

**WHITE RIVER REGIONAL SOLID WASTE  
MANAGEMENT DISTRICT**

**Independent Auditor's Report  
and Financial Statements**

**June 30, 2023**

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

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## Welch, Couch & Company, PA

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
White River Regional Solid Waste Management District  
Batesville, Arkansas

#### Report on the Audit Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of the governmental activities of White River Regional Solid Waste Management District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic 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 respective financial position of the governmental activities of the White River Regional Solid Waste Management District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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### ***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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 on pages 4 through 9 and budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 that collectively comprise the District's basic financial statements. The supplementary information on pages 28 to 29 are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 28 to 29 is fairly stated, in all material respects, in relation to the basic 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 December 8, 2023, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

*Welch Couch & Company, PA*  
**Welch, Couch & Company, PA**  
Certified Public Accountants

Batesville, Arkansas  
December 8, 2023





# White River Regional Solid Waste Management District

*P.O. Box 2396 Batesville, Arkansas 72503 phone 870/793-5233 fax 870/793-4035*

## WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT BATESVILLE, ARKANSAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the White River Regional Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal years ended June 30, 2023 and 2022. Readers should consider the information presented here in conjunction with the District's financial statements beginning on page 10.

### FINANCIAL HIGHLIGHTS

- Total assets of the District exceeded total liabilities as of June 30, 2023 and 2022 by \$2,291,569 and \$1,994,433, respectively. The District had a balance of \$1,626,424 and \$1,398,774, respectively, in unrestricted net position. The unrestricted net position of the District's governmental activities may be used to meet the government's on-going obligations.
- The District's net position increased by \$297,136 and \$157,175 in 2023 and 2022, respectively.
- As of the close of 2023 and 2022, the District's governmental fund reported an ending fund balance of \$2,274,783 and \$1,920,400, respectively.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the White River Regional Solid Waste Management District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves that will enhance the reader's understanding of the financial condition of White River Regional Solid Waste Management District.

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## ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the District's financial status as a whole.

The statement of net position presents information on all of the District's assets and deferred outflows of resources minus liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide statement of activities distinguishes functions of the District that are principally supported by waste tire management, recycling, equipment usage and landfill host fees.

The government-wide financial statements can be found on pages 10 and 11 of this report.

## ***FUND FINANCIAL STATEMENTS***

A fund is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified under the category of governmental funds.

## ***GOVERNMENTAL FUNDS***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the special revenue fund.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

### ***BUDGET HIGHLIGHTS***

Actual revenues on a budget basis exceeded budget estimates by \$850,352 and actual expenditures on a budget basis were more than budget estimates by \$184,171 resulting in an increase in budget basis revenues over expenditures of \$666,181 as compared to the budget of \$0 change.

### ***NOTES TO THE FINANCIAL STATEMENTS***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 26 of this report.

### ***OTHER INFORMATION***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and supplementary information.

The required supplementary information and supplementary information can be found on pages 27 - 29 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

<b>Governmental Activities</b>		
	<b><u>Net Position</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Current assets	\$ 2,737,738	\$ 2,756,468
Restricted assets	530,703	420,293
Capital assets, net	134,442	175,366
Operating lease right-of-use asset	564,912	-
Other noncurrent assets	147,391	146,375
<b>Total assets</b>	<b>\$ 4,115,186</b>	<b>\$ 3,498,502</b>
Current liabilities	\$ 1,029,025	\$ 1,256,361
Other noncurrent liabilities	794,592	247,708
<b>Total liabilities</b>	<b>1,823,617</b>	<b>1,504,069</b>
Net investment in capital assets	134,442	175,366
Restricted - expendable	530,703	420,293
Unrestricted	1,626,424	1,398,774
<b>Total net position</b>	<b>2,291,569</b>	<b>1,994,433</b>
<b>Total liabilities and net position</b>	<b>\$ 4,115,186</b>	<b>\$ 3,498,502</b>



Net position may serve over time as an indicator of a government's financial position. The District's total assets exceeded total liabilities by \$2,291,569 as of June 30, 2023. The District had a previous balance in net position of \$1,994,433 as of June 30, 2022. A major portion of the District's net position is its investment in cash and cash equivalents.

Net position is also subject to external restrictions on how they may be used. As of June 30, 2023 and 2022, the District had \$530,703 and \$420,293, respectively, of restricted net position which is limited by state or municipal laws or grant or contractual agreements as to the use of these funds. Unrestricted net position which may be used to meet ongoing obligations of the District had a balance of \$1,626,424 and \$1,398,774, as of June 30, 2023 and 2022, respectively.

