

**WHITE RIVER REGIONAL SOLID WASTE
MANAGEMENT DISTRICT**

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

June 30, 2024

RECEIVED

JAN 8 2025

ARKANSAS LEGISLATIVE AUDIT

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Financial Statements	
Statement of Net Position	10
Statement of Activities.....	11
Balance Sheet – Governmental Fund.....	12
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	15
Notes to Financial Statements	16-25
Required Supplementary Information	
Schedule of Revenues and Expenditures Budget and Actual	26
Supplementary Information	
Schedule of Expenditures of State Awards.....	27
Schedule of Subrecipients of State Awards.....	28
Other Required Reports	
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 <i>Government Auditing Standards</i>	29-30
Schedule of Findings and Management Responses	31



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

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

Report on the Audit of the 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, 2024, 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, 2024, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Batesville: PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

Salem: PO Box 647 | Salem, AR 72576 | P: 870.895.3212 | F: 870.895.2998

West Plains: 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

Little Rock: 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

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 26 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

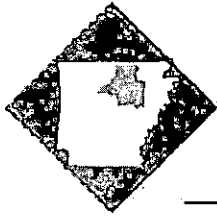
information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 19, 2024, 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 19, 2024



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, 2024 and 2023. 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, 2024 and 2023, by \$1,990,753 and \$2,291,569, respectively. The District had a balance of \$1,807,919 and \$1,626,424, 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 decreased by \$(300,816) and increased by \$297,136 in 2024 and 2023, respectively.
- As of the close of 2024 and 2023, the District's governmental fund reported an ending fund balance of \$2,023,747 and \$2,274,783, 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.

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 \$326,907 and actual expenditures on a budget basis were more than budget estimates by \$219,787 resulting in an increase in budget basis revenues over expenditures of \$107,120 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 25 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 26- 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental Activities		
	<u>Net Position</u>	
	<u>2024</u>	<u>2023</u>
Current assets	\$ 3,024,209	\$ 2,737,738
Restricted assets	89,884	530,703
Capital assets, net	92,950	134,442
Operating lease right-of-use asset	529,546	564,912
Other noncurrent assets	151,136	147,391
Total assets	\$ 3,887,725	\$ 4,115,186
Current liabilities	\$ 1,113,682	\$ 1,029,025
Other noncurrent liabilities	783,290	794,592
Total liabilities	1,896,972	1,823,617
Net investment in capital assets	92,950	134,442
Restricted - expendable	89,884	530,703
Unrestricted	1,807,919	1,626,424
Total net position	1,990,753	2,291,569
Total liabilities and net position	\$ 3,887,725	\$ 4,115,186

Net position may serve over time as an indicator of a government's financial position. The District's total assets exceeded total liabilities by \$1,990,753 as of June 30, 2024. The District had a previous balance in net position of \$2,291,569 as of June 30, 2023. 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, 2024 and 2023, the District had \$89,884 and \$530,703, 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 \$1,807,919 and \$1,626,424, as of June 30, 2024 and 2023, respectively.

A schedule of changes in net position is shown below.

