

Craighead County Regional Solid Waste Management District

Audited Financial Statements

For the Years Ended December 31, 2023 and 2022

Thomas, Speight & Noble
CERTIFIED PUBLIC ACCOUNTANTS

2210 Fowler Avenue
Jonesboro, AR 72401
(870) 932-5858

Craighead County Regional Solid Waste Management District

Audited Financial Statements
For the Years Ended December 31, 2023 and 2022

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**CRAIGHEAD COUNTY REGIONAL SOLID WASTE
MANAGEMENT DISTRICT
P O Box 16777
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Management of the Craighead County Regional Solid Waste District "CCRSWMD" offers our narrative discussion and analysis as an overview of CCRSWMD's financial activities for the year ended December 31, 2023. This narrative should be reviewed in conjunction with CCRSWMD's audited financial statements for the same period.

CCRSWMD is a single-county solid waste management district. The District is responsible for solid waste planning within Craighead County as well as recycling programs, waste tire collection sites, and public education regarding proper waste disposal, recycling, and proper solid waste disposal.

| <u>Financial Highlights</u> | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-----------------------|
| Total (Net) Assets | \$433,703.95 | \$366,427.70 |
| Total Liabilities | \$185,175.38 | \$106,977.66 |
| Unapplied Recycling Grants | \$166,136.97 | \$140,840.73 |
| Unapplied Electronics Grants | \$ 0 | \$ 0 |
| Unapplied Waste Tire Grants | \$ 0 | \$ 0 |
| Total Net Position | \$ 82,391.60 | \$118,609.31 |
| Recycling Grant Revenue | \$123,538.76 | \$133,472.56 |
| ADEQ Waste Tire Grant Revenue | \$275,960.27 | \$266,464.93 |
| Electronic Grant Funds Revenue | \$ 0 | \$ 6,275.00 |
| Waste Tire Fees | \$ 20,554.00 | \$ 11,724.00 |
| Waste Hauler License Fees | \$ 10,750.00 | \$ 8,687.50 |
| General Funds to Tire Program | \$ 0 | \$ 21,702.93 |
| Interest Income | \$ 9,537.37 | \$ 1,802.70 |
| Total Income | \$515,746.15 | \$526,092.62 |
| Total Expenses | \$551,963.86 | \$557,135.12 |
| Total Excess (Deficiency) of Revenues over Expenses | \$ (36,217.71) | \$ (31,042.50) |

When Grant Funds are received from the Arkansas Department of Environmental Quality, said funds are recorded as "Unapplied Grant Funds". As expenses are incurred and grant funds utilized for allowable expenses, those amounts are then charged to "Grant Revenue".

2023 Waste Tire Grants

| | |
|--|---------------------|
| Waste Tire/Truck Tire Grant Funds Received in 2023 | \$ 283,165.40 |
| Interest on Waste Tire Funds | 537.92 |
| Tire Fees Earned from Customers (incl Accts Rec) | <u>20,554.00</u> |
| Total Funds Available 2023 | 304,257.32 |
| Waste Tire Expenses 2023 (incl Accts Payable) | <u>(363,570.99)</u> |
| Waste Tire Funds Grant Shortage using this format | \$ (59,313.67) |

NOTE: This reflects Tire Grant Funds Received not accrued. Tire Grant Funds are Reimbursement.

Recycling Grants

| | |
|---|---------------------|
| 2023/2024 Grant (Received 10/23/23) | \$148,835.00 |
| Expended from this grant in 2023 | <u>-</u> |
| Balance 2022/2023 Grant | \$148,835.00 |
| 1/1/23 Bal 2022/2023 Grant (Received 9/16/22) | \$118,492.00 |
| Expended from this grant in 2023 | <u>(113,657.59)</u> |
| Balance 2021/2022 Grant | \$ 9,398.41 |
| 1/1/23 Bal 2021/2022 Grant (Received 9/22/21) | \$ 1,868.00 |
| Expended from this grant in 2023 | <u>(800.00)</u> |
| Balance 2020/2021 Grant | \$ 1,068.00 |
| 1/1/23 Bal 2020/2021 Grant Balance | \$ 15,916.73 |
| Expended from this grant in 2022 | <u>(9,081.17)</u> |
| Balance 2020/2021 Grant | \$ 6,835.56 |

Electronic-Waste Grants

No funding is available for Electronic Waste Grants any longer. The District has zero left in old Electronic Waste Grant Funds as of 12/31/2023 and thereafter.

Management's Outlook for 2024

Craighead County Regional Solid Waste Management District continues to contract services with Abilities Unlimited (a local non-profit recycler) for school recycling and education.

