deposited funds were adequately insured and collateralized.

Property and Equipment

Acquisitions of property, plant and equipment are recorded at cost. Depreciation is provided in these financial statements using the straight-line method over the lives of the assets, which is generally seven to twenty-five years. Expenditures for maintenance and repairs are charged against income as incurred. Depreciation expense was $170,202 for the year ended December 31, 2025.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue Recognition

The District 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 District's financial statements. Based on the District'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.

Long-Lived Assets

The District reviews long-lived assets held and used by the District 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, 2025, this review has not materially affected the District's reported earnings, net position or results of operations.

Equity Classifications

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

Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted".

With Restrictions – This component of net assets 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.

Net Investment in Capital Assets – 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.

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due for sewer service sales and other ancillary services, such as connection fees. Accounts receivable are written off when the possibility of collection is unlikely. As of December 31, 2025, accounts receivable is fully collectible, therefore, no allowance is necessary.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets for the years ended December 31, 2025 are as follows:

	Balance 12/31/2024	Additions/ Transfers	Disposals	Balance 12/31/2025
Sewer System	$ 7,246,844	-	-	$ 7,246,844
Construction in progress	621,460	$ 4,907,408	-	5,528,868
	$ 7,868,304	4,907,408	-	$ 12,775,712
Less: accumulated Depreciation	3,274,415	170,202	-	3,444,617
Total capital assets	$4,593,889	$ 4,737,206	-	$9,331,095

NOTE 4: BONDS PAYABLE

	Total Debt
5.3% Arkansas Soil and Water Conservation bond issue dated July 22, 2002 in the amount of $1,071,320, payable in semi-annual installments of principal and interest, secured by system revenues	$193,980
1.75% Arkansas Natural Resources Commission bond issue dated July 22, 2021 in the amount of $2,500,000, payable in monthly installments of principal and interest, secured by system revenues	2,104,613
1.75% Arkansas Natural Resources Commission bond issue dated July 22, 2021 in the amount of $802,052, payable in monthly installments of principal and interest, secured by system revenues	675,204
Total	$2,973,798

NOTE 4: BONDS PAYABLE (CONTINUED)

Maturities of bonds payable in the years subsequent to December 31, 2025 are approximately:

	Principal	Interest	Total
2026	231,644	63,470	288,297
2027	238,735	56,652	288,297
2028	175,899	42,788	218,686
2029	156,326	39,471	195,797
2030	159,083	36,713	195,797
Thereafter	2,012,111	207,525	2,219,636
	$2,973,798	$432,711	$3,406,509

Bond liability for the year ended December 31, 2025 is as follows:

	Balance 12/31/24	Additions	Retirements	Balance 12/31/25	Due Within One Year
Bonds Payable	$3,198,538	$ -	$ 224,827	$2,973,798	$ 231,644

The bonds have restrictive covenants, including the requirement to accumulate a debt service reserve in the amount of $40,000 and to begin accumulating a depreciation reserve in annual installments of 1% of the gross revenues of the District for the 2002 bond issue and 3% of the gross revenues of the District for the 2021 bond issue in monthly installments to be accumulated to $250,000. This fund is for the replacement or repair of the system and may not be used without the prior written consent of the Commission. When funds are withdrawn, the monthly deposits will resume until the depreciation fund again reaches the required level.

The District has pledged future revenues, net of specified operating expenses to repay $3,198,538 in bond debt. Proceeds from the loans were used for building and improving the District's sewer systems. Principal and interest on the bonds are payable through April 2042, solely from customer net revenues. Principal and interest paid in the year ended December 31, 2025 were $224,827 and $94,799 respectively.

NOTE 5: BONDS PAYABLE CONSTRUCTION IN PROGRESS

In September, 2024 the District entered into a construction contract with the K.J. Parker Construction Company, Inc., to build a new sewer plant which will cost $12,232,960 and will be paid for with a Sewer Revenue Bond, Series 2024 with a maturity date of December 1, 2046. The new sewer plant is scheduled to be completed by late 2025 or early 2026. The interest rate is 1.58% per annum, and during the construction period, the interest is being paid and capitalized with the project. Interest in the amount of $5,289 has been capitalized during 2025.

NOTE 6: RESTRICTED ASSETS

Restricted assets consist of debt service reserves and bond funds held at Regions Bank and Arvest Bank. The following is a list of the restricted cash at December 31, 2025:

Debt service reserves	$298,251
Bond funds	19,863
Total restricted assets	$318,114

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 25, 2026, 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
Runyan Sanitary Sewer Improvement District No. 211

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 Runyan Sanitary Sewer Improvement District No. 211 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 25, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Runyan Sanitary Sewer Improvement District No. 211's internal control over financial reporting to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of Runyan Sanitary Sewer Improvement District No. 211'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 Runyan Sanitary Sewer Improvement District No. 211's financial statements are free from 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 determination of financial statement amounts. 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 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 our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jacobs & Company CPAs & Advisors PLLC
Jacksonville, Arkansas
May 25, 2026