PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2023

NEW ISSUE
BOOK-ENTRY ONLY

RATING: (BAM Insured) S&P: AA/Stable

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds (and the interest on the Bonds is exempt from State of Arkansas income taxes, the Bonds are exempt from property taxation in the State of Arkansas and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code). In the opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. See **LEGAL MATTERS**, Tax Exemption.*

$4,440,000*
JAMES FORK REGIONAL WATER DISTRICT WATER REFUNDING AND IMPROVEMENT REVENUE BONDS, SERIES 2023

Dated: Date of Delivery

Due: June 1, as described below

The Bonds will be secured by and payable from a pledge of the revenues and other resources of the James Fork Regional Water District (the "Issuer") pursuant to the terms of a Trust Indenture between the Issuer and Bank OZK, Little Rock, Arkansas (the "Trustee"). The pledge of revenues and other resources in favor of the Bonds is on a parity with the pledge in favor of the Issuer's Water Revenue Bond, dated July 6, 2017, the Issuer's Water Revenue Refunding Bonds, Series 2020A and the Issuer's Water Revenue Refunding Bonds, Series 2021. The Issuer has no taxing power. See **THE BONDS**, Security.

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2024, and the Bonds mature (on June 1 of each year), bear interest and are priced to yield as follows:

MATURITY SCHEDULE*

$390,000 ____% Term Bonds due June 1, 2028 to Yield _____%
$505,000 ____% Term Bonds due June 1, 2033 to Yield _____%
$625,000 ____% Term Bonds due June 1, 2038 to Yield _____%
$760,000 ____% Term Bonds due June 1, 2043 to Yield _____%
$955,000 ____% Term Bonds due June 1, 2048 to Yield _____%
$1,205,000 ____% Term Bonds due June 1, 2053 to Yield _____%

The Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Bonds will be available for purchase in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Bonds will not receive physical delivery of Bonds. Payments of principal of and interest on the Bonds will be made by the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Bonds, all as further described herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM
GREENSTAR

The Bonds are offered when, as and if issued and received by the Underwriter named below, subject to approval as to legality by Friday, Eldredge & Clark, LLP, Bond Counsel, and subject to satisfaction of certain other conditions.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Stephens Inc.

Dated: __________, 2023

* Preliminary; subject to change.

No dealer, broker, salesman or any other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the Issuer since the date hereof. This Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

The Underwriter has gathered the information in this Official Statement from sources it believes to be reliable, including primarily the Issuer. The Underwriter does not guarantee this information as to its completeness or its accuracy.

By its purchase of the Bonds, an investor is acknowledging that it has reviewed all the information it deems necessary to make an informed decision, and that it is not relying on any representation of the Underwriter or any of its officers, representatives, agents, or directors in reaching its decision to purchase the Bonds.

The investor, by its purchase of the Bonds, acknowledges its consent for the Underwriter to rely upon the investor's understanding of and agreement to the preceding two paragraphs as such relates to the disclosure and fair dealing obligations that may be applicable to the Underwriter under applicable securities laws and regulations.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Trust Indenture described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions in such laws from such registration and qualification.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under BOND INSURANCE and Exhibit B - Specimen Municipal Bond Insurance Policy.

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OFFICIAL STATEMENT

$4,440,000*
JAMES FORK REGIONAL
WATER DISTRICT WATER REFUNDING
AND IMPROVEMENT REVENUE BONDS,
SERIES 2023

INTRODUCTION TO THE OFFICIAL STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page hereof and exhibit hereto. A full review should be made of the entire Official Statement, as well as the Trust Indenture described herein.

This Official Statement is provided to furnish certain information in connection with the issuance by James Fork Regional Water District (the "Issuer"), of its Water Refunding and Improvement Revenue Bonds, Series 2023, in the aggregate principal amount of $4,440,000* (the "Bonds"). The Bonds are being issued to current refund the Issuer's outstanding loan with the Arkansas Natural Resources Commission pursuant to a Loan Agreement, dated August 27, 2007 (the "Obligation Refunded"), to finance all or a portion of the costs of betterments and improvements to the Issuer's water system (the "Improvements"), to pay premiums for the Insurance Policy (hereinafter defined) and the Reserve Policy (hereinafter defined) and to pay expenses of issuing the Bonds. See **THE BONDS**, Purposes for Bonds.

The Issuer is a public facilities board organized under the laws of the State of Arkansas (the "State"). The Issuer is authorized and empowered under the laws of the State, including particularly Title 14, Chapter 137 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to issue revenue bonds and to expend the proceeds thereof for the intended purposes. See **THE ISSUER**.

The Bonds will be issued pursuant to a resolution adopted by the Issuer and secured under a Trust Indenture between the Issuer and Bank OZK, Little Rock, Arkansas, as trustee and paying agent (the "Trustee"), dated as of the date of the Bonds (the "Indenture"). See **THE TRUST INDENTURE**.

The Bonds are payable from, and secured by a pledge of, the Issuer's revenues and other resources including particularly, without limitation, the revenues derived from the operation of a the Issuer's water system (the "System") and a lien on and security interest in certain of its properties. The pledge, lien and security interest in favor of the Bonds is on a parity with the pledge in favor of the Issuer's Water Revenue Bond, dated July 6, 2017, the Issuer's Water Revenue Refunding Bonds, Series 2020A and the Issuer's Water Revenue Refunding Bonds, Series 2021 (collectively, the "Parity Bonds"). See **THE BONDS**, Security. The Issuer is authorized to issue other obligations on a parity of security with the Bonds. See **THE BONDS**, Additional Bonds and Parity Obligations.

The Bonds will be initially issued in book-entry form and purchasers of Bonds will not receive certificates representing their interest in the Bonds purchased. See **THE BONDS**, Book-Entry Only System. The Bonds will contain such other terms and provisions as described herein. See **THE BONDS**, Generally.

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or integral multiple thereof. Interest is payable June 1, 2024, and semiannually thereafter on each June 1 and December 1. Principal is payable at the principal office of the Trustee in Little

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* Preliminary; subject to change.

Rock, Arkansas. Interest is payable by the Trustee by check or draft to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Bond, together with a written instrument of transfer, to the Trustee. See **THE BONDS**, Generally.

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Build America Mutual Assurance Company (the "Insurer" or "BAM") simultaneously with the delivery of the Bonds. A specimen municipal bond insurance policy is attached hereto as Exhibit B. It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC ("S&P") will assign a rating of "AA/Stable" to the Bonds based upon the issuance of the Insurance Policy by the Insurer at the time of delivery of the Bonds. However, there is no guarantee that such rating will be received. See **BOND INSURANCE** and **MISCELLANEOUS**, Rating.

The Bonds are subject to optional redemption on and after December 1, 2028 and are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended. The Bonds* are subject to mandatory sinking fund redemption prior to maturity as described herein. The Trustee shall give at least thirty (30) days' notice of redemption. See **THE BONDS**, Redemption.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax, (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), (iv) interest on the Bonds is exempt from State income tax and (v) the Bonds are not subject to property taxes in the State. See **LEGAL MATTERS**, Tax Exemption.

It is expected that the Bonds will be available for delivery on or about October 17, 2023, through the facilities of The Depository Trust Company in New York, New York.

The Issuer and the Trustee will enter into a Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Continuing Disclosure Agreement"). See **CONTINUING DISCLOSURE AGREEMENT**.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Indenture and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Suite 1720, Little Rock, Arkansas 72201, Attention: Public Finance.

THE BONDS

Book-Entry Only System. The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Bonds. The Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate for each maturity will be issued in the principal amount of the maturity and will be deposited with DTC.

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* Preliminary; subject to change.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Closing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent only to Cede & Co. If fewer than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those

Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriter nor the Issuer make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. The Issuer and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

Generally. The Bonds are dated, mature, bear interest and interest is payable on the Bonds as set forth on the cover page hereof.

The Bonds are issuable in the form of registered Bonds without coupons in the denomination of $5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Indenture. In the event any Bond is mutilated, lost or destroyed, the Issuer shall, if not then prohibited by law, execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Indenture.

Each Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Bond or Bonds of the same maturity and interest rate, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

There shall be no charge to the transferor or transferee for any transfer, except an amount or amounts sufficient to reimburse the Issuer and the Trustee for any tax, fee or other governmental charge required to be paid with respect to such transfer. Neither the Issuer nor the Trustee shall be required to make transfers of registration with respect to any Bond or portion thereof called for redemption prior to maturity within thirty (30) days prior to its redemption date.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest of any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption. The Bonds are subject to extraordinary, optional and mandatory sinking fund redemption as follows:

(1) Extraordinary Redemption. The Bonds must be redeemed from proceeds of the Bonds not needed for the purposes intended, on any interest payment date, in whole or in part, at a price equal to the principal amount being redeemed plus accrued interest to the redemption date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine).

(2) Optional Redemption. The Bonds are subject to redemption at the option of the Issuer from funds from any source, in whole or in part at any time, on and after December 1, 2028, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities of the Bonds to be redeemed shall be selected by the Issuer in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) Mandatory Sinking Fund Redemption.* To the extent not previously redeemed, the Bonds are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on June 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Maturing June 1, 2028

Year	Principal Amounts
2024	$50,000
2025	80,000
2026	85,000
2027	85,000
2028 (maturity)	90,000

* Preliminary; subject to change.

Bonds Maturing June 1, 2033

Year	Principal Amounts
2029	$ 95,000
2030	95,000
2031	100,000
2032	105,000
2033 (maturity)	110,000

Bonds Maturing June 1, 2038

Year	Principal Amounts
2034	$115,000
2035	120,000
2036	125,000
2037	130,000
2038 (maturity)	135,000

Bonds Maturing June 1, 2043

Year	Principal Amounts
2039	$140,000
2040	145,000
2041	150,000
2042	160,000
2043 (maturity)	165,000

Bonds Maturing June 1, 2048

Year	Principal Amounts
2044	$175,000
2045	180,000
2046	190,000
2047	200,000
2048 (maturity)	210,000

Bonds Maturing June 1, 2053

Year	Principal Amounts
2049	$220,000
2050	230,000
2051	240,000
2052	250,000
2053 (maturity)	265,000

In case any outstanding Bond is in a denomination greater than $5,000, each $5,000 of face value of such Bond shall be treated as a separate Bond of the denomination of $5,000.

The Trustee shall give notice of the call for redemption by first class mail or other standard means, including electronic or facsimile communication, sent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, to the registered owner of any Bond called for redemption. After the date specified in such call, the Bond or Bonds so called will cease to bear interest provided funds for their payment have been deposited with the Trustee.

Purposes for Bonds. The Bonds are being issued to current refund the Obligation Refunded (the "Refunding"), to finance all or a portion of the costs of the Improvements, to pay the premiums for the Insurance Policy and the Reserve Policy (hereinafter defined) and to pay costs of issuing the Bonds. The Obligation Refunded will be called for redemption on the date the Bonds are issued, or the earliest practicable date thereafter, at a price of par plus accrued interest.

The Improvements include particularly, without limitation, improvements to water storage tanks and lines, new or improvements to existing pump stations and improvements to the water treatment plant.

The proceeds of the Bonds are estimated to be used as follows:

SOURCES:*	
Principal Amount of Bonds	$4,440,000
Net Original Issue Discount	(90,768)
Total Sources	$4,349,232
USES:*	
Refunding Costs	$ 170,533
Improvement Costs	4,000,000
Cost of Issuance, Insurance Policy Premium, Reserve Policy Premium and Underwriter's Discount	178,699
Total Uses	$4,349,232

The payment of Underwriter's discount Insurance Policy premium, Reserve Policy premium and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **MISCELLANEOUS**, Underwriting for a description of the Underwriter's discount. The Issuer will deposit the principal amount of the Bonds plus any original issue premium and less any original issue discount, Underwriter's discount, Refunding deposit, certain issuance costs, Insurance Policy premium and Reserve Policy premium into a special fund in the Trustee designated "2023 Construction Fund" (the "Construction Fund"). Moneys contained in the Construction Fund will be expended for expenses of issuing the Bonds and for the Improvements. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and a statement to the effect that the disbursement is for a proper expense of or pertaining to the Improvements or expenses of issuing the Bonds. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE TRUST INDENTURE,** Investment of Funds.

Security. The Bonds are secured by a pledge of the revenues and other resources of the Issuer, including particularly without limitation, System revenues and a lien on and security interest in certain of its properties. The pledge in favor of the Bonds is on a parity with the pledge in favor of the Parity Bonds. The Issuer has no taxing power. Under the Indenture, the Issuer grants to the Trustee in order to secure the payment of the principal of, premium, if any, and interest on the Bonds, a lien on and security interest in the following:

(a) All real estate and premises, rights of way and easements, with all buildings, additions and improvements of every nature now located thereon or therein situated in Sebastian County and Scott County, with the tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining now owned by the Issuer.

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* Preliminary; subject to change.

(b) All other properties of whatever nature now owned by the Issuer and not covered by the properties described in (a) above, including, without limitation, all assets, franchises, rights, privileges, licenses, equipment, machinery, furnishings and fixtures.

(c) All revenues and income received by the Issuer, including particularly, the income received by the Issuer from all other persons, firms, associations, corporations or organizations of any nature from the operation of the System.

(d) All moneys in the Bond Fund, the Debt Service Reserve Fund, the Construction fund and any other fund established under the Indenture that contains proceeds of the Bonds and all investments therein and earnings thereon.

(e) Replacement properties (as described in the Indenture) and any and all other property of every name and nature from time to time heretofore or hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred, as and for additional security for the Bonds, by the Issuer or by an other person, firm or corporation to the Trustee, which is authorized to receive any and all such property at any time and at all times and to hold and to apply the same subject to the terms of the Indenture.