A schedule of changes in net position is shown below.

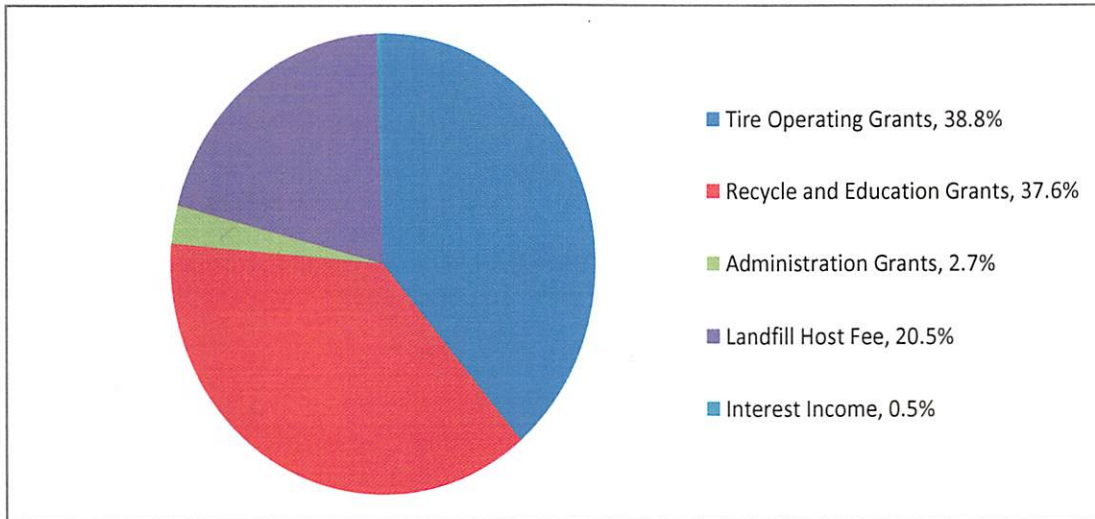
	<b>Governmental Activities Changes in Net Position</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Revenues</b>		
Program revenues:		
Operating grants and contributions	\$ 1,497,882	\$ 1,160,788
General revenues:		
Landfill host fee	387,604	375,397
Interest income	8,537	7,079
Gain on sale of assets	-	14,388
Total revenues	<u>1,894,023</u>	<u>1,557,652</u>
<b>Expenses</b>		
Solid waste tire program	831,363	772,164
Recycling and education grants	703,964	573,928
Administration grants	51,000	51,000
General expenses	10,560	3,385
Total expenses	<u>1,596,887</u>	<u>1,400,477</u>
<b>Change in net position</b>	297,136	157,175
<b>Net position - beginning</b>	<u>1,994,433</u>	<u>1,837,258</u>
<b>Net position - ending</b>	<u><u>\$ 2,291,569</u></u>	<u><u>\$ 1,994,433</u></u>

## GOVERNMENTAL ACTIVITIES

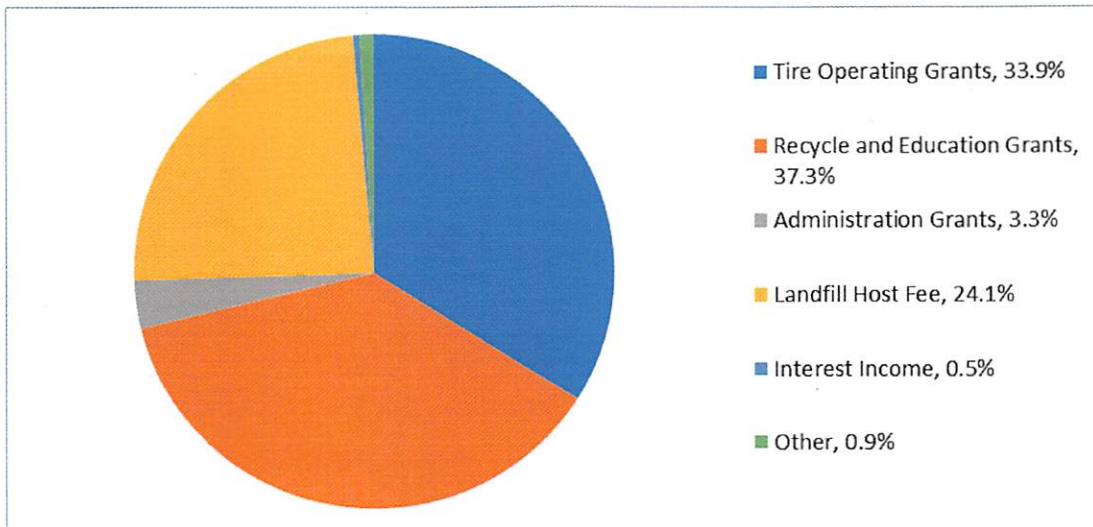
Governmental activities increased net position by \$354,383 and \$205,381, in 2023 and 2022, respectively. A chart of revenues by source for governmental activities is presented as follows.