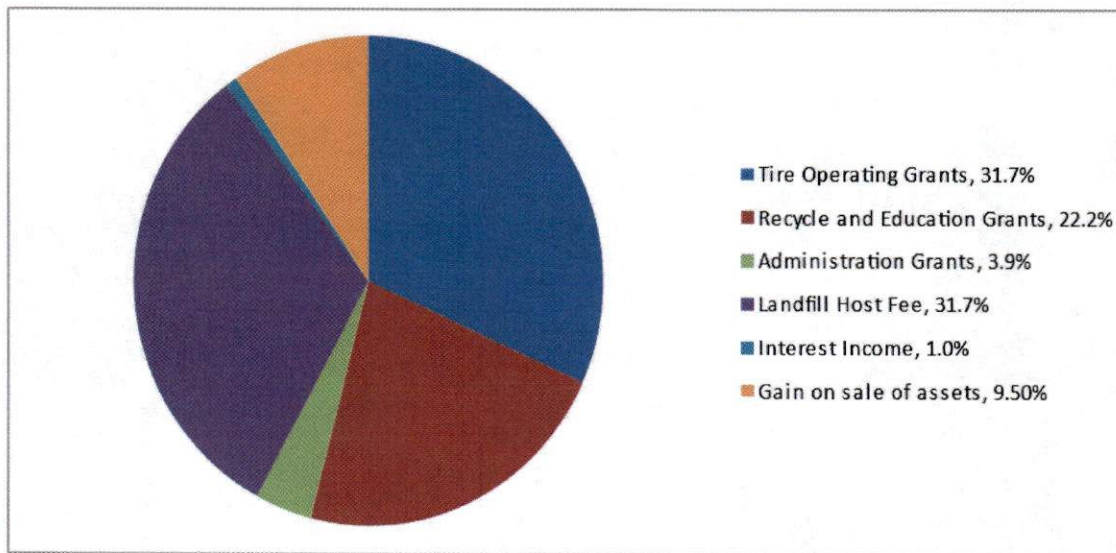
Governmental Activities Changes in Net Position		
	<u>2024</u>	<u>2023</u>
Revenues		
Program revenues:		
Operating grants and contributions	\$ 759,673	\$ 1,497,882
General revenues:		
Landfill host fee	416,580	387,604
Interest income	11,487	8,537
Gain on sale of assets	124,781	-
Total revenues	<u>1,312,521</u>	<u>1,894,023</u>
Expenses		
Solid waste tire program	1,247,228	831,363
Recycling and education grants	298,159	703,964
Administration grants	51,000	51,000
General expenses	16,950	10,560
Total expenses	<u>1,613,337</u>	<u>1,596,887</u>
Change in net position	(300,816)	297,136
Net position - beginning	<u>2,291,569</u>	<u>1,994,433</u>
Net position - ending	<u><u>\$ 1,990,753</u></u>	<u><u>\$ 2,291,569</u></u>

GOVERNMENTAL ACTIVITIES

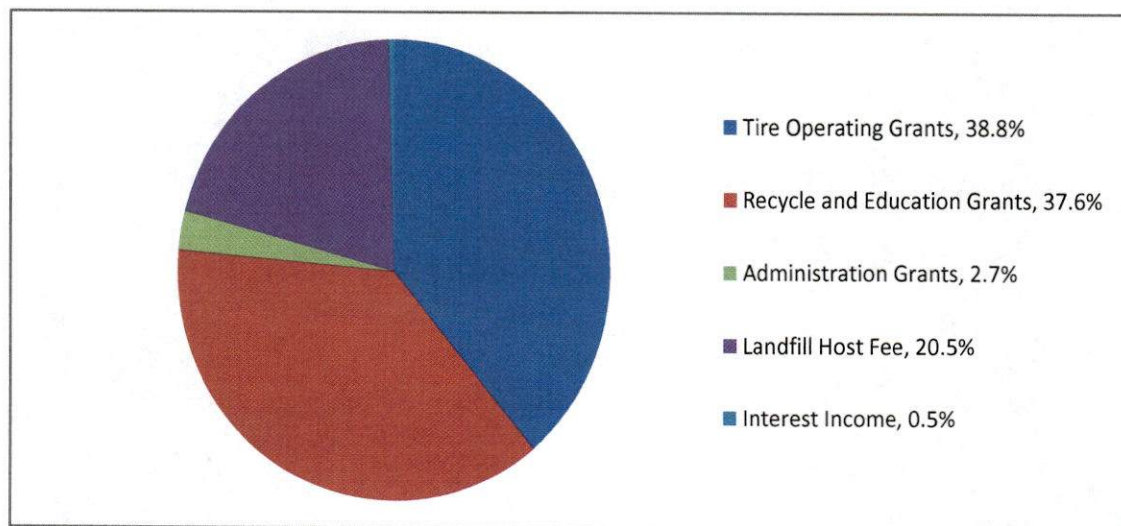
Governmental activities decreased fund balance by \$(248,866) and increased by \$354,383, in 2024 and 2023, respectively. A chart of revenues by source for governmental activities is presented as follows.