For a schedule of annual debt service requirements for the Bonds and the Parity Bonds, see **DEBT SERVICE REQUIREMENTS**. The Bonds are secured under the Indenture. For a summary of the terms of the Indenture, see **THE TRUST INDENTURE**.

The 2023 Account of the Debt Service Reserve Fund will be funded with a municipal bond debt service reserve insurance policy (the "Reserve Policy") issued by the Insurer. The face amount of the Reserve Policy will be an amount equal to one-half of the maximum annual debt service requirement on the Bonds (based on a year ending June 1) (the "Required Level"). The 2023 Account of the Debt Service Reserve Fund only secures the Bonds. See **THE INDENTURE**, Debt Service Reserve Fund.

Additional Bonds and Parity Obligations. The Issuer has reserved the right to issue additional bonds on a parity of security with the Bonds ("Additional Bonds").

Before any Additional Bonds can be issued, there must be filed with the Trustee the following:

(i) A copy, certified by the Secretary of the Issuer, of the resolution authorizing the Additional Bonds and directing their delivery to or upon the order of purchasers therein named upon payment of the purchase price therein set forth;

(ii) A certificate of the Chairman of the Issuer stating that no event of default specified in the Indenture has happened and is continuing;

(iii) An opinion of counsel selected by the Issuer but satisfactory to the Trustee that all required legal action precedent to the issuance of the Additional Bonds has been taken and that, when executed, authenticated and delivered, such Bonds will be valid, binding and enforceable obligations of the Issuer secured by the Indenture on a parity with Parity Bonds, Parity Obligations and previously issued Bonds; and

(iv) A certificate of an independent certified public accountant to the effect that "adjusted gross revenues" of the Issuer for the fiscal year immediately preceding the delivery of the Additional Bonds were sufficient in amount:

(a) to pay all operation and maintenance expenses of the Issuer (exclusive of depreciation and debt service expenses) for the immediately preceding fiscal year;

(b) to make all payments into the funds of the Issuer created by the Indenture (exclusive of the Operation and Maintenance Fund and the Bond Fund) required by the provisions of the Indenture to be made during the immediately preceding fiscal year; and

(c) to leave a balance equal to not less than 115% of the average annual principal and interest requirements, during the current or any subsequent fiscal year of the Issuer, for (1) the then outstanding Bonds (exclusive of any bonds to be deemed paid pursuant to the Indenture upon delivery of the Additional Bonds), (2) the then outstanding Parity Bonds, (3) the Additional Bonds then held by the Trustee for delivery and (4) any then outstanding Parity Obligations (exclusive of any Parity Obligations that are to be refunded upon the delivery of the Additional Bonds). There shall be added to the amount of the annual principal and interest requirements any amounts owed in connection with the Reserve Policy or other debt service reserve fund insurance policies.

The term "adjusted gross revenues," means:

(1) The gross revenues actually received by the Issuer during the fiscal year immediately preceding the delivery of the Additional Bonds; plus

(2) Any additional revenues (as projected by the accountant executing the certificate as to adjusted gross revenues, on the basis of actual water sales) that would have been derived from a rate increase actually placed into effect after the first day of such fiscal year if such rate increase had been in effect throughout the fiscal year; plus

(3) Any additional annual revenues as projected in a certificate of an independent consulting engineer (on the basis of the then current water rates) to be derived from new customers to be served upon completion of improvements then under construction or to be financed from the proceeds of the Additional Bonds delivered to the Trustee.

The Issuer may issue other obligations on a parity with bonds issued under the Indenture subject to meeting the requirements for the issuance of Additional Bonds, as described above ("Parity Obligations"). Otherwise, all other obligations of the Issuer shall be subject and subordinate to all bonds then outstanding or thereafter issued under the Indenture ("Subordinate Obligations").

THE ISSUER

Generally. The Issuer is a public facilities board established by Sebastian County, Arkansas pursuant to Ordinance No. 93-5 adopted April 20, 1993, as amended by Ordinance No. 2005-22 adopted August 23, 2005, of the Quorum Court of Sebastian County, Arkansas, and organized under the laws of the State. The Issuer is authorized and empowered under the laws of the State, including particularly, the Authorizing Legislation, to operate the System, which provides water service to customers in all of Sebastian County, south of the City of Fort Smith, Arkansas and Fort Chaffee, Arkansas, and in all of Scott County, Arkansas except the City of Waldron, Arkansas (collectively, the "Service Area").

In 1993, the Issuer was formed, and the assets of the South Sebastian County Water Users Association, Inc. (as described below under The System), including particularly the System, were transferred to the Issuer. In 2004, the Issuer expanded water service to customers in Scott County. Effective January 1, 2006, the Issuer changed its name to James Fork Regional Water District to reflect that the Issuer served customers in more than one county.

Members. The Issuer consists of five members who serve staggered five year terms. The current members of the Issuer, their occupations and the date their terms expires are as follows:

Name	Occupation	Year Term Expires
Gene Wahl	Retired	December 31, 2023
Stanhope Wilkinson	Banker	December 31, 2024
Steve Roberts	Retired	December 31, 2025
Shirley Walters	Retired	December 31, 2026
Terry Duboise	Rancher	December 31, 2027

The officers of the Issuer are the following:

Name	Office
Terry Duboise	Chairman
Stanhope Wilkinson	Secretary/Treasurer

The System. The South Sebastian County Water Users Association, Inc., the predecessor to the Issuer, was formed in 1967 as an Arkansas non-profit corporation. The System became operational in 1968 and initially had approximately 480 users.

The System's source of water is James Fork Lake. The lake is a 232 acre reservoir with a clay, earth fill dam on James Fork and Posey Creeks in Sebastian County with a 3.25 MGD water treatment plant.

The dam is approximately 2,080 feet in length with a top elevation at 890.0, the toe at an approximate elevation of 806.0, a normal water surface election of 877.0, and a surface area of 232 acres at normal foot. The height of the dam is approximately 84 feet. The dam is rated "high risk" under the rules of the Arkansas Natural Resources Commission ("ANRC") because of the amount of property and the population located in the drainage area below the dam. In an inspection report from ANRC dated October 2, 2020, ANRC determined that the dam was in "good condition." The drainage area is 6,528 acres, or 10.20 square miles.

The water treatment plant consists of two solids contact up flow clarifiers and dual or mixed media filters with approximate chemical feeders, laboratory, office space, clearwell, and a furnished water pump station.

The water treatment plant is a sedimentation/filtration plant. The chlorination system is designed so that application can be made at several different points to provide adequate disinfection wherever needed.

The distribution system consists of approximately 680 miles of line throughout the System.

In 2001, the Issuer purchased 600 acres adjacent to James Fork Lake in order to construct a new reservoir. The new reservoir would include the construction of a new 230-acre lake, two earthen dams, a principal spillway and an emergency spillway. The depth of the new lake would be approximately 45 feet. The new lake would provide an additional water source for the System and would store approximately 1,490,000,000 gallons. James Fork Lake currently holds approximately 1,580,000,000 gallons. The Issuer has obtained a permit for construction of the new lake from the United States Army Corps of Engineers and has purchased all of the land credits. The Issuer does not have an expected date to begin construction of the new lake.

The General Manager of the System is Jeff Pyles. Mr. Pyles has been managing the System for six months and has 27 years of experience as the Plant Manager. James Cox is the Director of Field Operations, and Donna Strozier is the Assistant Manager. The System has 16 employees.

Water Sales. The Issuer has contracts to sell water on a wholesale basis to the following entities: Milltown-Washburn Public Water Authority of the State of Arkansas ("Milltown-Washburn PWA"), Sebastian Lake Estates, and the Cities of Bonanza, Greenwood, Hackett, Hartford, Huntington and Mansfield, Arkansas (each an "Entity" and collectively, the "Entities"). The wholesale water contracts with the Entities require them to purchase a minimum amount of water and their terms expire as follows:

Entity	Required Minimum Amount	Contract Expiration Date
Milltown-Washburn PWA	70% of the Entity's water needs	May 1, 2035
Sebastian Lake Estates	100% of the Entity's water needs	May 1, 2035
Bonanza	100% of the Entity's water needs	September 29, 2046
Greenwood	15,000,000 gallons per month	March 12, 2030
Hackett	100% of the Entity's water needs	April 28, 2035
Hartford	100% of the Entity's water needs	June 8, 2035
Huntington	100% of the Entity's water needs	April 21, 2035
Mansfield	100% of the Entity's water needs	April 28, 2035

The average daily water use for the System and the total water use annually in gallons for the last five years was as follows:

Year	Average Daily Water Use in Gallons	Total Water Use For Year in Gallons
2018	1,872,790	683,568,268
2019	1,858,751	678,444,154
2020	1,854,395	676,854,282
2021	1,875,014	684,380,025
2022	1,919,197	700,506,899

The volume of water sold by the Issuer for the past five years was as follows:

Year	Retail	Wholesale	Total
2018	259,287,368	424,280,900	683,568,268
2019	249,395,400	429,395,400	678,444,154
2020	248,719,682	428,134,600	676,854,282
2021	257,707,150	426,672,875	684,380,025
2022	276,538,350	423,968,549	700,506,899

The volume of water sold by the Issuer in each County in the Service Area for the past five years was as follows:

Year	Sebastian County	Scott County	Total
2018	625,322,820	58,245,448	683,568,268
2019	605,970,900	72,473,254	678,444,154
2020	620,199,860	56,654,422	676,854,282
2021	622,371,875	62,008,150	684,380,025
2022	626,670,099	73,836,800	700,506,899

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Water Rates. The monthly water rates are determined based on water consumption per 1,000 gallons. The rates are as follows:

Residential Customers[1]	Rates
First 1,000 gallons	$31.50 (minimum bill)
Next 4,000 gallons	5.78 per 1,000 gallons
Next 5,000 gallons	5.51 per 1,000 gallons
Next 40,000 gallons	5.25 per 1,000 gallons
Over 50,000 gallons	5.20 per 1,000 gallons
2 Inch Meter[1]	
First 1,000 gallons	$34.50 (minimum bill)
Next 4,000 gallons	5.78 per 1,000 gallons
Next 5,000 gallons	5.51 per 1,000 gallons
Next 40,000 gallons	5.25 per 1,000 gallons
Over 50,000 gallons	5.20 per 1,000 gallons
3 Inch Meter[1]	
First 1,000 gallons	$38.70 (minimum bill)
Next 4,000 gallons	5.78 per 1,000 gallons
Next 5,000 gallons	5.51 per 1,000 gallons
Next 40,000 gallons	5.25 per 1,000 gallons
Over 50,000 gallons	5.20 per 1,000 gallons

Contract Users[2]	Rates
First 100,000 gallons	$1,000.00 (minimum bill)
Next 150,000 gallons	3.80 per 1,000 gallons
Next 500,000 gallons	3.00 per 1,000 gallons
Next 750,000 gallons	2.70 per 1,000 gallons
Over 1,500,000 gallons	2.60 per 1,000 gallons

Customers. The approximate or average number of water users by category for each of the past five years are as follows:

Year	Retail	Wholesale[3]	Total
2018	4,683	12	4,695
2019	4,836	12	4,848
2020	4,968	12	4,980
2021	5,074	12	5,086
2022	5,316	12	5,328

[Remainder of page intentionally left blank]

(1) Effective as of September 1, 2022
(2) Effective as of October 1, 2023
(3) There are 8 wholesale customers. See **THE ISSUER**, Water Sales. Several wholesale customers have more than one meter.

The numbers of retail customers for each County in the Service Area, as determined by the number of meters, for the past five years are as follows:

Year	Sebastian County	Scott County	Total
2018	3,648	1,035	4,683
2019	3,668	1,168	4,836
2020	3,739	1,129	4,968
2021	3,808	1,266	5,074
2022	4,025	1,291	5,316

The City of Greenwood, Arkansas ("Greenwood") is the largest user of the System. For the year ended December 31, 2022, Greenwood accounted for approximately 8% of System revenues and paid an average of $26,584 per month. No other user of the System accounts for more than 5% of the revenues of the System. The top five customers of the System for 2022 were:

1. Greenwood
2. Milltown-Washburn PWA
3. Mansfield
4. Hackett
5. Huntington

Litigation. There is no litigation or regulatory proceeding pending or threatened against the Issuer or the System.

THE COUNTIES

Generally. The Issuer's Service Area includes portions of Sebastian County, Arkansas and Scott County, Arkansas (collectively, the "Counties") which are located in Western Arkansas. The county seats of Sebastian County are the Cities of Fort Smith and Greenwood, Arkansas. Fort Smith is approximately 159 miles west of Little Rock, Arkansas, and Greenwood is approximately 160 miles northwest of Little Rock, Arkansas. The county seat of Scott County is the City of Waldron, Arkansas, which is approximately 139 miles west of Little Rock, Arkansas.

The municipalities in Sebastian County and their populations are as follows:

Municipality	Population*
Barling	4,919
Bonanza	595
Central City	467
Fort Smith	89,992
Greenwood	9,617
Hackett	836
Hartford	500
Huntington	493
Lavaca	2,502
Mansfield	1,050
Midland	225

The municipalities in Scott County and their populations are as follows:

Municipality	Population*
Mansfield	1,050
Waldron	3,354

* Estimate as of July 1, 2022

Population. Since 1980, the population trends for the Counties, according to the U.S. Census Bureau, are as follows:

Year	Sebastian County Population	Scott County Population
1980	95,172	9,685
1990	99,590	10,205
2000	115,071	10,996
2010	125,744	11,233
2020	127,799	9,836
2022*	129,059	9,805

*Estimate as of July 1, 2022

Transportation. The Counties are served by U.S. Highways Nos. 64, 71 and 271 as well as Interstate Nos. 40, 540 and 49. Several motor freight carriers make daily shipments from the Counties to major cities across the United States. The City of Fort Smith is located on the Arkansas River and has available a public port with a barge-rail terminal. The Fort Smith Municipal Airport, located in Sebastian County, is served by two mainline commercial carriers with 61,719 enplanements for the year ended December 31, 2022.