### Revenues by Source – Governmental Activities

**2023**



**2022**



As graphically portrayed, the District is heavily reliant on the Solid Waste Tire Program and recycle and education grants to support governmental operations. The tire program provided 38.8% and 33.9% of the District's total governmental revenues for the years ended June 30, 2023 and 2022, respectively. The recycle and education grants provided 37.6% and 37.3% of the District's total governmental revenues for the years ended June 30, 2023 and 2022, respectively.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

### GOVERNMENTAL FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's near term financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2023 and 2022, the District's only governmental fund, the special revenue fund, reported an ending fund position of \$2,274,783 and \$1,920,400, respectively.

### CAPITAL ASSETS

The District's investment in capital assets (net of accumulated depreciation) for governmental activities, as of June 30, 2023 and 2022, amounts to \$134,442 and \$175,366, respectively. This investment in capital assets includes landfill contract, buildings, vehicles, and equipment.

Governmental Activities		
Capital Assets, Net of Accumulated Depreciation		
	<u>2023</u>	<u>2022</u>
Buildings	\$ 105,521	\$ 105,521
Equipment	801,427	801,427
Vehicles	145,288	145,288
Landfill contract	94,834	94,834
Less accumulated depreciation and amortization	<u>(1,012,628)</u>	<u>(971,704)</u>
<b>Net capital assets</b>	<b><u>\$ 134,442</u></b>	<b><u>\$ 175,366</u></b>

Additional information on the District's capital assets can be found in Note 3 on page 22 of this report.

### REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the White River Regional Solid Waste Management District, 4441 Harrison St, Batesville, Arkansas 72501.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Statement of Net Position

June 30, 2023

### Assets

#### Current assets

Cash and cash equivalents - Notes 1 and 5	\$ 2,712,315
Accounts receivable - Note 2	1,800
Prepaid insurance	19,177
Prepaid payroll Tax	56
Prepaid utility deposit	4,390
<b>Total current assets</b>	<b>2,737,738</b>

#### Restricted assets

Cash and cash equivalents - Notes 1 and 5	263,008
Accounts receivable - Note 2	267,695
<b>Total restricted assets</b>	<b>530,703</b>

#### Capital assets, net

Building and equipment, net of accumulated depreciation - Notes 1 and 3	134,442
<b>Total capital assets, net</b>	<b>134,442</b>

#### Operating lease right-of-use asset - Note 4

564,912

#### Other noncurrent assets

Post closure financial assurance - Note 8	147,391
<b>Total noncurrent assets</b>	<b>147,391</b>

#### Total assets

**\$ 4,115,186**

### Liabilities and Net Position

#### Current liabilities

Accounts payable	\$ 39,520
Accounts payable - WRPDD - Note 6	116,828
Accrued payroll expenses	6,703
Deferred revenue - Note 7	830,607
Current operating lease liability - Note 4	35,367
<b>Total current liabilities</b>	<b>1,029,025</b>

#### Other noncurrent liabilities

Post closure costs payable - Note 8	265,047
Operating lease liability, less current portion - Note 4	529,545
<b>Total noncurrent liabilities</b>	<b>794,592</b>

#### Total liabilities

1,823,617

#### Net position

Net investment in capital assets	134,442
Restricted - expendable	530,703
Unrestricted	1,626,424
<b>Total net position</b>	<b>2,291,569</b>

#### Total liabilities and net position

**\$ 4,115,186**

The notes to financial statements are an integral part of this statement.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Statement of Activities

For the Year Ended June 30, 2023

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net Revenue (Expense) and Changes in Net Position Total</u>
<b>Governmental activities:</b>			
Solid waste tire program	\$ 831,363	\$ 734,551	\$ (96,812)
Recycling and education grants	703,964	712,331	8,367
Administration grants	51,000	51,000	-
<b>Total governmental activities</b>	<b><u>\$ 1,586,327</u></b>	<b><u>\$ 1,497,882</u></b>	<b><u>\$ (88,445)</u></b>
<b>General revenues:</b>			
Landfill host fee			387,604
Interest income			8,537
<b>Total general revenues</b>			<u>396,141</u>
<b>General expenses:</b>			
Professional fees			<u>10,560</u>
<b>Total general expenses</b>			<u>10,560</u>
<b>Change in net position</b>			297,136
<b>Net position, beginning of year</b>			<u>1,994,433</u>
<b>Net position, ending of year</b>			<b><u>\$ 2,291,569</u></b>

The notes to financial statements are an integral part of this statement.



# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Balance Sheet – Governmental Fund

June 30, 2023

	<u>Special Revenue Fund</u>
<u>Assets</u>	
<b>Current assets</b>	
Cash and cash equivalents - Notes 1 and 5	\$ 2,712,315
Accounts receivable - Note 2	1,800
Prepaid insurance	19,177
Prepaid payroll tax	56
Prepaid utility deposit	4,390
<b>Total current assets</b>	<u>2,737,738</u>
<b>Restricted assets</b>	
Cash and cash equivalents - Notes 1 and 5	263,008
Accounts receivable - Note 2	267,695
<b>Total restricted assets</b>	<u>530,703</u>
<b>Total assets</b>	<u><u>\$ 3,268,441</u></u>
<u>Liabilities and Fund Balance</u>	
<b>Current liabilities</b>	
Accounts payable	\$ 39,520
Accounts payable - WRPDD - Note 6	116,828
Accrued payroll expenses	6,703
Deferred revenue - Note 7	830,607
<b>Total current liabilities</b>	<u>993,658</u>
<b>Total liabilities</b>	<u>993,658</u>
<b>Fund balance</b>	
Restricted	530,703
Unassigned	1,744,080
<b>Total fund balance</b>	<u>2,274,783</u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 3,268,441</u></u>

The notes to financial statements are an integral part of this statement.

**WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Fund**  
**to the Statement of Net Position**  
**June 30, 2023**

**Total fund balance - total governmental fund** **\$ 2,274,783**

Amounts reported for governmental activities in  
the statement of net position are different because:

Post closure financial assurance is not available to  
pay for current period expenditures and, therefore,  
are not reported in the governmental fund  
balance sheet. 147,391

Capital assets of \$1,147,070, net of accumulated  
depreciation of \$(1,012,628) are not financial resources  
and therefore, are not reported in the funds. See  
Note 3 for additional detail. 134,442

Operating lease right-of-use assets of \$564,912 less  
current portion of operating lease liability of \$35,367  
less long-term portion of operating lease liability of  
\$529,545. See Note 4 for additional detail. -

Long-term liabilities are not due and payable in the  
current period and, therefore, they are not reported  
in the governmental fund balance sheet:  
Post closure costs payable (265,047)

**Net position of governmental activities** **\$ 2,291,569**

The notes to financial statements are an integral part of this statement.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Statement of Revenues, Expenditures and  
Changes in Fund Balance – Governmental Fund

For the Year Ended June 30, 2023

	Special Revenue Fund
<b>Revenues</b>	
Per capita tire tax collection grant	\$ 734,551
Recycling and education grants	712,331
Administration grants	51,000
Landfill host fee	387,604
Interest income	7,521
<b>Total revenues</b>	<u>1,893,007</u>
<b>Expenditures</b>	
Solid Waste Tire Program:	
Contract services	326,947
Landfill dirt	41,718
Landfill rent	20,250
Shop rent	25,000
Equipment insurance	83,949
Fees and permits	6,041
Repair and maintenance	138,211
Utilities	19,906
Professional fees	10,000
Supplies	1,370
Other expenses	2,567
Recycling and education grants	581,414
Administration grants	51,000
Salaries	198,730
Payroll taxes	15,203
Fringe benefits	3,970
Transportation	1,688
Professional fees	10,560
Other expenses	100
<b>Total expenditures</b>	<u>1,538,624</u>
<b>Excess of revenues over expenditures</b>	354,383
<b>Fund balance, beginning of year</b>	<u>1,920,400</u>
<b>Fund balance, end of year</b>	<u><u>\$ 2,274,783</u></u>

The notes to financial statements are an integral part of this statement.

**WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Fund**

**to the Statement of Activities  
For the Year Ended June 30, 2023**

**Net change in fund balance - total governmental fund** **\$ 354,383**

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense. This is the amount by  
which depreciation of \$(40,924) exceeded capital outlay  
of \$0 in the current period.

(40,924)

The net effect of various transactions involving  
post closure assurance and liability is to decrease  
net position.