Revenues by Source – Governmental Activities

2024



2023



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 31.7% and 38.8% of the District's total governmental revenues for the years ended June 30, 2024 and 2023, respectively. The recycle and education grants provided 22.2% and 37.6% of the District's total governmental revenues for the years ended June 30, 2024 and 2023, 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, unassigned 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, 2024 and 2023, the District's only governmental fund, the special revenue fund, reported an ending fund balance of \$2,023,747 and \$2,272,613, respectively.

CAPITAL ASSETS

The District's investment in capital assets (net of accumulated depreciation) for governmental activities, as of June 30, 2024 and 2023, amounts to \$92,950 and \$134,442, respectively. This investment in capital assets includes landfill contract, buildings, vehicles, and equipment.

Governmental Activities		
Capital Assets, Net of Accumulated Depreciation		
	<u>2024</u>	<u>2023</u>
Buildings	\$ 105,521	\$ 105,521
Equipment	546,903	801,427
Vehicles	123,977	145,288
Landfill contract	94,834	94,834
Less accumulated depreciation and amortization	<u>(778,285)</u>	<u>(1,012,628)</u>
Net capital assets	<u>\$ 92,950</u>	<u>\$ 134,442</u>

Additional information on the District's capital assets can be found in Note 3 on page 21 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, 2024

Assets

Current assets

Cash and cash equivalents - Notes 1 and 5	\$ 3,009,433
Accounts receivable - Note 2	188
Prepaid insurance	14,588
Total current assets	<u>3,024,209</u>

Restricted assets

Cash and cash equivalents - Notes 1 and 5	89,884
Total restricted assets	<u>89,884</u>

Capital assets, net

Building and equipment, net of accumulated depreciation - Notes 1 and 3	92,950
Total capital assets, net	<u>92,950</u>

Operating lease right-of-use asset - Note 4

529,546

Other noncurrent assets

Post closure financial assurance - Note 8	151,136
Total noncurrent assets	<u>151,136</u>

Total assets

\$ 3,887,725

Liabilities and Net Position

Current liabilities

Accounts payable	\$ 57,147
Accounts payable - WRPDD - Note 6	131,000
Accrued payroll expenses	2,795
Deferred revenue - Note 7	899,404
Current operating lease liability - Note 4	23,336
Total current liabilities	<u>1,113,682</u>

Other noncurrent liabilities

Post closure costs payable - Note 8	277,080
Operating lease liability, less current portion - Note 4	506,210
Total noncurrent liabilities	<u>783,290</u>

Total liabilities

1,896,972

Net position

Net investment in capital assets	92,950
Restricted - expendable	89,884
Unrestricted	1,807,919
Total net position	<u>1,990,753</u>

Total liabilities and net position

\$ 3,887,725

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, 2024

<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>
Governmental activities:			
Solid waste tire program	\$ 1,247,228	\$ 416,712	\$ (830,516)
Recycling and education grants	298,159	291,961	(6,198)
Administration grants	51,000	51,000	-
Total governmental activities	\$ 1,596,387	\$ 759,673	\$ (836,714)
General revenues:			
Landfill host fee			416,580
Gain on sale of assets			124,781
Interest income			11,487
Total general revenues			552,848
General expenses:			
Salaries and fringe benefits			4,376
Contract services			12,274
Professional fees			300
Total general expenses			16,950
Change in net position			(300,816)
Net position, beginning of year			2,291,569
Net position, ending of year			\$ 1,990,753