Medical Facilities. Sebastian County is served by Baptist Health-Fort Smith and Mercy Hospital Fort Smith, which have 492 beds and 360 beds, respectively. Mercy Hospital Waldron is a 24-bed critical access hospital serving Scott County.

Education. Primary and secondary education for the Counties are provided by public school systems. The University of Arkansas - Fort Smith is located in Fort Smith. The University of Arkansas - Rich Mountain has a satellite campus in Waldron.

Economy. Set forth below are the characteristics of the major employers in Sebastian County:

Company	Product or Service	Number of Employees
OK Foods, Inc.	Poultry plants	3,183
Mercy Hospital	Health care	3,100
Fort Smith School District	Public schools	2,200
Baptist Health-Fort Smith	Health care	1,800
ARCBest Corporation	Trucking	1,622
ABB	Motors and generators	1,614
University of Arkansas-Fort Smith	Education	1,162
City of Fort Smith	Government	1,064
Bost, Inc.	Mental health services	1,000
188th Wing	Military	900
Rheem Air Conditioning Division	Air conditioning equipment	900
Sykes Enterprises	Marketing, sales and service	650
Shared Services Center	Business office support	580
Gerdau	Manufacturing	550
Gerber Products Company	Infant cereal, baby foods	488
Greenwood School District	Education	483
Arvest Bank (Main Branch)	Banking	461
USA Truck	Trucking	411
Area Agency On Aging of Western AR, Inc.	Health services	400

Set forth below are the characteristics of the major employers in Scott County:

Company	Product or Service	Number of Employees
Tyson Foods	Poultry	950
Waldron School District	Education	277
West Fraser Inc.	Sawmills	130
Mansfield School District	Education	124
Waldron SNF Operations LLC	Nursing Care Facilities	80
Scott County	Government	77
WeighTech Inc.	Manufacturing	65
Mercy Hospital (Waldron)	Health Care	60
US Forrest Service	Government	40
City of Waldron	Government	31
Harps Food Stores	Grocery Store	29
STI Cems Services, LLC	Manufacturing	22

Additional Economic Data. Total personal income estimates for the Counties are as follows:(1)

Year	Sebastian County Total Personal Income	Scott County Total Personal Income
2017	$5,186,214,000	$314,572,000
2018	5,259,924,000	320,185,000
2019	5,543,154,000	317,028,000
2020	5,812,810,000	330,661,000
2021	6,234,569,000	380,992,000

Per capita personal income estimates for the Counties are as follows:(1)

Year	Sebastian County Per Capita Personal Income	Scott County Per Capita Personal Income
2017	$40,512	$31,133
2018	41,190	32,022
2019	43,368	32,039
2020	45,505	33,703
2021	48,556	38,790

The annual average unemployment rates for the Counties and the State since 2018 are as follows, according to the Arkansas Department of Workforce Services.

	Annual Average Unemployment Rate (%)		
Year	Sebastian County	Scott County	State
2018	3.5	3.6	3.7
2019	3.2	3.3	3.5
2020	6.1	4.6	6.2
2021	3.8	3.4	4.1
2022	3.1	2.8	3.3
2023*	3.2	2.9	3.1

*As of June, 2023

(1) Source: U.S. Bureau of Economic Analysis.

BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Bonds, BAM will issue the Insurance Policy. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Insurance Policy included as an Exhibit to this Official Statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, a defined by Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated "AA/Stable" by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the Issuer on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486 million, $204.5 million and $281.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

BAM GreenStar Bonds. The Bonds have been designated BAM GreenStar Bonds because BAM has determined that the use of bond proceeds by the Issuer as described in this Official Statement and in any additional information obtained by BAM aligns with one of the Green Bond Principles ("GBPs") developed by the International Capital Markets Association ("ICMA"). The GBPs were developed by the ICMA with the goal of establishing universally accepted guidelines for the issuance of green bonds, and one of the key requirements addresses the use of proceeds. BAM has been identified by the ICMA as an observer organization that is active in the field of green and/or social or sustainability finance and as a Climate Bond Initiative approved verifier. The GreenStar Credit Profile prepared by BAM for the Bonds will identify which of the following GBP categories applies to the Bonds:

- renewable energy
- energy efficiency
- pollution prevention and control
- environmentally sustainable management of living natural resources and land use
- terrestrial and aquatic biodiversity
- clean transportation
- climate change adaptation
- sustainable water and wastewater management
- green buildings.

Each of the GBPs correlates to one of the following UN Sustainable Development Goals which will also be included in the GreenStar Credit Profile for the Bonds:

- clean water and sanitation
- affordable and clean energy
- sustainable cities and communities
- industry innovation and infrastructure
- responsible consumption and production
- climate action
- life below water
- life on land

The Issuer makes no representation regarding the applicability of or suitability of the GreenStar designation. The term "GreenStar" is neither defined in, nor related to, the Indenture or any security documents relating to the Bonds. The GreenStar designation is solely for identification purposes and is not intended to provide or imply that the owners of the Bonds are entitled to any security other than that described in this Official Statement. The Issuer is under no contractual or other legal obligation to ensure compliance with any legal or other principles relating to "GreenStar" designation. The Issuer has made no commitment to provide ongoing reporting or information regarding the designation or compliance with the GBPs.

The BAM GreenStar designation is based upon an assessment by BAM at the time of the issuance of the Bonds and such designation by BAM reflects only the views of BAM. BAM does not charge a fee in connection with the designation, does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. The designation is provided on an "AS IS" basis and is based on BAM's own investigation, studies, assumptions, and criteria using its reasonable best efforts. In issuing its GreenStar designation, BAM has assumed and relied upon the accuracy and completeness of the information made publicly available by the Issuer or that was otherwise made available to BAM. BAM makes no representation or warranty, express or implied, including, but not limited to, the accuracy, results, timeliness, completeness, merchantability or fitness for any particular purpose with respect to the designation. A complete description of BAM GreenStar, and its limitations and terms of use, are available on BAM's website https://buildamerica.com/greenstar and https://buildamerica.com/terms-of-use and incorporated herein by reference. The BAM GreenStar designation is determined solely by BAM; it has not been reviewed or approved by the Issuer or the Underwriter, and the Issuer and the Underwriter assume no responsibility for such designation.

BAM's GreenStar designation does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Bonds and is not a recommendation to any person to purchase, hold, or sell the Bonds. Such labeling does not address the market price, marketability or suitability of these Bonds for a particular investor. There is no assurance that the designation will be retained for any given period of time or that the designation will not be revised, suspended, or withdrawn by BAM if, in its judgement, circumstances so warrant.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Issuer or the Underwriter, and the Issuer and the Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

THE TRUST INDENTURE

The following is a brief summary of the Indenture pursuant to which the Bonds will be issued. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Trustee. Unless the content provides otherwise, all references to Bonds shall be deemed to include the Bonds and Additional Bonds issued under the Indenture on a parity of security with the Bonds offered hereby. See **THE BONDS**, Additional Bonds and Parity Obligations.

Rights of Insurer. Various rights of the Issuer and owners of the Bonds are subject to rights and powers granted to the Insurer pursuant to the Indenture.

Rate Covenant. Under the Indenture, the Issuer covenants and agrees that it will fix, charge and collect rates, fees and charges for water and services furnished by the Issuer which shall produce total revenues in each fiscal year sufficient to (1) pay the Issuer's operation, repair and maintenance expenses (excluding depreciation), (2) make all required deposits to the Debt Service Reserve Fund and the Depreciation Fund, (3) pay any amounts owed in connection with the Reserve Policy or other debt service reserve fund insurance policies and (4) leave a balance equal to 115% of the debt service requirements for that fiscal year of all outstanding obligations payable from revenues of the System ("System Obligations"). The Issuer covenants that it will revise the rates, fees and charges from time to time as necessary to comply with this covenant.

If the Issuer fails to comply with its rate covenant in any fiscal year, it will undertake a study of the rate revisions necessary to again be in compliance with the rate covenant. The study shall be completed and filed with the Trustee not later than the 15th day of the sixth month of the following fiscal year. Revised rates, fees and charges, as indicated in the study, shall be placed into effect not later than the 15th day of the sixth month of the fiscal year immediately following the fiscal year in which the study is made. If the Issuer complies with this provision it shall not be deemed in default for the fiscal year in which the rate study is made and the immediately following fiscal year, provided that the total revenues in each of these fiscal years is sufficient to make the payments and deposits provided for in clauses (1) and (2) above and leave a balance equal to 100% of the debt service requirements for such fiscal year of all outstanding System Obligations.

Revenue Fund. All revenues and income received by the Issuer shall be paid upon receipt into a special fund designated "Gross Receipts Fund" (the "Revenue Fund").

Bond Fund. (a) There shall be paid from the Revenue Fund into a special fund created by the Indenture and designated "Bond Fund" (the "Bond Fund"), on the first business day of each month, commencing in December 2023, an amount equal to the sum of:

(1) one-sixth (1/6) of the next installment of interest on the outstanding Bonds, plus an amount sufficient to provide for Trustee's and Paying Agent's fees (the required payments for the months after delivery, and before the first interest payment date, of any series of Bonds shall be adjusted if necessary, so that the deposits made and any accrued interest from the sale of the Bonds will be sufficient to cover the interest due and Trustee's and Paying Agent's fees); plus

(2) one-twelfth (1/12) of the next installment of principal on the outstanding Bonds (whether at maturity or upon maturity redemption prior to maturity); provided, however, the monthly deposits under this paragraph for the months after delivery and before the first principal payment date, of any series of Bonds shall be adjusted if necessary so that the deposits made will be sufficient to cover the principal due. The additional deposits required in the event of the issuance of Additional Bonds need not commence until the time necessary to accumulate the first principal maturity of the Additional Bonds in twelve monthly installments.

(b) The Issuer shall receive a credit against required monthly deposits into the Bond Fund for any moneys placed into the Bond Fund other than pursuant to paragraph (a).

(c) If for any reason the funds in the Bond Fund shall at any time be insufficient to meet any required payment, then the amount of any such deficiency shall be paid immediately from the Revenue Fund into the Bond Fund.

(d) When the moneys in the Bond Fund, together with moneys in the Debt Service Reserve Fund shall be and remain sufficient to pay the principal of and interest on all outstanding Bonds issued under the Indenture when due at maturity or at redemption prior to maturity, and the Trustee's and Paying Agent's fees, there shall be no obligation to make any further payments into the Bond Fund.

(e) The moneys in the Bond Fund shall be used solely for the payment of the principal of and the interest on the Bonds and the Trustee's and Paying Agent's fees and for no other purpose except as specifically mentioned in the Indenture.

Operation and Maintenance Fund. After the required deposit has been made into the Bond Fund, there is required to be paid from the Revenue Fund into a fund designated "Operation and Maintenance Fund" (the "Operation and Maintenance Fund") on the first business day of each month while any Bonds issued under the Indenture are outstanding, an amount sufficient, together with existing moneys held for the credit of such fund, to pay the reasonable monthly expenses of operation, repair and maintenance of the properties of the Issuer for such month, and, to the extent determined by the Issuer, to pay costs of betterments and improvements to properties of the Issuer, and from which disbursements shall be made only for those purposes. Fixed annual charges, such as insurance premiums, the cost of major repair and maintenance expenses and costs of betterments and improvements may be computed and set up on an annual basis and one-twelfth (1/12) of the amount thereof may be paid into the Operation and Maintenance Fund each month. If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of any deficiency shall be added to the amount otherwise required to be transferred and paid into the fund in the next succeeding month. If in any fiscal year, a surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary costs of operation, repair and maintenance of the properties of the Issuer during the next succeeding four (4) months, such surplus may be transferred and deposited in the Revenue Fund.

Debt Service Reserve Fund. (a) Pursuant to the Indenture, there is created a special fund to be designated "Debt Service Reserve Fund" for the purpose of providing a reserve for payment of principal of and interest on one or more issue of Bonds. The Debt Service Reserve Fund shall be comprised of accounts, each of which shall be identified by the Trustee and shall be dedicated to the security of no more than one issue of Bonds. The required level of each Debt Service Reserve Fund account shall be established and fixed for each issue of Bonds; however, a Debt Service Reserve Fund account is not required to be established for each issue of Bonds.

(b) There shall be deposited into the 2023 Account of the Debt Service Reserve Fund the Reserve Policy issued by the Insurer, which shall be in an amount equal to the Required Level. See **THE BONDS**, Security.

(c) No account in the Debt Service Reserve Fund shall secure any Parity Obligations or Subordinate Obligations and each account established in the Debt Service Fund shall only secure the issue of Bonds for which such account was established.

(d) Moneys held for the credit of an account in the Debt Service Reserve Fund shall be used for payment of principal of and interest on the Bonds for which created and for which Bond Fund moneys are not available and for no other purpose except as specifically permitted.