(17,340)

Interest income not available as current financial resources but earned  
or noncurrent assets and reported on the change in net position

1,017

**Change in net position of governmental activities**

**\$ 297,136**

The notes to financial statements are an integral part of this statement.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 1 – Summary of Significant Accounting Policies

#### A) Reporting Entity

The White River Regional Solid Waste Management District (the District) is a special District formed by Act 870 of the Arkansas Legislature in 1989 and renamed with expanded powers by Act 752 in 1991. The District consists of ten counties in north central Arkansas and was formed to oversee and regulate solid waste disposal in the ten-county area.

In evaluating how to define the District for financial reporting purposes, the District applied the criteria set forth in accounting principles generally accepted in the United States of America (U.S. GAAP). Based upon the application of these criteria, no potential component units were noted.

#### B) Government-Wide and Fund Financial Statements

##### *Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. These statements include all the financial activities of the District.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the District's services; and (2) operating grants and contributions which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

##### *Fund Financial Statements*

Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds.



# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 1 – Summary of Significant Accounting Policies (Cont.)

#### C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

#### D) Assets, Liabilities and Equity

##### 1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term certificates of deposit with original maturities of three months or less.

Legal or contractual provisions for deposits and investments:

##### a. Governmental Fund

State law generally requires 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/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations which the principal and interest are fully guaranteed by the United States of America.

##### 2. Accounts Receivable

Accounts Receivable reported in current assets represent amounts due to the District for hosting fees as of June 30, 2023.

##### 3. Prepaid Insurance and Payroll Taxes

Certain payments to vendors for insurance and payroll taxes reflect costs applicable to future accounting periods and are recorded as prepaid insurance and payroll taxes.

##### 4. Restricted Assets

Restricted assets consist of cash and cash equivalents and accounts receivable from Arkansas Department of Environmental Quality that are set aside for use in the solid waste tire program.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 1 – Summary of Significant Accounting Policies (Cont.)

#### D) Assets, Liabilities and Equity (Cont.)

##### 5. Capital Assets, Depreciation and Amortization

The District's capital assets with an acquisition cost of more than \$500 and with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	10-25
Equipment	5-7
Vehicles	5
Landfill contract	10

##### 6. Leases

Operating lease right-of-use asset (ROU) – this asset is recognized at the lease commencement date and represents the District's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability. Amortization of the ROU asset is recorded on a straight-line basis over the shorter of the useful life or the lease term.

Lease liability – this represents the District's obligation to make lease payments arising from leases other than short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by the District. Short-term leases, those with a maximum period of 12 months, are expenses as incurred.

##### 7. Post Closure Financial Assurance

Post closure financial assurance consist of two certificate of deposits that are held for post closure cost of the waste tire landfill. See note 8 for further detail.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Cont.)

D) Assets, Liabilities and Equity (Cont.)

8. Accounts Payable

Accounts payable represents various trade accounts which are generally payable within thirty (30) days.

9. Accrued Payroll Expenses

Accrued payroll expenses are comprised of accrued wages and other payroll related expenses.

10. Deferred Revenue

Deferred revenue represents grant funds unexpended at year end and available for expenditures in subsequent years.

11. Post closure costs payable

Post closure costs payable encompass estimated cost for placing a final cover on the landfill in addition to maintenance and monitoring for two years after closure.

12. Net Position/Fund Balance

*Government-wide statements*

Net position of the District is classified in four components as follows:

- *Net position invested in capital assets, net of related debt* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- *Restricted expendable net position* - Noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- *Restricted nonexpendable net position* - Noncapital assets that are required to be maintained in perpetuity as specified by parties external to the District, such as permanent endowments.
- *Unrestricted net position* – Remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt, restricted expendable, or restricted nonexpendable.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 1 – Summary of Significant Accounting Policies (Cont.)

#### D) Assets, Liabilities and Equity (Cont.)

##### 12. Net Position/Fund Balance (Cont.)

###### *Fund statements*

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, higher levels of government), through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint;
- *Assigned fund balance* – amounts the District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

#### E) Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

#### F) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 those estimates.

**WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT**

**Notes to Financial Statements**

**June 30, 2023**

**Note 1 – Summary of Significant Accounting Policies (Cont.)**

**G) New Accounting Pronouncements**

The GASB had issued the following statement which was adopted by the District in the year ending June 30, 2023:

GASB Statement No. 87, *Leases* – this statement's objective is to align the accounting and financial reporting of lease transactions more closely with their economic substance. The statement is based on the underlying principle that leases are financing of the right to use an underlying asset for a period of time. It eliminated the current distinction between operating and capital leases by treating all leases as financings. The implementation of this statement was the recognition of the operating lease right-of-use asset and the lease liability for operating leases.