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, 2024

	<u>Special Revenue Fund</u>
<u>Assets</u>	
Current assets	
Cash and cash equivalents - Notes 1 and 5	\$ 3,009,433
Accounts receivable - Note 2	188
Prepaid insurance	14,588
Total current assets	<u>3,024,209</u>
Restricted assets	
Cash and cash equivalents - Notes 1 and 5	89,884
Total restricted assets	<u>89,884</u>
Total assets	<u>\$ 3,114,093</u>
<u>Liabilities and Fund Balance</u>	
Current liabilities	
Accounts payable	\$ 57,147
Accounts payable - WRPDD - Note 6	131,000
Accrued payroll expenses	2,795
Deferred revenue - Note 7	899,404
Total current liabilities	<u>1,090,346</u>
Total liabilities	<u>1,090,346</u>
Fund balance	
Nonspendable	14,588
Restricted	89,884
Unassigned	1,919,275
Total fund balance	<u>2,023,747</u>
Total liabilities and fund balance	<u>\$ 3,114,093</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, 2024

Total fund balance - total governmental fund	\$ 2,023,747
---	---------------------

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, is not reported in the governmental fund balance sheet.	151,136
--	---------

Capital assets of \$871,235, net of accumulated depreciation of \$(778,285) are not financial resources and therefore, are not reported in the funds. See Note 3 for additional detail.	92,950
---	--------

Operating lease right-of-use assets of \$529,546 less current portion of operating lease liability of \$23,336 less long-term portion of operating lease liability of \$506,210. 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	<u>(277,080)</u>
---	------------------

Net position of governmental activities	<u>\$ 1,990,753</u>
--	----------------------------

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, 2024

	<u>Special Revenue Fund</u>
Revenues	
Per capita tire tax collection grant	\$ 416,712
Recycling and education grants	291,961
Administration grants	51,000
Landfill host fee	416,580
Interest income	10,012
Total revenues	<u>1,186,265</u>
Expenditures	
Solid Waste Tire Program:	
Contract services	798,473
Landfill dirt	79,965
Landfill rent	15,000
Shop rent	25,000
Equipment insurance	68,723
Fees and permits	1,577
Repair and maintenance	118,200
Utilities	4,983
Professional fees	5,512
Supplies	1,326
Other expenses	1,166
Recycling and education grants	217,714
Administration grants	51,000
Salaries	146,610
Payroll taxes	11,216
Fringe benefits	1,182
Professional fees	300
Other expenses	16,297
Total expenditures	<u>1,564,244</u>
Other financing sources	
Proceeds on sale of assets	129,113
Total other financing sources	<u>129,113</u>
Net change in fund balance	(248,866)
Fund balance, beginning of year	<u>2,272,613</u>
Fund balance, end of year	<u><u>\$ 2,023,747</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, 2024

Net change in fund balance - total governmental fund **\$ (248,866)**

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 \$(37,061) exceeded capital outlay of \$0 in the current period. (37,061)

Governmental funds report proceeds from the sale of assets. However, in the statement of activities, the gain on sale of assets reported. This is the amount by which proceeds \$(129,113) exceeded gain on sale of assets \$124,781. (4,331)

The net effect of various transactions involving post closure assurance and liability is to decrease net position. (12,033)

Interest income not available as current financial resources but earned or noncurrent assets and reported on the change in net position 1,475

Change in net position of governmental activities **\$ (300,816)**

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, 2024

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. No fiduciary activities apply to 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.

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.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

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

D) Assets, Liabilities and Net Position

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, 2024.

3. Prepaid Insurance

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

4. Restricted Assets

Restricted assets consist of cash and cash equivalents that are set aside for use in the solid waste tire program.

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.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

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

D) Assets, Liabilities and Net Position (Cont.)

5. Capital Assets, Depreciation and Amortization (Cont.)

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.

Operating lease liability – this represents the District's obligation to make lease payments arising from operating leases other than short-term leases. Operating 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 expensed as incurred.

7. Post Closure Financial Assurance

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

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.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

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

D) Assets, Liabilities and Net Position (Cont.)

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 investment in capital assets net position* - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any 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 net investment in capital assets, restricted expendable, or restricted nonexpendable.

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.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

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

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.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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.

G) New Accounting Pronouncements

No new accounting pronouncements were applicable or adopted by the District in 2024.