Parity Bonds and Parity Obligation Payments. The Issuer shall make payments as due with respect to the Parity Bonds and any Parity Obligations prior to making any payments into the Depreciation Fund (as hereinafter defined). If there are insufficient moneys in the Revenue Fund to make the monthly payments into the Bond Fund and the Debt Service Reserve Fund and make monthly installments with respect to outstanding Parity Bonds and Parity Obligations (and debt service reserves therefor), the Issuer shall make payments from the Revenue Fund with respect to the

Bonds and outstanding Parity Bonds and Parity Obligations pro rata based upon the outstanding principal amount of the Bonds, Parity Bonds and Parity Obligations.

Depreciation Fund. There shall be deposited into a fund designated "Depreciation Fund" (the "Depreciation Fund") on the first business day of each month, a monthly payment of $2,000. Payments into the Depreciation Fund shall be made after and subordinate to the required monthly deposits from the Revenue Fund into the Bond Fund, the Operation and Maintenance Fund and the Debt Service Reserve Fund and after making any payments with respect to the Parity Bonds and any Parity Obligations. Moneys in the Depreciation Fund shall be used solely for the purpose of paying the cost of repairs and replacements made necessary by the depreciation of the properties of the Issuer.

Revenue Fund Surplus. Any surplus remaining in the Revenue Fund, on the first business day of each month, after making all payments with respect to any outstanding Parity Bonds, any outstanding Parity Obligations and into the funds described above, may be used for any lawful purpose. The monthly surplus shall be withdrawn and deposited in such fund or account as specified by the Issuer.

Depositories of Funds. The Bond Fund, the Debt Service Reserve Fund, the Construction Fund and the Rebate Fund shall be established and maintained in the Trustee. The Revenue Fund, the Operation and Maintenance Fund and the Depreciation Fund shall be established in such banks or trust companies that are from time to time designated by the Issuer, provided each must be a member of the Federal Deposit Insurance Corporation (the "FDIC").

All moneys in any of the above funds in excess of the amount insured by the FDIC shall be secured by perfected pledges of direct or fully guaranteed obligations of the United States of America (including any such securities issued or held in book-entry form) ("Government Securities") or shall be invested as authorized by the Indenture.

Nonpresentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if there shall have been deposited with the Paying Agent for the purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof, together with all interest unpaid and due thereon, to the date of maturity thereof, or to the date fixed for redemption thereof, as the case may be, for the benefit of the holder thereof, all liability of the Issuer to the holder thereof for the payment of the principal thereof and interest thereon shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of the Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond.

Rebate Fund. The Rebate Fund shall be held in trust by the Trustee and, except as provided below, shall be held for the benefit of the United States of America. The Rebate Fund shall not be held for the benefit of the Bondholders or the Trustee.

The Issuer shall, unless and until the Issuer delivers to the Trustee a written opinion of counsel as described below, make the determinations and take the actions required as are necessary, in the opinion of counsel, to comply with the requirements of Section 148(f) of the Code and the regulations pertaining thereto. The Issuer shall rebate to the United States, not later than sixty (60) days after the end of the five-year period ending on the date set forth in the Indenture, and not later than sixty (60) days after the end of each five-year period thereafter, an amount which ensures that at least ninety percent (90%) of the Rebate Amount (as defined in the Indenture) at the time of such payment will have been paid to the United States, and, within sixty (60) days after the payment or redemption of all principal of the Bonds, an amount sufficient to pay the remaining unpaid balance of the Rebate Amount, all in the manner and as required by Section 148 of the Code and the regulations pertaining thereto.

Upon receipt by the Trustee of a written request of the Issuer certifying that certain amounts in the Rebate Fund are not subject to rebate and an opinion of Bond Counsel to the effect that failure to rebate such amounts will not cause interest on the Bonds to become includable in gross income of the owners thereof for federal income tax purposes under existing laws, regulations, rulings and decisions, the Trustee shall transfer any such amounts to the credit of the Bond Fund. Except as provided in the previous sentence, moneys in the Rebate Fund shall be applied solely to meet the Issuer's rebate obligations.

Notwithstanding the foregoing, in the event the Trustee is furnished with a written opinion of Bond Counsel, to the effect that it is not necessary under existing laws, regulations, rulings and decisions to pay any portion of earnings on investments held under the Indenture or otherwise to the United States in order to assure the exclusion from gross income for federal income tax purposes of interest on the Bonds, all amounts at the time on deposit in the Rebate Fund shall be transferred as specified in such opinion.

Investment of Funds. (a) Moneys held for the credit of the Debt Service Reserve Fund shall, at the direction of the Issuer, and in the Trustee's discretion in the absence of such direction by the Issuer, be invested and reinvested by the Trustee in Eligible Investments maturing (except in the case of money market funds) within five (5) years from the date of investment.

(b) Moneys held for the credit of any other fund held by the Trustee under the Indenture may be invested and reinvested as directed by the Issuer, and in the Trustee's discretion in the absence of such direction by the Issuer, in Eligible Investments which shall mature (except in the case of money market funds) not later than the date or dates on which the money held for the credit of the particular fund will be required for the purposes intended as determined by the Issuer.

(c) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times a part of such fund and the interest accruing thereon and any profit realized from such investment, shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

(d) "Eligible Investments," as used in the Indenture, include only:

(1) Government Securities;

(2) Direct obligations of an agency, instrumentality or government-sponsored enterprise created by act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government;

(3) Money market funds comprised exclusively of Government Securities, investments described in (2) above or other securities authorized by State law to secure public deposits; and

(4) Certificates of deposit or demand deposits issued by banks, including the Trustee, that are members of the FDIC and, to the extent not insured by FDIC, secured by a valid and enforceable pledge of Government Securities or other securities authorized by State law to secure public funds.

(e) The Trustee shall determine the market value of all investments each year and shall report the market value to the Issuer. The Issuer shall cooperate with the Trustee by providing the necessary information about investments of moneys not held by the Trustee.

Events of Default. Each of the following is an event of default under the Indenture:

(a) Default in the due and punctual payment of any interest on any Bond or other System Obligation;

(b) Default in the due and punctual payment of any moneys required to be paid to the Trustee under the provisions of the Indenture and the continuation thereof for a period of thirty (30) days;

(c) Default in the due and punctual payment of the principal of any Bond or other System Obligation whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(d) Default in the performance or observance of any other of the covenants, agreements or conditions in the Indenture, or in the Bonds or in any other System Obligation or in any document securing a System Obligation and the continuance thereof for a period of sixty (60) days after written notice to the Issuer by the Trustee or by the holders of not less than ten percent (10%) in aggregate principal amount of Bonds; or

(e) Any other "event of default" as defined in a System Obligation or a document securing a System Obligation.

The term "default" (except as described above) shall mean default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture, or in the Bonds or in any other System Obligation or in any document securing any System Obligation, exclusive of any period of grace required to constitute a default an "event of default" as hereinabove provided, or as provided in a System Obligation or a document securing a System Obligation.

Remedies.

(a) Acceleration. Subject to the rights of the Insurer, upon the occurrence of an event of default, the Trustee may, and upon the written request of the holders of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding under the Indenture (regardless of series) shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds secured and then outstanding under the Indenture and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

(b) Right of Entry. Upon the occurrence of any event of default, the Issuer, upon demand of the Trustee and subject to the rights of the Insurer, shall forthwith surrender to it the actual possession of all or any part of the mortgaged properties with the books, papers and accounts of the Issuer pertaining thereto and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee, with or without such permission, may collect, receive and sequester the revenues, earnings, income, products and profits therefrom and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the properties, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee, and all taxes, assessments and other charges prior to the lien of the Indenture which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the money so received by the Trustee in accordance with the applicable provisions of the Indenture. Whenever all that is due upon such Bonds and installments of interest under the terms of the Indenture shall have been paid and all defaults made good, the Trustee shall surrender possession to the Issuer, its successors or assigns.

While in possession of such property, the Trustee shall render annually to the registered owners a summarized statement of income and expenditures in connection therewith.

(c) Other Remedies. Upon the occurrence of an event of default the Trustee may, as an alternative, proceed either after entry or without entry, to pursue any available remedy by suit at law or equity to enforce the payment of the principal of and interest on the Bonds then outstanding, including, without limitation, foreclosure and mandamus.

If an event of default shall have occurred, and if the Trustee shall have been requested so to do by the holders of twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding and shall have been indemnified as provided in the Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondholders.

No remedy conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

(d) Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under the Indenture. No event of default may be waived without the Insurer's written consent.

Bondholders' Right to Direct. Anything in the Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds outstanding shall have the right, at any time, by any instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Appointment of Receiver. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the mortgaged property and of the tolls, rents, revenues, issues earnings, income, products and profits thereof, pending such proceedings with such powers as the court making such appointment shall confer.

Application of Moneys. Available moneys shall be applied by the Trustee as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third: to the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of paragraph (b) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above.

Limitation of Bondholder Rights. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust or for the appointment of a receiver or any other remedy, unless a default has occurred of which the Insurer and the Trustee have been notified as provided in the Indenture, or of which they are deemed to have notice, nor unless such default shall have become an event or default and the holders of twenty-five percent (25%) in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy.

Waivers by Trustee. The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration or maturity of principal, and shall do so upon the written request of the holders of fifty percent (50%) in principal amount of all Bonds outstanding (of all series but not necessarily of each series); provided, however, that there shall not be waived (a) any event of default in the payment of principal of any Bonds outstanding at the date of maturity specified therein or (b) any default in the payment of the interest or of deposits into the Bond Fund unless prior to the waiver or rescission all arrears of interest, with interest at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of Bond Fund payments, as the case may be, and all expenses of the Trustee shall have been paid or provided for and in case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, the Issuer and the Bondholders shall be restored to their former positions and rights, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Supplemental Indentures Not Requiring Consent of Bondholders. The Insurer and Issuer and the Trustee may, from time to time and at any time, enter into such supplemental indenture as shall not be inconsistent with the terms and provisions of the Indenture (a) to cure any ambiguity or formal defect or omission in the Indenture or in any supplemental indentures, or (b) to grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or (c) in connection with the issuance of Additional Bonds or (d) with the prior written consent of the Insurer, to make any other change determined by the Trustee to be not materially adverse to the interests of the Bondholders and which does not involve a change requiring consent of specific Bondholders.

Supplemental Indentures Requiring Consent of Bondholders. The Insurer and holders of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then outstanding (of all series but not necessarily each series) shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such supplemental indenture or indentures as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that no supplemental indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien upon the mortgaged properties or a pledge of the revenues pledged to Bonds issued under the Indenture which purports to be prior to the lien and pledge created and authorized by the Indenture or which purports to be on a parity with the lien and pledge created by and authorized by the Indenture other than as authorized by the original indenture, or (d) a privilege or priority of any of Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount the Bonds required for consent to such supplemental indenture.

CONTINUING DISCLOSURE AGREEMENT

Past Compliance. During the past five years, the Issuer has been party to four Continuing Disclosure Agreements (collectively, the "Agreements") entered into in connection with its outstanding bonds. The Agreements require the Issuer to file the audited financial statements of the System with the Municipal Securities Rulemaking Issuer on its Electronic Municipal Market Access system ("EMMA") within the time periods set forth in the Agreements. The following summarizes a non-exhaustive discussion of the Issuer's compliance with its continuing disclosure obligations during the past five years.

For one bond issue, the Issuer was required to file the audited financial statements of the System within 180 days after the end of each fiscal year, or, if not available by that date, within 60 days of becoming available. For that one bond issue, the audited financial statements of the System for the year ended December 31, 2018 were filed 61 days late and were incomplete. The audited financial statements of the System for the year ended December 31, 2018 were filed on EMMA in their entirety on October 1, 2020. A notice of the Issuer's failure to timely provide the audited financial statements of the System was not filed on EMMA. The audited financial statements of the System for the year ended December 31, 2019 were timely filed. The audited financial statements for the years ended December 31, 2020, 2021 and 2022 were not required to be filed for that bond issue.

For the remaining bond issues, the Issuer has been required to file the audited financial statements of the System within 270 days after the end of each fiscal year, or, if not available by that date, within 30 days after receipt thereof by the Issuer. For those bond issues, the audited financial statements of the System for the years ended December 31, 2019 through 2022 were timely filed. The audited financial statements of the System for the year ended December 31, 2018 were timely filed but were incomplete. The complete audited financial statements for the year ended December 31, 2018 were filed on EMMA in their entirety on October 1, 2020.

The Agreements also obligate the Issuer to file a notice of the occurrence of certain events listed in Securities and Exchange Commission, Rule 15c2-12(b). During the past five years, the Issuer has not failed to timely file any notice of the occurrence of a listed event.

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement will be executed and delivered by the Issuer and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean an Annual Report provided by the Issuer pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bond (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

(A) debt obligation;

(B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking Issuer.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports. (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Issuer's fiscal year (presently December 31) commencing with the report after the end of the 2023 fiscal year, provide to the Insurer and the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within sixty (60) days after receipt thereof by the Issuer. If the fiscal year of the Issuer changes, it shall give notice of such change in the manner as for a Listed Event.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Issuer and the Dissemination Agent to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report (containing the information required in (1) under Content of Annual Report, below), has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB and the Insurer.

Content of Annual Report. Each of the Issuer's Annual Reports shall contain or incorporate by reference the following:

(1) Information of the type set forth in the Official Statement under the caption **THE ISSUER** with respect to (i) average daily water use in gallons and total annual water use in gallons for the preceding fiscal year and the previous four fiscal years; (ii) the volume of water sold by the Issuer for the preceding fiscal year and the four previous years; (iii) the approximate or average number of water users by category for the preceding fiscal year and the four previous fiscal years; and (iv) a list of the top five water users of the System and a statement as to which users, if any, accounted for 5% or more of revenues of the Issuer for the preceding fiscal year; and

(2) The audited financial statements of the Issuer prepared in accordance with accounting principles generally accepted in the United States of America, which shall be audited in accordance with auditing standards generally accepted in the United States of America.