CCRSWMD continues to work with the Jonesboro Division of Abilities Unlimited to collect and de-manufacture electronic waste. With no Electronic Waste Grant Funds available, the District is unsure how long Abilities Unlimited will continue to process electronic waste, but it is the District's hope it will continue.

CCRSWMD has contracted with Liberty Tire to transport to a processor the waste tires brought to the District's Waste Tire Collection Center. The District will have to use unrestricted funds to pay for some tire expenses. Arkansas legislation passed in 2023 is expected to be effective in 2024 causing the Craighead County Tire District to no longer exist but instead be a member of the newly formed Tire District #2 governed by its own Board of Directors and the Director of the Pulaski County Planning & Development District. At this time, the Craighead County Regional Solid Waste Management District is unsure how this will affect the current tire program.

The Audited Financial Statements as of and for the period ended 12/31/2023 contain required Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows. This Management's Discussion and Analysis is a broad overview of the financial condition of the Craighead County Regional Solid Waste Management District and should be read in conjunction with the Audited Financial Statements.

Requests for additional information relative to this Discussion and Analysis, or the Audited Financial Statements, should be sent in writing to the Chief Financial Officer, Craighead County Regional Solid Waste Management District, P O Box 16777, Jonesboro, AR 72403.

Submitted on February 9, 2024 by:

CRAIGHEAD COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Angela L. Sparks, CFO

Angela L. Sparks, Chief Financial Officer
angela@ccswda.com



THOMAS, SPEIGHT & NOBLE, CPAs

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MEMBER OF THE PRIVATE COMPANIES SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Craighead County Regional Solid Waste Management District
Jonesboro, AR

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Craighead County Regional Solid Waste Management District as of and for the year ended December 31, 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 Craighead County Regional Solid Waste Management District as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Craighead County Regional Solid Waste Management 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 opinions.

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; this includes 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 Craighead County Regional Solid Waste Management 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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

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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 Craighead County Regional Solid Waste Management 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 Craighead County Regional Solid Waste Management 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 1-3 be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024 on our consideration of Craighead County Regional Solid Waste Management District's internal control over financial reporting and on our tests of compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of 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.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
February 19, 2024

Craighead County Regional Solid Waste Management District
Statements of Net Position
December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents - unrestricted | \$ 391,363 | \$ 312,296 |
| Accounts receivable | <u>19,156</u> | <u>26,861</u> |
| Total Current Assets | 410,519 | 339,157 |
| PROPERTY AND EQUIPMENT, AT COST | | |
| Equipment | 200,347 | 200,347 |
| Less accumulated depreciation | <u>(177,161)</u> | <u>(173,077)</u> |
| Total Property and Equipment | <u>23,186</u> | <u>27,269</u> |
| TOTAL ASSETS | <u><u>\$ 433,705</u></u> | <u><u>\$ 366,426</u></u> |
| <u>LIABILITIES AND NET POSITION</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 185,175 | \$ 106,978 |
| Unapplied grant funds | <u>166,137</u> | <u>140,837</u> |
| Total Current Liabilities | 351,312 | 247,815 |
| NET POSITION | | |
| Investment in capital assets, net of related debt | 23,186 | 27,269 |
| Unrestricted | <u>59,207</u> | <u>91,342</u> |
| Total net position | <u>82,393</u> | <u>118,611</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 433,705</u></u> | <u><u>\$ 366,426</u></u> |

The accompanying notes are an integral part of these financial statements.

Craighead County Regional Solid Waste Management District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|-------------------------|--------------------------|
| OPERATING REVENUES | | |
| Grant funds - Recycling | \$ 123,539 | \$ 133,473 |
| Grant funds - Waste tire | 275,960 | 266,465 |
| Grant funds - Electronic | - | 6,556 |
| General funds - Waste tire | - | 21,703 |
| Assessment fees | 75,406 | 75,682 |
| Waste tire license fees | 10,750 | 8,688 |
| Waste tire fees | 20,554 | 11,724 |
| Total operating revenue | <u>506,209</u> | <u>524,291</u> |
| OPERATING EXPENSES | | |
| Waste tire expenditures | 363,571 | 325,422 |
| Recycling expenditures | 170,556 | 186,641 |
| Electronic waste disposal | 978 | 6,275 |
| Solid waste management administrative service | 12,775 | 11,588 |
| Miscellaneous expense | - | 21,703 |
| Depreciation | 4,084 | 5,506 |
| Total operating expenses | <u>551,964</u> | <u>557,135</u> |
| OPERATING INCOME (LOSS) | (45,755) | (32,844) |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest income | 9,537 | 1,803 |
| Non-operating revenues/(expenses) | <u>9,537</u> | <u>1,803</u> |
| CHANGE IN NET POSITION | (36,218) | (31,041) |
| NET POSITION, BEGINNING OF YEAR | 118,611 | 149,652 |
| NET POSITION, END OF YEAR | <u><u>\$ 82,393</u></u> | <u><u>\$ 118,611</u></u> |

The accompanying notes are an integral part of these financial statements.