Note 2 – Accounts Receivable

Accounts receivable consists of \$188 from various tire vendors for hosting fees. 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, 2024

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, 2024:

	Balance June 30, 2023	Additions	Retirement	Balance June 30, 2024
Building	\$ 105,521	\$ -	\$ -	\$ 105,521
Equipment	801,427	-	(254,524)	546,903
Vehicles	145,288	-	(21,311)	123,977
Landfill contract	94,834	-	-	94,834
Totals at historical costs	<u>1,147,070</u>	<u>-</u>	<u>(275,835)</u>	<u>871,235</u>
Less accumulated depreciation and amortization for:				
Building	(36,761)	(3,932)	-	(40,693)
Equipment	(767,798)	(14,424)	251,774	(530,448)
Vehicles	(113,335)	(18,705)	19,730	(112,310)
Landfill contract	(94,834)	-	-	(94,834)
Total accumulated depreciation and amortization	<u>(1,012,728)</u>	<u>(37,061)</u>	<u>271,504</u>	<u>(778,285)</u>
Capital assets, net	<u>\$ 134,342</u>	<u>\$ (37,061)</u>	<u>\$ (4,331)</u>	<u>\$ 92,950</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 9 years to 24 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, 2024

Note 4 – Operating Leases (Cont.)

The following summarizes the line items in the statement of net position which include amounts for operating leases as of June 30, 2024.

	<u>2024</u>
Operating lease right-of use assets	\$ 529,546
Current operating lease liability	\$ 23,336
Long-term operating lease liability	506,210
Total operating lease liabilities	\$ 529,546

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

	<u>2024</u>
Operating Leases	
Weighted average remaining lease term	20.62 years
Weighted average discount rate	2.79%
Operating cash paid for operating leases	(\$40,000)

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, 2024:

<u>Year Ending June 30:</u>	<u>Operating</u>
2025	\$ 40,000
2026	40,000
2027	40,000
2028	40,000
2029	40,000
Thereafter	535,000
Total Lease Payments	735,000
Less: Interest	(205,454)
Present value of lease liabilities	\$ 529,546

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.

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.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

Note 5 – Concentrations – (Cont.)

At year end, the District's carrying amount of deposits was \$3,205,453 and the bank balance was \$3,227,022. Of this amount, \$356,136 was covered by federal depository insurance and \$2,870,886 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, 2024:

	<u>Amount</u>
Income	
Interest income	<u>\$ 11,487</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 54% 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.

Note 6 – Related Party Matters

The District 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, 2024:

White River Regional Services Center, Inc.

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

White River Planning and Development District, Inc.

Accounts payable - WRPDD	\$ 131,000
Grant pass-through	131,000

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

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, 2024, the District had deferred revenues under the following programs:

	<u>Amount</u>
Electronic Waste Grant	\$ 250,840
Recycling Grant	<u>648,564</u>
Total deferred revenue	<u>\$ 899,404</u>

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 statement of net position date. The \$277,080 reported as landfill closure and post-closure care liability at June 30, 2024, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill.

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 2024. The District expects to close the landfill in the year 2025. 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 and has an assignment of another certificate of deposit in order to meet this obligation.

The District is in compliance with the financial assurance requirements, and, at June 30, 2024, certificates of deposit for \$151,136 were being held for these purposes. These are reported as restricted assets on the statement of net position. 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.

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Notes to Financial Statements

June 30, 2024

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 statement of net position date, reduced by amounts not available for general use within one year of the statement of net position 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>2024</u>
Cash and cash equivalents	\$ 3,009,433
Accounts receivable	188
Deferred revenue	<u>(899,404)</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 2,110,217</u>

Note 10 – Subsequent Events

Management has evaluated subsequent events through December 19, 2024, 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, 2024