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's website or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

Reporting of Listed Events. (a) This caption describes the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.

7. Modifications to rights of security holders, if material.

8. Bond calls (excluding mandatory sinking fund redemptions), if material.

9. Defeasances and tender offers.

10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.

13. The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the Issuer shall promptly notify the Dissemination Agent (if other than the Issuer) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event (excluding an event described in a(8) above), the Issuer shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Insurer and the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligations. The Issuer's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the affected Bonds.

Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under a Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. A Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to a Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver. Notwithstanding any other provision of a Continuing Disclosure Agreement, the Issuer and the Trustee may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the affected Bonds in the same manner as provided in the Indenture for the affected Bonds for amendments to the Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report with respect to that issue, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the Issuer shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of the Issuer or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the Insurer and the Issuer or any Beneficial Owner may (and the Trustee, at the request of the Underwriter, or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Indenture, and the sole remedy under a Continuing Disclosure Agreement in the event of any failure of the Issuer or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Trustees and Dissemination Agents and Rights of Indemnity. The Dissemination Agent (if other than a Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Insurer, the Dissemination Agent, the Underwriter and the Beneficial Owners and shall create no rights in any other person or entity.

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FINANCIAL INFORMATION

Attached hereto as Exhibit A are the audited financial statements of the Issuer for the fiscal years ended December 31, 2022 and 2021. Operating revenues and expenses of the Issuer are summarized as follows for the fiscal years ended December 31, 2018-2022; such information is based upon the audited financial statements of the Issuer for such fiscal years:

	2022	2021	2020	2019	2018
Operating Revenues	$3,834,795	$3,514,737	$3,394,693	$3,373,109	$3,346,434
Operating Expenses	(2,421,195)	(1,982,622)	(2,076,069)	(1,878,301)	(1,811,620)
Operating Income (Before Interest, Depreciation and Amortization Expenses)	1,413,600	1,532,115	1,318,624	1,494,808	1,534,814
Depreciation	(1,130,989)	(1,129,366)	(1,119,676)	(1,036,610)	(1,004,939)
Interest Expense	(488,997)	(517,552)	(793,965)	(823,237)	(842,025)
Interest Income	10,471	3,303	16,536	33,234	19,687
Other Non-Operating Revenue (Expenses)	36,554	(105,292)	(68,719)	437,434(1)	1,151,441(1)
Net Income	($159,361)	($216,792)	($647,200)	$105,629	$858,978

(1) The Issuer received grant income for the years ended December 31, 2018 and 2019 in the amounts of $598,726 and $69,549, respectively. The Issuer also received contributions from Scott County for its portion of a project for the years ended December 31, 2018 and 2019 in the amounts of $461,440 and $262,467, respectively.

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DEBT SERVICE COVERAGE

The following table shows the net revenues expected to be available for debt service, maximum and average annual amount of debt service expected to be due and the extent to which debt service is covered by such funds:

Operating Revenue[1]	$3,834,795
Operating Expense[1][2]	(2,421,195)
Interest Income[1]	10,471
Plus: Additional Revenue from Rate Increases[3]	896,477
Estimated Funds Available for Debt Service[A]	2,320,548
Maximum Annual Debt Service Requirements for the Bonds and the Parity Bonds[4][B]	1,511,372
Debt Service Coverage[A/B]	1.54x

[1]Based upon the audited financial statements of the Issuer for the fiscal year ended December 31, 2022.
[2]Excludes depreciation, interest and amortization expenses.
[3]The Issuer increased water rates in 2022 and in 2023. See **THE ISSUER**, Water Rates. Based on calculations performed by EDM Consultants, Inc., Fort Smith, Arkansas, the Additional Revenues shown here are the additional revenues that would have been received by the Issuer if such rate increases had been in effect throughout the fiscal year ended December 31, 2022.
[4]Using a year ending December 31. Assuming an average coupon rate of 4.45% for the Bonds.

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DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds during each year ending December 31:

Year (Ending December 31)	Principal*	Interest	Total Debt Service
2024	$ 50,000		
2025	80,000		
2026	85,000		
2027	85,000		
2028	90,000		
2029	95,000		
2030	95,000		
2031	100,000		
2032	105,000		
2033	110,000		
2034	115,000		
2035	120,000		
2036	125,000		
2037	130,000		
2038	135,000		
2039	140,000		
2040	145,000		
2041	150,000		
2042	160,000		
2043	165,000		
2044	175,000		
2045	180,000		
2046	190,000		
2047	200,000		
2048	210,000		
2049	220,000		
2050	230,000		
2051	240,000		
2052	250,000		
2053	265,000		
TOTAL	$4,440,000		

[Remainder of page intentionally left blank]

* Preliminary; subject to change.

Set forth below are the annual debt service requirements for the Bonds and the Parity Bonds for each year ending December 31:

Year (Ending December 31)	Bonds	Parity Bonds	Total
2024		$ 1,239,981.02	
2025		1,238,331.02	
2026		1,241,331.02	
2027		1,238,981.02	
2028		1,236,331.02	
2029		1,119,531.02	
2030		1,103,731.02	
2031		1,107,537.27	
2032		1,105,796.65	
2033		1,108,696.65	
2034		1,106,237.27	
2035		1,108,418.51	
2036		1,109,974.75	
2037		1,110,899.75	
2038		1,106,096.63	
2039		1,100,387.26	
2040		1,104,009.14	
2041		493,668.51	
2042		499,218.50	
2043		494,281.00	
2044		434,906.00	
2045		277,781.00	
2046		282,143.50	
2047		266,506.00	
2048		256,074.75	
2049		240,849.75	
2050		151,931.00	
2051		50,556.00	
2052		50,556.00	
2053		50,556.00	
2054		50,556.00	
2055		50,556.00	
2056		50,556.00	
2057		22,874.00	
TOTAL		$23,209,841.03	

LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Bonds, or questioning or affecting the legality of the Bonds or the proceedings and authority under which the Bonds are to be issued, or questioning the right of the Issuer to execute and deliver the Indenture or to issue the Bonds.

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel.

Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from all State income tax and the Bonds are exempt from property taxation in the State.

Also in the opinion of Bond Counsel, interest on the Bonds under existing law (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds, the System and the Improvements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements in the Indenture.

Prospective purchasers of the Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (ii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

Prospective purchasers of the Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

An exception allows a deduction of certain interest expense allocable to "qualified tax-exempt obligations." The Issuer has designated the Bonds as "qualified tax exempt obligations" and has covenanted not to use the Improvements, the improvements financed by the Obligation Refunded and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds" within the meaning of the Code, and has represented that the Issuer and its subordinate entities have not and do not expect to issue more than $10,000,000 of such tax exempt obligations (other than private-activity bonds (excluding from that term "qualified 501(c)(3) bonds" under the Section 145 of the Code)) during calendar year 2023.

Prospective purchasers of the Bonds should also be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code of 1987 Annotated. Subsection (b) states that Section 265(a) of the Internal Revenue Code is adopted for the purpose of computing Arkansas individual income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

> Financial institutions may continue to deduct interest on indebtedness incurred or continued to purchase or carry obligations which generate tax-exempt income to the same extent that the interest was deductible prior to the adoption of Section 17 of Act 785 of 1993.

Current or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

As shown on the cover page of this Official Statement, certain of the Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

As shown on the cover page of this Official Statement, certain of the Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth inside the front cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption, or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield of maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of the Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Indenture may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Indenture resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Underwriting. Stephens Inc., the Underwriter, has agreed, subject to certain conditions precedent, to purchase the Bonds from the Issuer at a purchase price of $________ (principal amount less Underwriter's discount of $________ [net] original issue _______ of $_______). The Underwriter is committed to purchase all of the Bonds if any are purchased.

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

Rating. S&P is expected to assign a credit rating of "AA/Stable" to the Bonds with the understanding that the scheduled payment of principal of and interest on the Bonds will be guaranteed under the Insurance Policy to be issued by the Insurer.

An explanation of the significance of such rating may be obtained from S&P. The Issuer furnished to S&P the information contained in a preliminary form of this Official Statement and other information. Generally, rating agencies base their ratings on such material and information, as well as their own investigations, studies, assumptions, and policies. It should be noted that ratings may be changed at any time and that no assurance can be given that they will not be revised or withdrawn by the rating agencies if, in their respective judgments, circumstances should warrant such action. Any downward revision or withdrawal of the rating could have an adverse effect on market prices of the Bonds. The Underwriter and the Issuer have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Information in the Official Statement. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or owners of any of the Bonds.

The information contained in this Official Statement has been taken from sources considered to be reliable, but is not guaranteed. To the best of the knowledge of the undersigned the Official Statement does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement on behalf of the Issuer has been authorized by the Issuer.

JAMES FORK REGIONAL
WATER DISTRICT

By ____________________________________
Chairman

Dated: As of the Cover Page hereof.

EXHIBIT A

Audited Financial Statements of the Issuer for the
Fiscal Years Ended December 31, 2022 and 2021

JAMES FORK REGIONAL WATER DISTRICT

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

JAMES FORK REGIONAL WATER DISTRICT
DECEMBER 31, 2022 AND 2021

CONTENTS

PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
James Fork Regional Water District
Greenwood, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the James Fork Regional Water District, as of and for the years ended December 31, 2022 and 2021, 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 James Fork Regional Water District as of December 31, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted on the United States of America.

Basis for Opinion

We conducted our audits 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 James Fork Regional Water District 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.

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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 the James Fork Regional Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 James Fork Regional Water District'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 the James Fork Regional Water District'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and information for cost-sharing pension plans on pages 4-8 and 33-34 be presented to supplement the financial statements. Such information is the responsibility of management and, 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of bonds outstanding is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the schedule of bonds outstanding is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023 on our consideration of the James Fork Regional Water District'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 James Fork Regional Water District'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 James Fork Regional Water District's internal control over financial reporting and compliance.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 1, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

JAMES FORK REGIONAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

This section of the James Fork Regional Water District annual financial report presents the analysis of the District's financial performance during the calendar year ended December 31, 2022. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District ended the year December 31, 2022 with a net position balance of $5,086,975.
- The change in net position or net income of the District was a loss of $159,361.
- The District expended $212,247 toward capital assets during the year compared to $137,344 in 2021.
- The statement of cash flows identifies sources and uses of cash activity for the calendar year. For calendar year 2022, cash, cash equivalents and restricted cash decreased by $79,351. Cash provided from the day-to-day operations totaled $1,358,027. Cash used by capital and related financing activities totaled $1,475,109. Of this amount, a total of $212,247 was spent on capital assets and $1,263,862 was spent for debt service. Cash provided by investing activities totaled $2,177. Furthermore, cash flows with noncapital & related financing activities consisted of $35,554 which represents the amounts received from the City of Fort Smith.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following parts: Management's Discussion and Analysis and Financial Statements. The financial statements include notes which explain in detail some of the information included in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The Statement of Revenue, Expenses and Changes in Net Position identifies the District's revenues and expenses for the calendar year ended December 31, 2022. This statement provides information on the District's operations over the past calendar year and can be used to determine whether the District has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. The net result of these activities added to the beginning of the year cash balance total to the cash equivalent balance at the end of the current calendar year.

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statement of net position as of December 31, 2022 and 2021 and the statement of revenues, expenses and changes in net position for the years then ended are as follows:

	December 31, 2022	December 31, 2021
Current assets	$ 3,078,139	$ 3,088,750
Capital assets, net	21,578,990	22,497,731
Total assets	24,657,129	25,586,481
Deferred Outflows	1,342,435	1,194,987
Current liabilities	1,218,624	1,191,308
Noncurrent liabilities	19,675,787	19,842,960
Total liabilities	20,894,411	21,034,268
Deferred Inflows	18,178	500,864
Net position:		
Net investment in capital assets	3,058,540	3,204,387
Restricted	982,922	987,336
Unrestricted	1,045,513	1,054,613
Total net position	$ 5,086,975	$ 5,246,336
Operating revenues	$ 3,834,795	$ 3,514,737
Operating expenses, excluding depreciation	2,421,195	1,982,622
Depreciation	1,130,989	1,129,366
Total operating expenses	3,552,184	3,111,988
Operating income	282,611	402,749
Nonoperating revenues and (expenses)	(441,972)	(619,541)
Change in net position	(159,361)	(216,792)
Beginning of year net position	5,246,336	5,463,128
End of year net position	$ 5,086,975	$ 5,246,336