**Note 2 – Accounts Receivable**

Accounts receivable consists of \$1,800 from various tire vendors for hosting fees. Restricted accounts receivable consists of per capita tire tax collections payable to the District by the Arkansas Department of Environmental Quality (ADEQ) for the second quarter of the calendar year 2023, in the amount of \$267,695. Accounts receivable is stated at the amount management expects to collect and is typically collected in full during the month following the District's year end. As such, no allowance for doubtful accounts is recorded.



# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 3 – Capital Assets

The following is a summary of changes in capital assets and the related accumulated depreciation and amortization for governmental activities of the District for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirement	Balance June 30, 2023
Building	\$ 105,521	\$ -	\$ -	\$ 105,521
Equipment	801,427	-	-	801,427
Vehicles	145,288	-	-	145,288
Landfill contract	94,834	-	-	94,834
Totals at historical costs	<u>1,147,070</u>	<u>-</u>	<u>-</u>	<u>1,147,070</u>
Less accumulated depreciation and amortization for:				
Building	(32,829)	(3,932)	-	(36,761)
Equipment	(753,207)	(14,491)	-	(767,698)
Vehicles	(90,834)	(22,501)	-	(113,335)
Landfill contract	(94,834)	-	-	(94,834)
Total accumulated depreciation and amortization	<u>(971,704)</u>	<u>(40,924)</u>	<u>-</u>	<u>(1,012,628)</u>
Capital assets, net	<u>\$ 175,366</u>	<u>\$ (40,924)</u>	<u>\$ -</u>	<u>\$ 134,442</u>

Depreciation of capital assets is provided over the estimated useful lives of five to twenty-five years on a straight-line basis and was charged as a direct expense to the Solid Waste Tire Program on the statement of activities. The District entered into a contract on September 9, 2002, with an individual owning a landfill located at Bald Knob. The District agreed to pay the owner's indebtedness on the landfill in exchange for the right to use the landfill for an unspecified duration. The individual is also being paid \$1,250 per month rental on the landfill. The payoff of the indebtedness was amortized over a ten-year period.

### Note 4 – Operating Leases

The District has operating leases of a landfill and a shop building. The District's lease terms of 1 year to 2 years, some of which include options to extend the leases, and some of which include options to terminate the leases. Only lease options that the District believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. The base rent for renewals may be negotiated at the time the renewal option is exercised. The District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 4 – Operating Leases (Cont.)

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30, 2023.

	<u>2023</u>
Operating lease right-of use assets	<u>\$ 564,912</u>
Current operating lease liability	\$ 35,367
Long-term operating lease liability	<u>529,545</u>
<b>Total operating lease liabilities</b>	<b><u>\$ 564,912</u></b>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

	<u>2023</u>
<b>Operating Leases</b>	
Weighted average remaining lease term	11 years
Weighted average discount rate	3.12%

The following is a schedule by year of future minimum lease payments under operating leases that have initial or remaining terms in excess of one year as of June 30, 2023:

<u>Year Ending June 30:</u>	<u>Operating</u>
2024	\$ 40,000
2025	40,000
2026	40,000
2027	40,000
2028	40,000
Thereafter	<u>575,000</u>
Total Lease Payments	775,000
Less: Interest	<u>(210,088)</u>
<b>Present value of lease liabilities</b>	<b><u>\$ 564,912</u></b>

### Note 5 – Concentrations

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Arkansas; bonds of any city, county, school district or special district of the State of Arkansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 5 – Concentrations – (Cont.)

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

At year end, the District's carrying amount of deposits was \$3,077,714 and the bank balance was \$3,138,077. Of this amount, \$602,391 was covered by federal depository insurance, and \$2,467,395 was collateralized by a letter of credit from the Federal Home Loan Bank and \$68,291 was collateralized by pledged securities.

Due to higher cash flows at certain times during the year, the District's risks for uninsured and uncollateralized deposits and investments could be higher or lower than at year-end.

Investment income for cash equivalents is comprised of the following for the year ended June 30, 2023:

	<u>Amount</u>
Income	
Interest income	<u>\$ 8,537</u>

*Interest rate risk on investments* – the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

*Credit risk* – the District does not currently maintain a written investment policy regarding credit risk limits.

*Concentration of credit risk investments* – the District currently does not have a stated investment policy that outlines the limit on the amount the District may invest in any one issuer.

Approximately 79.1% of the funding for the District's activities is from governmental grants. Accordingly, the District is economically dependent on governmental funding for its continued operation.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 6 – Related Party Matters

The Corporation shares several common members on its Board of Directors with the Board of White River Planning and Development District, Inc and White River Regional Services Center, Inc. Also, certain employees provide services to each organization.