Craighead County Regional Solid Waste Management District
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ (45,755) | \$ (32,844) |
| Items not requiring (providing) cash | | |
| Depreciation | 4,084 | 5,506 |
| (Increase)/Decrease In: | | |
| Accounts receivable | 7,705 | (1,735) |
| Increase/(Decrease) In: | | |
| Accounts payable | 78,198 | (91,194) |
| Unapplied grant funds | 25,298 | (20,771) |
| Net cash provided by (used in) operating activities | <u>69,530</u> | <u>(141,038)</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | |
| Interest income | <u>9,537</u> | <u>1,803</u> |
| Net cash provided by (used in) investing activities | <u>9,537</u> | <u>1,803</u> |
| Increase (decrease) in Cash | 79,067 | (139,235) |
| Cash, Beginning of Year | <u>312,296</u> | <u>451,531</u> |
| Cash, End of Year | <u><u>\$ 391,363</u></u> | <u><u>\$ 312,296</u></u> |

The accompanying notes are an integral part of these financial statements.

Craighead County Regional Solid Waste Management District
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Organization

The Craighead County Regional Solid Waste Management District (the “District”) is an entity created from Act 752 of the 1991 Regular Session of the 78th Arkansas General Assembly to protect the public health and the State’s environmental quality by establishing regional solid waste management and planning.

Basis of Presentation and Accounting

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded. The District uses the accrual method of accounting to record the flow of all economic resources (measurement focus). The basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, revenues are recorded when earned and expenses are recorded when incurred. Net position is segregated into invested in capital assets, net of related debt, restricted, and unrestricted components.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the District considers all unrestricted demand deposits, time deposits, and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The District uses the direct write-off method for accounting for bad debt, thus an allowance for doubtful accounts is not presented and accounts receivable is stated at net realizable value on the statements of net position. Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. The use of this method is not materially different from the values reported under the allowance method.

Income Taxes

The District is exempt from federal income taxes under various provisions of the Internal Revenue Code.

Capital Assets

The cost of additions and major replacements of retired units of property are capitalized. The District defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of five years. The cost and accumulated depreciation of property sold or retired is deducted from capital assets and any profit or loss resulting from the disposal is credited or charged in the non-operating section of the statements of revenues, expenses, and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense when incurred.

Depreciation of capital assets is charged as an expense against operations. Depreciation rates have been applied on a straight-line basis, with estimated useful lives as follows:

| | |
|-----------|------------|
| Equipment | 7-10 Years |
|-----------|------------|

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the District is grant income. Operating expenses for the District include grant allocations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Craighead County Regional Solid Waste Management District
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Unrestricted – This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 2: DEPOSITS AND INVESTMENTS

At December 31, 2023 and 2022, the carrying amount of the District's deposits were \$391,363 and \$312,296. Respectively, and the bank balances were \$396,052 and \$466,186, respectively. Of the bank balances \$250,000 were covered by federal depository insurance. At December 31, 2023, the amounts in excess of federal depository insurance were \$146,052. At December 31, 2022, the amounts in excess of federal depository insurance were covered by collateral held by the pledging bank in the District's name.

NOTE 3: RELATED PARTY TRANSACTIONS

The District has the same Board of Directors as the Craighead County Solid Waste Disposal Authority (the "Authority"). The District reimburses allowable expenses incurred by the Authority for the District's activities. The activity between the Authority and the District is summarized below:

| | 2023 | 2022 |
|------------------|------------|------------|
| Cost Reimbursed | \$ 22,800 | \$ 11,659 |
| Accounts Payable | \$ 185,175 | \$ 106,978 |

NOTE 4: RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 5: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 19, 2024, the date on which the financial statements were available to be issued.



THOMAS, SPEIGHT & NOBLE, CPAs

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Craighead County Regional Solid Waste Management District
Jonesboro, 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 Craighead County Regional Solid Waste Management District as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Craighead County Regional Solid Waste Management District's basic financial statements and have issued our report thereon dated February 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Craighead County Regional Solid Waste Management District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Craighead County Regional Solid Waste Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Craighead County Regional Solid Waste Management 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Craighead County 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Jonesboro, Arkansas
February 19, 2024