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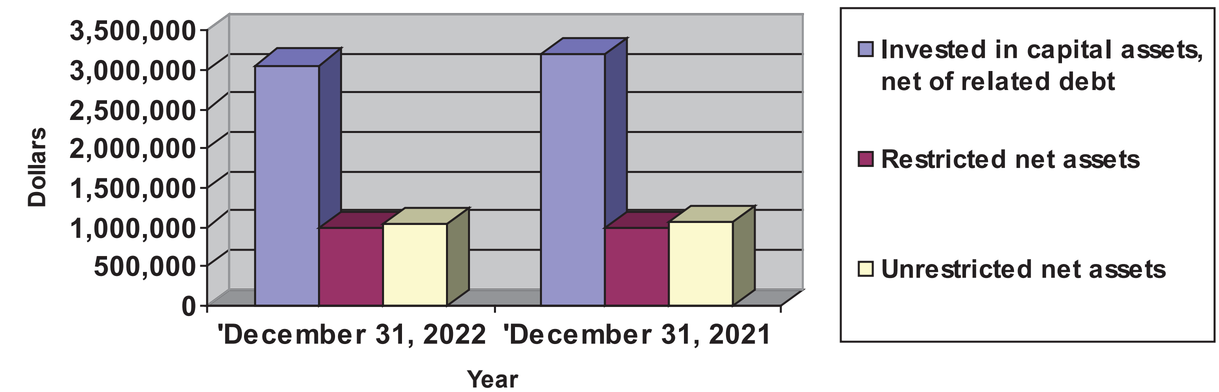
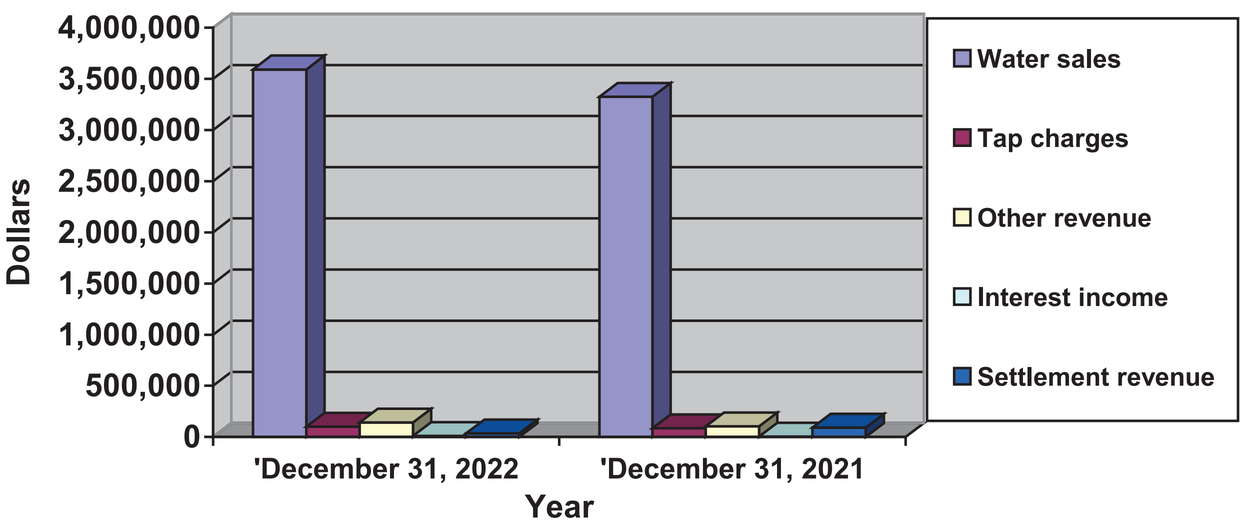
CONDENSED FINANCIAL INFORMATION (CONTINUED)

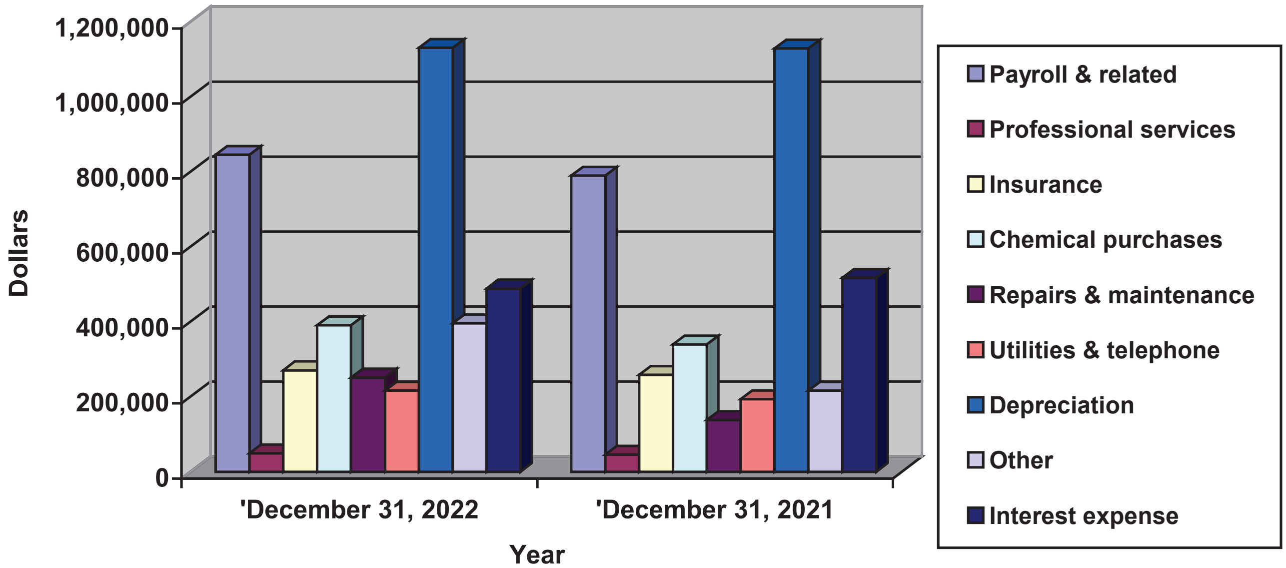
Classifications of net assets presented in a graph format



Sources of operating and nonoperating revenues in a graph format



Expenses of the District presented in a graph format



CAPITAL ASSETS

The District's capital assets as of December 31, 2022 and 2021 amounted to $45,236,222 and $45,052,541 respectively. This investment in capital assets includes land, water system, the office building, machinery and equipment, office furniture and fixtures, and transportation equipment.

Current year additions of $212,247 primarily consisted of $98,448 for three different projects in process, two trucks costing $79,267, and some pumps and motors costing $34,172.

LONG-TERM DEBT

As of December 31, 2022, the District had $19,400,290 in outstanding debt compared to $20,224,494 as of December 31, 2021. Scheduled debt service on the 2021 bonds, 2020 bonds, Rural Development and Arkansas Natural Resources Commission loans totaled $1,263,862 which was comprised of $824,204 of principal and $439,658 of interest.

CHANGE IN NET POSITION

For the year ended December 31, 2022, the District's change of net position was a decrease of $159,361. Operating revenues of $3,834,795 increased slightly by $320,058 (9.1%) from prior year. Operating expenses of $3,552,184 increased by $440,196 (14.1%) from prior year. This was mostly driven by non-controllable APERS pension expense which was a benefit in 2021, an increase in repairs and maintenance, and an overall increase due to rising costs nationwide. Net nonoperating expenses of $441,972 decreased by $226,607 mainly due to the bond issuance costs incurred in connection with the 2021 bonds.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, the District can be contacted at, P.O. Box 1180, Greenwood, Arkansas 72936.

FINANCIAL STATEMENTS

JAMES FORK REGIONAL WATER DISTRICT

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,		2022		2021
Assets				
Current Assets				
Cash and cash equivalents	$	629,164	$	709,223
Restricted checking and savings accounts		489,619		488,911
Certificates of deposits		881,747		879,219
Restricted investments		525,701		519,935
Accounts receivable, net of allowance for doubtful accounts		417,637		352,316
Prepaid expenses		134,271		139,146
Total Current Assets		3,078,139		3,088,750
Capital Assets				
Land		657,742		657,742
Buildings		424,283		424,283
Fixtures and equipment		1,691,373		1,606,140
Clarifier		667,826		667,826
Backwash tank		339,754		339,754
Distribution system		41,196,037		41,196,037
Construction in process		259,207		160,759
Total		45,236,222		45,052,541
Less accumulated depreciation		23,657,232		22,554,810
Net Capital Assets		21,578,990		22,497,731
Total Noncurrent Assets		21,578,990		22,497,731
Total Assets		24,657,129		25,586,481
Deferred Outflows				
Deferred amount on refunding of debt, net of amortization		1,045,555		1,102,786
Deferred outflows of resources related to pension		296,880		92,201
Total Deferred Outflows		1,342,435		1,194,987
Total Assets and Deferred Outflows	$	25,999,564	$	26,781,468

See accompanying notes to financial statements.

JAMES FORK REGIONAL WATER DISTRICT

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2022	2021
Liabilities		
Current Liabilities		
Accounts payable	$ 25,012	$ 20,793
Accrued payroll and related liabilities	24,636	19,515
Sales tax payable	8,473	5,503
Accrued compensated absences	4,425	3,658
Accrued interest	35,410	37,380
Customer meter deposits	290,528	280,253
Current portion of long-term debt	830,140	824,206
Total Current Liabilities	1,218,624	1,191,308
Noncurrent liabilities:		
Long-term debt, net of unamortized bond discounts	18,735,865	19,571,924
Net pension liability	939,922	271,036
Total Noncurrent Liabilities	19,675,787	19,842,960
Total Liabilities	20,894,411	21,034,268
Deferred Inflows		
Deferred inflows of resources related to pension	18,178	500,864
Total Deferred Inflows	18,178	500,864
Net Position		
Net investment in capital assets	3,058,540	3,204,387
Restricted	982,922	987,336
Unrestricted	1,045,513	1,054,613
Total Net Position	5,086,975	5,246,336
Total Liabilities, Deferred Inflows, and Net Position	$ 25,999,564	$ 26,781,468

See accompanying notes to financial statements.

JAMES FORK REGIONAL WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Operating Revenue		
Metered water sales, net of bad debts	$ 3,591,085	$ 3,324,293
Tap charges	101,000	85,625
Other revenue	142,710	104,819
Total Operating Revenue	3,834,795	3,514,737
Operating Expenses		
Chemical purchases	391,212	339,826
Tap expense	75,849	67,129
Utilities and telephone	216,634	193,518
Salaries	785,442	732,295
Depreciation	1,130,989	1,129,366
Insurance	270,929	258,517
Operating supplies	89,676	73,320
Professional services	49,275	45,693
Computer services	21,650	13,767
Taxes - payroll	60,197	57,719
Licenses and permits	2,394	2,896
Pension plan expense (benefit)	101,845	(28,613)
Service contracts	-	4,000
Repairs and maintenance	251,260	138,163
Office supplies	8,925	4,677
Postage	2,132	2,718
Dues and subscriptions	2,169	2,269
Miscellaneous administration expense	865	1,602
Truck expense	87,608	68,829
Travel	2,840	3,840
Uniforms	293	457
Total Operating Expenses	3,552,184	3,111,988
Operating Income	282,611	402,749
Nonoperating Revenue (Expenses)		
Interest income	10,471	3,303
Settlement income	35,554	91,105
Gain on disposition of assets	1,000	500
Bond issue costs	-	(196,897)
Interest expense, inclusive of amortization of bond premium and amortization of deferred amount on advance refunding	(488,997)	(517,552)
Total Nonoperating Revenue (Expenses)	(441,972)	(619,541)
Change In Net Position	(159,361)	(216,792)
Beginning of Year Net Position	5,246,336	5,463,128
End of Year Net Position	$ 5,086,975	$ 5,246,336

See accompanying notes to financial statements.

JAMES FORK REGIONAL WATER DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Cash Flows From Operating Activities		
Cash receipts from customers and other sources	$ 3,782,719	$ 3,516,799
Cash payments to suppliers for goods and services	(1,640,017)	(1,438,198)
Cash payments to employees for services	(784,675)	(735,100)
Net Cash Provided By Operating Activities	1,358,027	1,343,501
Cash Flows From Noncapital and Related Financing Activities		
Proceeds from settlement agreement	35,554	91,105
Net Cash Provided By Noncapital and Related Financing Activities	35,554	91,105
Cash Flows From Capital and Related Financing Activities		
Cash paid for property, plant, and equipment	(212,247)	(137,344)
Proceeds from disposition of assets	1,000	500
Net proceeds from issuance of bonds	-	9,821,929
Bond issuance costs paid	-	(196,897)
Principal paid on long-term debt	(824,204)	(10,413,307)
Interest paid on long-term debt	(439,658)	(471,544)
Net Cash Used By Capital and Related Financing Activities	(1,475,109)	(1,396,663)
Cash Flows From Investing Activities		
Net investment activity	(5,766)	146,976
Reinvestment of certificate of deposit earnings	(2,528)	(2,162)
Interest income	10,471	3,303
Net Cash Provided By Investing Activities	2,177	148,117
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(79,351)	186,060
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	1,198,134	1,012,074
Cash, Cash Equivalents and Restricted Cash, End of Year	$ 1,118,783	$ 1,198,134
Reconciliation to the Statement of Net Position		
Cash and cash equivalents	$ 629,164	$ 709,223
Restricted checking and savings accounts	489,619	488,911
Total Cash, Cash Equivalents and Restricted Cash	$ 1,118,783	$ 1,198,134

See accompanying notes to financial statements.

JAMES FORK REGIONAL WATER DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 282,611	$ 402,749
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	1,130,989	1,129,366
Changes in:		
Accounts receivable	(65,321)	(1,840)
Prepaid expenses	4,875	(54,271)
Deferred outflows of resources related to pension	(204,679)	118,228
Accounts payable	4,219	(719)
Accrued payroll and related liabilities	5,121	4,093
Sales tax payable	2,970	(278)
Accrued compensated absences	767	(2,805)
Customer meter deposits	10,275	4,180
Net pension liability	668,886	(718,166)
Deferred outflows of resources related to pension	(482,686)	462,964
Net Cash Provided By Operating Activities	$ 1,358,027	$ 1,343,501

See accompanying notes to financial statements.

JAMES FORK REGIONAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Nature of Operations

The James Fork Regional Water District (the District) was originally created as the South Sebastian County Water Users Association on April 20, 1993 by Ordinance No. 93-5 by the Sebastian County, Arkansas Quorum Court. The District was created in order to purchase the assets of the South Sebastian County Water Users Association, Inc., an Arkansas non-profit corporation established in July 1967. The District changed its name to James Fork Regional Water District on January 6, 2006. The District provides water to residents in South Sebastian County and portions of Scott County, Arkansas. The District is governed by a five-member Board of Directors.