The following is a summary of transactions and balances with related parties for the year ended June 30, 2023:

#### **White river Regional Services Center, Inc.**

Building rent expense	\$ 25,000
-----------------------	-----------

#### **White River Planning and Development District, Inc.**

Accounts payable	\$ 116,828
Contract Services expense	116,828
Grant pass-through	131,000

### Note 7 – Deferred Revenue

Advances from state awarding agencies before year end for which the related expenses have not been incurred are recorded as deferred revenue. At June 30, 2023, the District had deferred revenues under the following programs:

	<u>Amount</u>
Electronic Waste Grant	\$ 308,433
Recycling Grant	<u>522,174</u>
<b>Total deferred revenue</b>	<b><u>\$ 830,607</u></b>

### Note 8 – Closure and Post-Closure Care Costs

State and federal laws and regulations require the District to place a final cover on its Bald Knob Landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for two years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the District reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$265,047 reported as landfill closure and post-closure care liability at June 30, 2023, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Notes to Financial Statements

June 30, 2023

### Note 8 – Closure and Post-Closure Care Costs – (Cont.)

The District will recognize the remaining cost of closure and post-closure care as the site is closed. These amounts are based on what it would cost to perform all closure and post-closure care in 2023. The District expects to close the landfill in the year 2023. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The District is required by state and federal laws and regulations to have financial assurance in place to finance closure and post-closure care. The District has chosen to set aside two certificates of deposit in order to meet this obligation.

The District is in compliance with the financial assurance requirements, and, at June 30, 2023, certificates of deposit for \$147,391 were being held for these purposes. These are reported as restricted assets on the balance sheet. If interest earnings are inadequate or additional post-closure care requirements are determined to be needed (due to changes in technology or applicable laws or regulations, for example) the District will set aside a new certificate of deposit out of the operating account in order to cover any additional costs. The District also has an open letter of credit with First Community Bank in the amount of \$166,000.

### Note 9 – Liquidity and Availability of Financial Assets

The District's working capital and cash flows have variations during the year attributable to the cash receipts from donors and grantors. The following reflects the District's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date, because of donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for operating and other reserves that could be drawn down upon, if the District's Board approves that action.

	<u>2023</u>
Cash and cash equivalents	\$ 2,712,315
Accounts receivable	1,800
Deferred revenue	<u>(830,607)</u>
<b>Financial assets available to meet cash needs for expenditures within one year</b>	<b><u>\$ 1,883,508</u></b>

### Note 10 – Subsequent Events

Management has evaluated subsequent events through December 8, 2023, the date on which the financial statements were available to be issued. No events were noted which would require recognition or disclosure in the financial statements.



**WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT**  
**Statement of Revenues and Expenditures Budget and Actual- Governmental Fund**  
**For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Tire Program	\$ 601,000	\$ 734,551	\$ -	\$ 734,551	\$ 133,551
Recycle & E-Waste	420,350	763,331	209,995	973,326	552,976
Landfill Host Fee	105,000	387,604	(300)	387,304	282,304
Interest Income	6,000	7,521	-	7,521	1,521
Other Income	120,000	-	-	-	(120,000)
<b>Total Revenues</b>	<u>1,252,350</u>	<u>1,893,007</u>	<u>209,695</u>	<u>2,102,702</u>	<u>850,352</u>
<b>Expenditures:</b>					
Solid Waste Tire Program	832,000	893,862	(92,457)	801,405	30,595
Specific Recycle & E-Waste Projects	289,350	593,762	(9,646)	584,116	(294,766)
Recycle & E-Waste Admin Services	131,000	51,000	-	51,000	80,000
<b>Total Expenditures</b>	<u>1,252,350</u>	<u>1,538,624</u>	<u>(102,103)</u>	<u>1,436,521</u>	<u>(184,171)</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ 354,383</u>	<u>\$ 311,798</u>	<u>\$ 666,181</u>	<u>\$ 666,181</u>

# WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

## Schedule of Expenditures of State Awards

For the Year Ended June 30, 2023

<u>Grantor/Program Title</u>	<u>Program Award Amount</u>	<u>Deferred Revenue 6/30/2022</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Reclass</u>	<u>Deferred Revenue 6/30/2023</u>
<b>Arkansas Department of Environmental Quality:</b>						
2021 Electronic Waste Grant	\$ 99,616	\$ 52,660	\$ -	\$ (5,612)	\$ -	\$ 47,048
2020 Electronic Waste Grant	258,209	112,919	-	(47,492)	-	65,427
2019 Electronic Waste Grant	258,209	147,280	-	(146,640)	(640)	-
2018 Electronic Waste Grant	258,209	139,183	-	(85,513)	-	53,670
2017 Electronic Waste Grant	258,209	49,838	-	(915)	-	48,923
2016 Electronic Waste Grant	162,319	66,312	-	(4,189)	-	62,123
2015 Electronic Waste Grant	258,208	39,478	-	(7,769)	(467)	31,242
Recycling Grant - 22/23	266,400	-	266,400	-	-	266,400
Recycling Grant - 21/22	251,662	291,378	-	(156,899)	19,407	153,886
Recycling Grant - 20/21	243,463	46,894	-	(21,966)	-	24,928
Recycling Grant - 19/20	223,277	66,114	-	(35,603)	-	30,511
Recycling Grant - 18/19	344,169	138,418	-	(101,517)	(3,900)	33,001
Recycling Grant - 17/18	316,737	34,364	-	(15,606)	(14,400)	4,358
Recycling Grant - 16/17	248,713	4,628	-	(685)	-	3,943
Recycling Grant - 15/16	242,229	5,947	-	(800)	-	5,147
		<u>\$ 1,195,413</u>	<u>\$ 266,400</u>	<u>\$ (631,206)</u>	<u>\$ -</u>	<u>\$ 830,607</u>

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Schedule of Subrecipients of State Awards

For the Year Ended June 30, 2023

<u>Grantor/Program Title</u>	<u>Subrecipient</u>	<u>Program Award Amount</u>
Arkansas Department of Environmental Quality:		
WRI-18-22D Administration	White River Planning and Development District	\$ 51,000
WRI-18-22D Waste Reduction Education	White River Planning and Development District	40,000
WRI-19-22D Recycling Education	White River Planning and Development District	<u>40,000</u>
Recycling and Education Grants		<u>\$ 131,000</u>



**Welch, Couch & Company, PA**  
Certified Public Accountants

John Ed Welch, CPA | William T. Couch, Jr., CPA  
Jeff D. Welch, CPA, JD | Rachel M. Pennywitt, CPA  
M. Garrett McSpadden, CPA

Members of American Institute of Certified Public Accountants

**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 Commissioners of  
White River Regional Solid Waste Management District  
Batesville, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of White River Regional Solid Waste Management District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered White River Regional Solid Waste Management 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 White River Regional Solid Waste Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and management responses as items # 2023-01 and # 2023-02 that we consider to be significant deficiencies.

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether White River Regional Solid Waste Management 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*.

## The District's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and management responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

  
**Welch, Couch & Company, PA**  
Certified Public Accountants

Batesville, Arkansas  
December 8, 2023

**WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT**  
**Schedule of Findings and Management Responses**  
**For the Year Ended June 30, 2023**

**2023-01 Segregation of Duties**

**Condition:** The District has a limited number of personnel, effectively precluding an adequate segregation of duties relating to the billing, collection, recording, coding and classification of transactions that affect the general ledger.

**Criteria:** Internal controls should be in place to eliminate the simultaneous functions of authorization, physical custody of assets and recording of transactions.

**Cause:** Small number of people responsible for the financial transactions of the District.

**Effect:** Inadequate segregation of duties could allow errors or irregularities in the accounting records to go undetected for extended periods of time.

**Recommendation:** When possible, such activities should be split between employees with reconciliations and other key accounting data verified by management.

**Management Response:** White River Regional Solid Waste Management District has a limited number of accounting personnel available to perform its accounting and reporting responsibilities. We will continue to segregate internal control functions to the greatest extent possible. However, it is not feasible from a cost/benefit standpoint to hire additional personnel in order to obtain greater segregation of duties.

**2023-02 Material Adjustment**

**Condition:** In the process of performing our audit, we noted that deferred revenue required adjustments to fairly state the balance.

**Criteria:** Complete and accurate accounting records and related supporting documentation should be maintained. In addition, a timely account reconciliation and financial statement close process of deferred revenue should be implemented.

**Cause:** It is our belief the problem is due to unnecessary accounting entries and lack of timely reconciliations.

**Effect:** As such accounting processes were not efficient and effective in reporting deferred revenue which could cause material misstatements and unreconciled accounts.

**Recommendation:** Timely and accurate financial statements are critical in aiding management in making decisions to effectively manage the organization. It is our recommendation that management reconcile deferred revenue on a monthly basis based on appropriate documentation. In order to provide more accurate and timely financial reporting we highly encourage management to implement a more rigorous review process.

**Management Response:** White River Regional Solid Waste Management District will implement a reconciliation of deferred revenue beginning with fiscal year 2024 to ensure accurate financial reporting.