	<u>Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Tire program	\$ 672,000	\$ 416,712	\$ 267,695	\$ 684,407	\$ 12,407
Recycle & E-waste	420,350	342,961	68,797	411,758	(8,592)
Landfill host fee	225,000	416,580	(1,613)	414,967	189,967
Interest income	6,000	10,012	-	10,012	4,012
Other income	-	129,113	-	129,113	129,113
Total Revenues	<u>1,323,350</u>	<u>1,315,378</u>	<u>334,879</u>	<u>1,650,257</u>	<u>326,907</u>
Expenditures:					
Solid Waste tire program	903,000	1,295,426	(21,107)	1,274,319	(371,319)
Specific Recycle & E-waste projects	369,350	217,818	-	217,818	151,532
Recycle & E-waste admin services	51,000	51,000	-	51,000	-
Total Expenditures	<u>1,323,350</u>	<u>1,564,244</u>	<u>(21,107)</u>	<u>1,543,137</u>	<u>(219,787)</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ (248,866)</u>	<u>\$ 355,986</u>	<u>\$ 107,120</u>	<u>\$ 107,120</u>

SUPPLEMENTARY INFORMATION

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Schedule of Expenditures of State Awards

For the Year Ended June 30, 2024

<u>Grantor/Program Title</u>	<u>Program Award Amount</u>	<u>Deferred Revenue 6/30/2023</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Reclass</u>	<u>Deferred Revenue 6/30/2024</u>
Arkansas Department of Environmental Quality:						
2021 Electronic Waste Grant	\$ 99,616	\$ 47,048	\$ -	\$ -	\$ (1,125)	\$ 45,923
2020 Electronic Waste Grant	258,209	65,427	-	(1,285)	-	64,142
2018 Electronic Waste Grant	258,209	53,670	-	(13,196)	1,125	41,599
2017 Electronic Waste Grant	258,209	48,923	-	(15,538)	-	33,385
2016 Electronic Waste Grant	162,319	62,123	-	(27,574)	-	34,549
2015 Electronic Waste Grant	258,208	31,242	-	-	-	31,242
Recycling Grant - 23/24	280,758	-	280,758	-	-	280,758
Recycling Grant - 22/23	266,400	266,400	-	(84,512)	-	181,888
Recycling Grant - 21/22	251,662	153,886	-	(66,607)	-	87,279
Recycling Grant - 20/21	243,463	24,928	-	-	-	24,928
Recycling Grant - 19/20	223,277	30,511	6,000	(3,741)	-	32,770
Recycling Grant - 18/19	344,169	33,001	-	(1,601)	-	31,400
Recycling Grant - 17/18	316,737	4,358	-	(1,933)	-	2,425
Recycling Grant - 16/17	248,713	3,943	-	(1,175)	-	2,768
Recycling Grant - 15/16	242,229	5,147	-	(799)	-	4,348
		<u>\$ 830,607</u>	<u>\$ 286,758</u>	<u>\$ (217,961)</u>	<u>\$ -</u>	<u>\$ 899,404</u>

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Schedule of Subrecipients of State Awards

For the Year Ended June 30, 2024

<u>Grantor/Program Title</u>	<u>Subrecipient</u>	<u>Program Award Amount</u>
Arkansas Department of Environmental Quality:		
WRI-18-23D Administration	White River Planning and Development District	\$ 51,000
WRI-18-23D Waste Reduction Education	White River Planning and Development District	40,000
WRI-19-23D Recycling Education	White River Planning and Development District	<u>40,000</u>
Recycling and Education Grants		<u><u>\$ 131,000</u></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, 2024, 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 19, 2024.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and management responses as items # 2024-01 that we consider to be a significant deficiency.

Batesville: PO Box 2094 | Batesville, AR 72503 | P: 870.793.5231 | F: 870.793.7788

Salem: PO Box 647 | Salem, AR 72576 | P: 870.895.3212 | F: 870.895.2998

West Plains: 1386 Bill Virdon Blvd. | West Plains, MO 65775 | P: 417.256.6624 | F: 417.256.1171

Little Rock: 1501 N. University, Suite 268 | Little Rock, AR 72207 | P: 501.468.0089 | F: 501.557.3929

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 subject 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
Welch, Couch & Company, PA
Certified Public Accountants

Batesville, Arkansas
December 19, 2024

WHITE RIVER REGIONAL SOLID WASTE MANAGEMENT DISTRICT
Schedule of Findings and Management Responses
For the Year Ended June 30, 2024

2024-01 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 District. 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 2025 to ensure accurate financial reporting.