1. Summary of Significant Accounting Policies

Basis of Presentation

The District'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 District 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 District. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Income Tax Status

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

Cash Equivalents

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

1. Summary of Significant Accounting Policies (continued)

Investments

Investments are presented at fair value. Investments, consist primarily certificates of deposit and accounts designated for bond principal and interest payments as they become due.

Accounts Receivable

Accounts receivable consists of water fees and surcharges billed to residential and commercial industrial customers based on consumption. The District does not charge interest on overdue accounts but does charge a late fee for late payments. Accounts receivable are recorded net of estimated collectible amounts. The allowance for credit losses is estimated based on professional judgement and historical information and was $57,359 and $57,433 at December 31, 2022 and 2021, respectively.

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 in which services are consumed.

Capital Assets

Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

Buildings	10-40 years
Fixtures and equipment	5-10 years
Clarifier	20 years
Backwash tank	20 years
Distribution system	10-40 years

It is the District's policy to capitalize all asset purchases equal to or greater than $2,000. It is the District's policy to expense all asset purchases under $2,000.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position has a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The District also recognizes deferred outflows of resources related to pensions.

1. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position has a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recognizes deferred inflows of resources related to pensions.

Compensated Absences

Employees earn vacation and sick pay in varying amounts based upon length of service with the District. No more than twenty days of unused vacation can be carried into the following calendar year. Employees can carryforward a maximum of 90 unused sick days. Upon termination from the District, employees are paid their accumulated unused vacation. No unused accumulated sick pay is paid upon termination. At December 31, 2022 and 2021, the District had $4,425 and $3,658 accrued for compensated absences.

Customer Meter Deposits

Customers are required to make a meter deposit before being connected to the water system. These deposits are refundable to customers when the District no longer serves the customer. The District uses the customer deposits to pay the customers' final bill and refunds directly to the customer the balance remaining, if any, of the deposit.

Net Position

Net position of the District 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 proceeds 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.

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net invested in capital assets".

The District 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. District 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. The District's restricted net position are those resources necessary to comply with various covenants of bond financing agreements.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District consist of water, treatment and distribution 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

New Accounting Pronouncements

Implementation of the following new Governmental Accounting Standards Board (GASB) accounting pronouncement was delayed by the GASB and was officially implemented by the District during the year ended December 31, 2022:

GASB Statement No. 87, *Leases* . This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of a right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 91, *Conduit Debt Obligations* . The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice.

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

GASB Statement No. 92, *Omnibus 2020*. The purpose of this statement is to enhance comparability in accounting and financial reporting to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain pension and other post employment retirement plans as fiduciary component units in fiduciary fund financial statements ; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans.

GASB Statement No. 98, *the Annual Comprehensive Financial Report.* The purpose of this statement is to establish the term annual comprehensive financial report and its acronym ACFR to replace the term comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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

2. Deposits with Financial Institutions

The District does not have a formal deposit and investment policy, but does follow state laws and bond ordinance resolutions.

2. Deposits with Financial Institutions

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.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a District's deposits may not be recovered At December 31, 2022 and 2021, all of the District's deposits were insured and/or collateralized with pledged securities. The bank balances and carrying amount of the District's deposits held were as follows:

	At December 31, 2022		At December 31, 2021	
Description	**Bank Balance**	**Carrying Amount**	**Bank Balance**	**Carrying Amount**
Insured	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Collateralized - held by pledging bank or pledging bank's trust department in the District's name	764,033	618,283	731,456	697,634
Cash on hand	-	500	-	500
Total	$ 1,264,033	$ 1,118,783	$ 1,231,456	$ 1,198,134

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

As Of December 31,	**2022**	**2021**
Cash and cash equivalents	$ 629,164	$ 709,223
Restricted checking and savings accounts	489,619	488,911
Total	$ 1,118,783	$ 1,198,134

Investments

Investments consist of certificates of deposit and accounts established to administer the scheduled payments of principal and interest on the outstanding bonds as they become due. The investments are stated at fair market value, which approximates cost.

As of December 31, 2022	**Market**	**Weighted Avg. Maturity**	**Credit Rating**
Bond Funds			
Government mutual fund	$ 525,701	13 days	AAAm
Certificates of Deposit	881,747	177 days	N/A
Total	$ 1,407,448		

2. Deposits with Financial Institutions (continued)

Investments (continued)

As of December 31, 2021		Market	Weighted Avg. Maturity	Credit Rating
Bond Funds				
Government mutual fund	$	519,935	37 days	AAAm
Certificates of Deposit		879,219	177 days	N/A
Total	$	1,399,154		

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

As Of December 31,		2022		2021
Current Assets:				
Certificates of deposit	$	881,747	$	879,219
Restricted investments		525,701		519,935
Total	$	1,407,448	$	1,399,154

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 District'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.

At December 31, 2022 and 2021, the District has $525,701 and $519,935, respectively, in government mutual fund accounts that primarily invest in U.S. Treasury and government securities which are investments permitted by Arkansas statutes and generally considered to be risk-free as they have the backing of the government.

The District also has $881,747 and $879,219 invested in certificates of deposit at December 31, 2022 and 2021, respectively, all of which are covered by FDIC insurance or through the pledging of securities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the District 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 held by the District or by an agent of the District are in the District's name.

2. Deposits with Financial Institutions (continued)

Investments (continued)

Fair Value Measurements
The District'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 District's investments that are measured at fair value on a recurring basis at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Government mutual fund	$ 525,701	$ -	$ -	$ 525,701
Certificates of deposit	881,747	-	-	881,747
Total	$ 1,407,448	$ -	$ -	$ 1,407,448

3. Restricted Accounts

Restricted accounts consists of the following:

As Of December 31,	2022	2021
Cash and cash equivalents:		
Depreciation Funds	$ 337,039	$ 336,552
ANRC Bond Fund	152,580	152,359
Total Restricted Checking and Savings	$ 489,619	488,911
Investments:		
2020 Bond Fund	$ 250,681	$ 249,373
2021 Bond Fund	275,020	270,562
Total Restricted Investments	$ 525,701	$ 519,935

Depreciation Fund - for repairs, maintenance, betterments and improvements of the District

Bond Funds - established to fund the semi-annual interests and annual principal payments of the Arkansas Natural Resources Commission loan, and 2020 and 2021 Series bonds.

JAMES FORK REGIONAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

3. Restricted Accounts (continued)

The Rural Development Loan resolution specifies for its loan to have a minimum debt service reserve account totaling $17,256 and $12,221 at December 31, 2022 and 2021, respectively. This is based upon the maximum annual principal and interest due in any future period following the latest loan issue. In addition, both the Rural Development Loan resolution and 2020 Bond Trust Indenture require short-lived/depreciation accounts requiring monthly deposits of $2,539 and $2,000, respectively. These accounts can be used anytime for repairs and maintenance, therefore there is no specific required balance. The District is not making the required monthly deposits into the existing depreciation fund account, nor have they established a debt service reserve for the Rural Development Loan. However, the District has enough unrestricted cash balances to cover these reserves.

4. Capital Assets

Activity of capital assets consists of the following:

As Of	January 1, 2022	Additions	Retirements	December 31, 2022
Land	$ 657,742	$ -	$ -	$ 657,742
Buildings	424,283	-	-	424,283
Fixtures and equipment	1,606,140	113,799	28,566	1,691,373
Clarifier	667,826	-	-	667,826
Backwash tank	339,754	-	-	339,754
Distribution system	41,196,037	-	-	41,196,037
Construction in process	160,759	98,448	-	259,207
Total	$ 45,052,541	$ 212,247	$ 28,566	$ 45,236,222
Less accumulated depreciation	22,554,810	1,130,988	28,566	23,657,232
Capital assets, net	$ 22,497,731	$ (918,741)	$ -	$ 21,578,990

As Of	January 1, 2021	Additions	Retirements	December 31, 2021
Land	$ 657,742	$ -	$ -	$ 657,742
Buildings	424,283	-	-	424,283
Fixtures and equipment	1,580,180	57,021	31,061	1,606,140
Clarifier	667,826	-	-	667,826
Backwash tank	339,754	-	-	339,754
Distribution system	41,163,051	32,986	-	41,196,037
Construction in process	113,422	47,337	-	160,759
Total	$ 44,946,258	$ 137,344	$ 31,061	$ 45,052,541
Less accumulated depreciation	21,425,444	1,160,427	31,061	22,554,810
Capital assets, net	$ 23,520,814	$ (1,023,083)	$ -	$ 22,497,731

4. Capital Assets (continued)

Construction in progress is for the following:

As Of	Balance 12/31/2022	Balance 12/31/2021	Estimated Total Cost	Estimated Completion
Reservoir expansion project	$ 207,679	$ 160,759	$ unknown - in planning stages	unknown - in planning stages
Backbone and Midland tank upgrades	43,288	-	717,800	end of 2023
Wildwood pump station upgrade	8,240	-	15,000	end of 2023
Total	$ 259,207	$ 160,759	$ 732,800	

5. Long-Term Debt

On January 21, 2021, the District issued Water Revenue Refunding Bonds, Series 2021 in the amount of $9,670,000. Proceeds from the bonds were used to refund the Series 2015 Water Revenue Refunding Bonds that had an outstanding principal balance of $10,145,000, plus interest and cost of issuance fees totaling $295,947. A full call was issued for the bonds on December 10, 2020, with full redemption on January 21, 2021. The bond refunding is expected to generate cost savings of approximately $1.3 million to the District.

Long-term debt of the District consists of:

As of December 31,	2022	2021
Arkansas Natural Resources Commission (ANRC) - loan dated August 7, 2007 in the amount of $206,000. Payments deferred until 2017 when first payment of $8,919 was due. After that, payments of $16,530 due annually including interest at 5.00%. The loan is secured by properties and equipment in the project and will mature in December 1, 2036.	$ 163,624	$ 171,575
Rural Development - loan dated July 6, 2017, in the amount of $1,100,000. Interest only payments for the first two years. Principal payments of $4,213 began in August 2019 and include interest at 3.250%. The loan is secured by revenues, properties and equipment of the District and will mature on July 6, 2057.	1,046,666	1,062,919
Water Revenue Refunding Bonds, Series 2020A, issued December 2, 2020, in the amount of $9,565,000. Principal payments are due annually and interest is due semi-annually at rates varying between 2.00% to 2.75%. The bonds are secured by the District's revenues and mature on December 1, 2049.	9,050,000	9,430,000

JAMES FORK REGIONAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

5. Long-Term Debt (continued)

Water Revenue Refunding Bonds, Series 2021, issued January 21, 2021, in the amount of $9,670,000. Principal payments are due annually and interest is due semi-annually at rates varying between 2.00% to 2.125%. The bonds are secured by the District's revenues and mature on June 1, 2040.	9,140,000	9,560,000
Total long-term debt	19,400,290	20,224,494
Less current maturities	830,140	824,206
Long-term debt	18,570,150	19,400,288
Plus unamortized bond premium	165,715	171,636
Long-term debt, net	$ 18,735,865	$ 19,571,924

Each of the District's outstanding bonds and notes from direct borrowings contain provisions for loan default including: outstanding principal and interest become immediately due and payable; use District funds pledged to secure the bonds to incur and pay reasonable expenses for repair, operation and maintenance of the District; or take possession of the District, repair, maintain, and operate or rent it.

Debt is scheduled to be repaid as follows:

	Direct Placements		Direct Borrowings	
December 31,	**Principal**	**Interest**	**Principal**	**Interest**
2023	$ 805,000	$ 380,726	$ 25,140	$ 41,946
2024	825,000	364,425	26,111	40,975
2025	840,000	347,775	27,122	39,964
2026	860,000	330,775	28,173	38,913
2027	875,000	313,425	29,267	37,819
2028-2032	4,105,000	1,315,147	164,359	171,071
2033-2037	4,405,000	886,447	182,678	136,222
2038-2042	3,635,000	415,600	145,924	106,856
2043-2047	1,360,000	142,838	171,635	81,145
2048-2052	480,000	17,187	201,875	50,905
2053-2057	-	-	208,006	15,482
Total	$ 18,190,000	$ 4,514,345	$ 1,210,290	$ 761,298

JAMES FORK REGIONAL WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

6. Changes in Long-Term Liabilities

Activity of the long-term obligations consists of the following:

As Of	January 1, 2022	Additions	Retirements	December 31, 2022	Due Within One Year
ANRC	$ 171,575	$ -	$ 7,951	$ 163,624	$ 8,349
Rural Development	1,062,919	-	16,253	1,046,666	16,791
2020A Series Bonds	9,430,000	-	380,000	9,050,000	380,000
2021 Series Bonds	9,560,000	-	420,000	9,140,000	425,000
Net pension liability	271,036	668,886	-	939,922	-
Total	$ 20,495,530	$ 668,886	$ 824,204	$ 20,340,212	$ 830,140

As Of	January 1, 2021	Additions	Retirements	December 31, 2021	Due Within One Year
ANRC	$ 179,148	$ -	$ 7,573	$ 171,575	$ 7,951
Rural Development	1,078,653	-	15,734	1,062,919	16,255
2015 Series Bonds	10,145,000	-	10,145,000	-	-
2020A Series Bonds	9,565,000	-	135,000	9,430,000	380,000
2021 Series Bonds	-	9,670,000	110,000	9,560,000	420,000
Net pension liability	989,202		718,166	271,036	-
Total	$ 21,957,003	$ 9,670,000	$ 11,131,473	$ 20,495,530	$ 824,206

7. Bond Discount / Deferred Refunding

The bond premiums incurred in connection with the 2021 and 2020A Series Water Revenue Refunding Bonds are being amortized using the straight-line method over the life of the bonds. Amortization of the bond premiums was $5,921 for both years ended December 31, 2022 and 2021 and are net with interest expense on the Statement of Revenues, Expenses and Changes in Net Position. The unamortized bond premium balance is included with total long-term debt.

The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The balance of $1,045,555 and $1,102,786 as of December 31, 2022 and 2021, respectively, is shown as deferred outflows on the Statement of Net Position and is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Amortization of the deferred loss totaled $57,231 and $61,094 for the years ended December 31, 2022 and 2021, respectively, and is included with interest expense in the Statement of Revenues, Expenses and Changes in Net Position.

8. Rate Covenant

The Trust Indenture of the 2021 and 2020A Series Bonds contains a provision (the Rate Covenant) which requires the District to maintain their water rates at an amount sufficient to (1) pay all operation, repair and maintenance expenses, (2) make all required deposits into the Debt Service Reserve Fund, (3) leave a balance equal to 115% of the debt service requirements for that fiscal year of all outstanding Bonds and Parity obligations, and (4) service all second lien debt. For the years ended December 31, 2022 and 2021, the District had sufficient revenues to meet the covenant.

9. Pension Plan

Plan Description

The District participates in the Arkansas Public Employees Retirement System (APERS). APERS is a cost-sharing, multiple employer, defined benefit plan which covers all State employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the thirteen members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes: three state and three non-state employees, all appointed by the Governor; three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration, and four additional board positions that were added in Act 868 of the 2021 State of Arkansas legislative session. All of these four positions are appointed by the State of Arkansas Legislature. Two of these positions represent retirees with one being appointed by the House of Representatives and the other appointed by the Senate. The other two positions represent retired law enforcement with one being appointed by the House of Representatives and the other appointed by the Senate.

The state of Arkansas issues an annual report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201.

Summary of Significant Accounting Policies

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System (the Plan) and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Pension Plan (continued)

Benefits Provided

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member's highest 3-year average compensation times the member's years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005, but prior to 7/1/2007	2.03%
Contributory, on or after 7/1/207	2.00%
Non-Contributory	1.72%

Members are eligible to retire with a full benefit under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Several benefit changes were made in the 2021 legislative session. These changes only apply to newly hired employees on or after July 1, 2022. Act 370 made the final average compensation for the retirement benefit calculation to be the average of the five highest annual compensations. Act 366 made the annual cost-of-living adjustment to be the lesser of 3% or the percentage change in the Consumer Price Index.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members

9. Pension Plan (continued)

Contributions (continued)

who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Act 365 of the 2021 regular legislative session put in place annual increases of .25% to this employee contribution rate beginning July 1, 2022 and continuing each year up to a maximum rate of 7%. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 15.32% of compensation for the Plan fiscal years ended June 30, 2022 and 2021, respectively. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

Contributions made by the District were $116,539 and $108,361 for the years ended December 31, 2022 and 2021, respectively.

APERS Fiduciary Net Position

Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at http://www.apers.org/annualreports.

Timing of the Valuation

The collective Net Pension Liability was measured as of June 30, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. Based on this information, the District's proportionate share as of June 30, 2022 was 0.03485862%

There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of June 30, 2022 and the District's report ending date of December 31, 2022, that would have had a significant impact on the net pension liability.

Actuarial Assumptions

The total pension liability, net pension liability, and certain sensitivity information was determined by an actuarial valuation as of June 30, 2022. The significant assumptions used in the valuation and adopted by the APERS Board of Trustees, were as follows:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Wage Inflation Rate	3.25%

9. Pension Plan (continued)

Actuarial Assumptions (continued)

Salary Increases	3.25% – 9.85%
Investment Rate of Return	7.15%
Mortality Rate Table	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017

All other actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017, and were applied to all prior periods included in the measurement.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the APERS target asset allocation as of June 30, 2022 are summarized in the table below:

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
	100%	

Total Real Rate of Return	4.93%
Plus: Price Inflation - Actuary's Assumption	2.50%
Net Expected Return	7.43%

9. Pension Plan (continued)

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the June 30, 2022 valuation, the expected rate of return on pension plan investments is 7.15%; the municipal bond rate is 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"; and the resulting single discount rate is 7.15%.

The single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the participating employers' net pension liability, calculated using a single discount rate, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower (6.15%) or 1% higher (8.15%) than the current rate:

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
Net Pension Liability (Asset)	$ 1,494,304	$ 939,922	$ 482,230

9. Pension Plan (continued)

Pension Expense, and Deferred Inflows / Outflows of Resources

The District had an accrued pension liability on December 31, 2022 of $3,696 for the District's legally required contribution. The District's proportionate share of pension expense was $95,839 for the Plan year ended June 30, 2022. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	22,561	$	11,348
Net difference between projected and actual earnings on pension plan investments		198,278		-
Changes in proportion		17,412		6,830
District contributions subsequent to the measurement date		58,629		-
Total	$	296,880	$	18,178

$58,629 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 30, 2023, any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		Net Decrease in Pension Expense
2023	$	50,403
2024		31,487
2025		(94)
2026		138,277
	$	220,073

10. Settlement Income

On March 14, 2005, the District and the City of Fort Smith, Arkansas (the City) entered into a Settlement and Release Agreement (the Agreement). Pursuant to the agreement, the District released 12,000 acres of its northernmost service area to the City of Fort Smith, Arkansas. The City of Fort Smith agreed to compensate the District for the District's loss of revenues. The District received $35,554 and $91,905 from the City during the years ended December 31, 2022 and 2021. The District's final payment under the under the agreement was in 2022.

11. Risk Management

The District 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 District carries commercial insurance and workers compensation insurance through two major insurance companies. There has been no significant reduction in the District's insurance coverage from the previous year. In addition, there have been no settlements in excess of the District's coverage in any of the prior three fiscal years.

12. Concentrations Of Credit Risk

Financial instruments that potentially subject the District to credit risk consist primarily of accounts receivable. The District sells only to businesses and individuals in the south Sebastian County, and northern Scott County, Arkansas area.

13. Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2022 through March 1, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JAMES FORK REGIONAL WATER DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION FOR COST-SHARING EMPLOYER PLANS
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios Last Fiscal Year

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.03485862%	0.03525294%	0.03454420%	0.03313783%	0.03390585%	0.03600991%	0.03595543%	0.03522433%	0.03749347%
District's proportionate share of the net pension liability	$ 939,922	$ 271,036	$ 989,202	$ 799,460	$ 747,941	$ 930,547	$ 859,819	$ 648,738	$ 531,999
District's covered-employee payroll	$ 743,146	$ 703,962	$ 674,019	$ 634,140	$ 635,089	$ 649,010	$ 651,450	$ 624,933	$ 662,890
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	126.48%	38.50%	146.76%	126.07%	117.77%	143.38%	131.99%	103.81%	80.25%
Plan fiduciary net position as a percentage of the total pension liability	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

Schedule of Required Contributions Last Fiscal Year

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	$ 113,850	$ 107,847	$ 103,260	$ 97,150	$ 93,676	$ 94,106	$ 94,460	$ 92,245	$ 98,638
Contributions in relation to the contractually required contribution	$ (113,850)	$ (107,847)	$ (103,260)	$ (97,150)	$ (93,676)	$ (94,106)	$ (94,460)	$ (92,245)	$ (98,638)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 743,146	$ 703,962	$ 674,019	$ 634,140	$ 635,089	$ 649,010	$ 651,450	$ 624,933	$ 662,890
Contributions as a percentage of covered-employee payroll	15.32%	15.32%	15.32%	15.32%	14.75%	14.50%	14.50%	14.76%	14.88%

See independent auditor's report.

JAMES FORK REGIONAL WATER DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION FOR COST-SHARING EMPLOYER PLANS
ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 2022

Notes to Required Supplemental Information for Cost-Sharing Employer Plans

1. The schedules are intended to show 10 years - additional information will be presented as it becomes available.

2. Changes in benefits: None: June 30, 2014 through June 30, 2020
June 30, 2021 valuation
- Extending the maximum time allowed in the DROP from 7 to 10 years, effective March 31, 2021
- Increasing contributory plan member contributions from 5% to 7%, in 0.25% increments, starting July 1, 2022
- For members hired on or after July 1, 2022:
  - Change the final average compensation period from 3 to 5 years
  - COLA increases will be the lesser of 3.0% or the increase in the Consumer Price Index

3. Changes in actuarial assumptions:

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Single Discount Rate	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.50%	7.50%	7.75%
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.50%	7.50%	7.75%
Municipal Bond Rate	1.92%	1.92%	2.45%	3.13%	3.62%	3.56%	2.85%	3.80%	4.29%
Source: 20-Bond GO Index									
Inflation	3.25% wage 2.50% price	3.25% wage 2.50% price	3.25% wage 2.50% price	3.25% wage 2.50% price	3.25% wage 2.50% price	3.25% wage 2.50% price	3.25% wage 2.50% price	3.25% wage 2.50% price	3.75% wage 2.75% price
Salary Increases	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.75% - 10.35%
Mortality Table	Based on RP-2006 weighted generational mortality tables for healthy annuitant disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017	Based on RP-2006 weighted generational mortality tables for healthy annuitant disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017	Based on RP-2006 weighted generational mortality tables for healthy annuitant disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017	Based on RP-2014 weighted generational mortality tables for healthy annuitant disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017	Based on RP-2014 weighted generational mortality tables for healthy annuitant disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females

See independent auditor's report.

ADDITIONAL SUPPLEMENTARY INFORMATION

JAMES FORK REGIONAL WATER DISTRICT

SCHEDULE OF BONDS OUTSTANDING

WATER REVENUE REFUNDING BONDS, SERIES 2020A

DECEMBER 31, 2022

Year	Principal	Interest Rate	Interest June 1,	Interest December 1,	Total
2023	$ 380,000	2.000	$ 101,888	$ 98,088	$ 579,976
2024	390,000	2.000	98,088	94,188	582,275
2025	395,000	2.000	94,188	90,238	579,425
2026	405,000	2.000	90,238	86,188	581,425
2027	415,000	2.000	86,188	82,038	583,225
2028	420,000	2.000	82,038	77,838	579,875
2029	310,000	2.000	77,838	74,738	462,575
2030	300,000	2.000	74,738	71,738	446,475
2031	310,000	2.125	71,738	68,444	450,181
2032	315,000	2.125	68,444	65,097	448,541
2033	325,000	2.125	65,097	61,644	451,741
2034	330,000	2.125	61,644	58,138	449,781
2035	340,000	2.125	58,138	54,525	452,663
2036	345,000	2.250	54,525	50,644	450,169
2037	355,000	2.250	50,644	46,650	452,294
2038	360,000	2.250	46,650	42,600	449,250
2039	365,000	2.375	42,600	38,266	445,866
2040	375,000	2.375	38,266	33,813	447,078
2041	380,000	2.375	33,813	29,300	443,113
2042	395,000	2.500	29,300	24,363	448,663
2043	400,000	2.500	24,363	19,363	443,725
2044	350,000	2.500	19,363	14,988	384,350
2045	200,000	2.750	14,988	12,238	227,225
2046	210,000	2.750	12,238	9,350	231,588
2047	200,000	2.750	9,350	6,600	215,950
2048	195,000	2.750	6,600	3,919	205,519
2049	185,000	2.750	3,919	1,375	190,294
2050	100,000	2.750	1,375	-	101,375
	$ 9,050,000		$ 1,418,251	$ 1,316,363	$ 11,784,613

See independent auditor's report.

JAMES FORK REGIONAL WATER DISTRICT

SCHEDULE OF BONDS OUTSTANDING

WATER REVENUE REFUNDING BONDS, SERIES 2021

DECEMBER 31, 2022

Year	Principal	Interest Rate	Interest June 1,	Interest December 1,	Total
2023	$ 425,000	2.000	$ 92,500	$ 88,250	$ 605,750
2024	435,000	2.000	88,250	83,900	607,150
2025	445,000	2.000	83,900	79,450	608,350
2026	455,000	2.000	79,450	74,900	609,350
2027	460,000	2.000	74,900	70,300	605,200
2028	470,000	2.000	70,300	65,600	605,900
2029	480,000	2.000	65,600	60,800	606,400
2030	490,000	2.000	60,800	55,900	606,700
2031	500,000	2.000	55,900	50,900	606,800
2032	510,000	2.000	50,900	45,800	606,700
2033	520,000	2.000	45,800	40,600	606,400
2034	530,000	2.000	40,600	35,300	605,900
2035	540,000	2.000	35,300	29,900	605,200
2036	555,000	2.000	29,900	24,350	609,250
2037	565,000	2.125	24,350	18,700	608,050
2038	575,000	2.125	18,700	12,591	606,291
2039	585,000	2.125	12,591	6,375	603,966
2040	600,000	2.125	6,375	0	606,375
	$ 9,140,000		$ 936,116	$ 843,616	$ 10,919,731

See independent auditor's report.

ADDITIONAL 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
James Fork Regional Water James Fork Regional Water District
Greenwood, 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 James Fork Regional Water District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise James Fork Regional Water District's financial statements, and have issued our report thereon dated March 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered James Fork Regional Water District'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 James Fork Regional Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of James Fork Regional Water District'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether James Fork Regional Water District'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 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

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 1, 2023

EXHIBIT B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)