

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT**

FINANCIAL STATEMENTS

DECEMBER 31, 2022

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
FINANCIAL STATEMENT
DECEMBER 31, 2022**

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**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2022**

The discussion and analysis of the Sebastian County Regional Solid Waste Management District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended December 31, 2022. This MD&A is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position, identify any material deviations from the financial plan (approved budget), and identify individual fund issues or concerns. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the District's financial statements and supplementary information.

FINANCIAL HIGHLIGHTS

- ◆ The District's assets exceeded its liabilities at the close of the fiscal year ending December 31, 2022 by \$2,834,137 (net position). Of this amount, \$1,444,720 (unrestricted net positions) may be used to meet the District's ongoing obligations to its customers.
- ◆ The District's total net position increased by \$231,718 for the year ended December 31, 2022. Additions to total capital assets are \$0.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 Statement of Net Positions focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the District owns, the liabilities it owes and the net difference. The Statement of Activities focuses on gross and net costs of District programs and the extent to which such programs rely upon general tax, governmental assistance, and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund Financial Statements. Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The general fund is the District's primary operating fund. It accounts for all financial resources of the entity.

Notes to the Financial Statements. The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2022**

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statement of net positions as of December 31, 2022 and 2021 and the statement of activities for the year then ended is as follows:

Statement of Net positions As of December 31, 2022 and 2021

	2022	2021
Current Assets	\$ 2,700,366	\$ 2,475,509
Capital Assets, Net of Accumulated Depreciation	147,019	152,727
Total Assets	\$ 2,847,385	\$ 2,628,236
Liabilities	13,248	25,817
Net positions:		
Invested in Capital Assets	147,019	152,727
Restricted	1,242,398	1,138,810
Unrestricted	1,444,720	1,310,882
Total Net positions	2,834,137	2,602,419
Total Liabilities and Net positions	\$ 2,847,385	\$ 2,628,236

Statement of Activities As of December 31, 2022 and 2021 with Budget (for discussion)

	2022	2021	Final Budget
General Revenues			
Permits - Hauler Fees	\$ 4,238	\$ 5,745	\$ 5,500
Grant Income	199,235	191,847	190,000
Waste Assessment Fee	460,182	383,497	395,000
Miscellaneous	10,908	11,293	9,000
Interest Income	5,241	1,958	0
Total Revenues	679,804	594,340	599,500
Expenses			
Compensation and Related Expenses	203,624	240,882	244,275
Occupancy	12,221	12,221	12,221
Direct Program Costs	181,957	217,216	197,188
Other Operating Expenses	44,577	42,020	71,972
Depreciation	5,707	14,774	0
Total Expenses	448,086	527,113	525,656
Change in Net positions	231,718	66,999	
Net positions, Beginning of Year	2,602,419	2,535,420	
Net positions, End of Year	\$ 2,834,137	\$ 2,602,419	

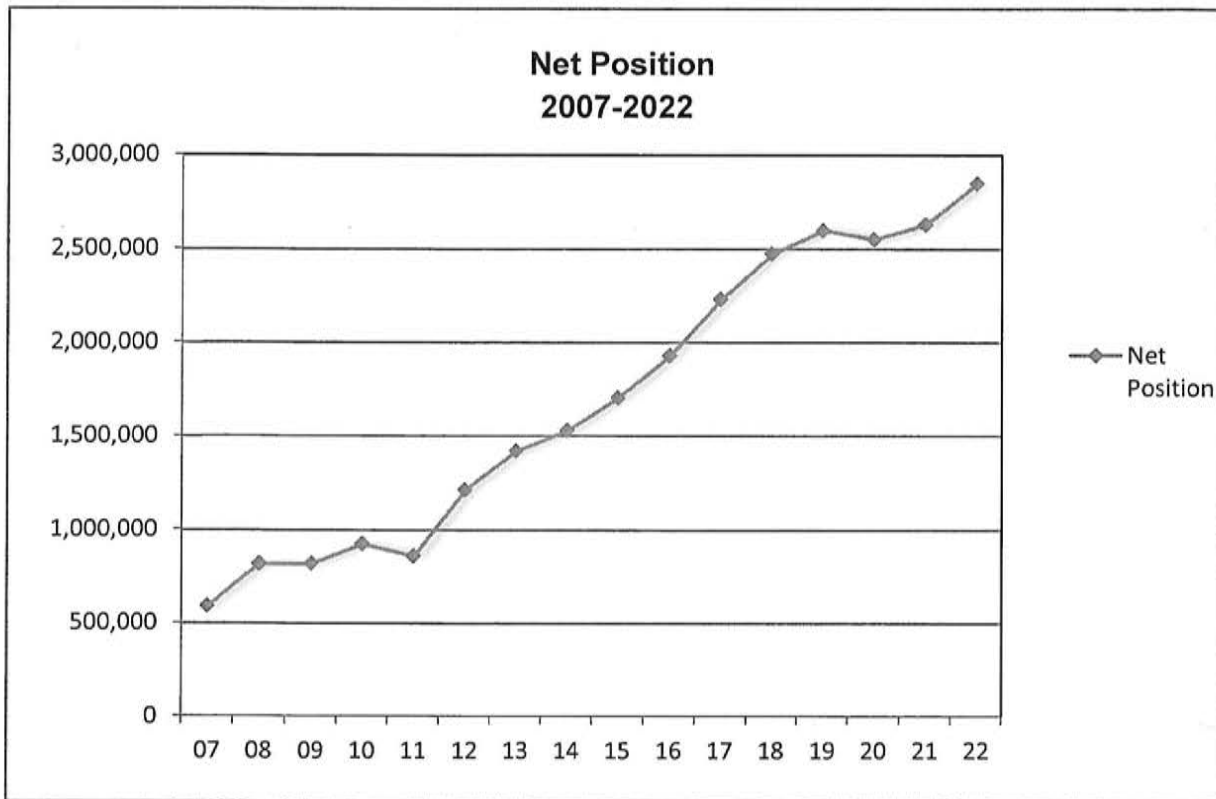
**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AS OF DECEMBER 31, 2022**

CAPITAL ASSETS

The District acquired the following capital assets:

No current year additions.

GRAPH OF NET POSITION



ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's visitors, members, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact Randy Hall, 423 Rogers Avenue, Suite 102, Fort Smith, Arkansas 72901.

JOHN LANGHAM & Co.

CERTIFIED PUBLIC ACCOUNTANTS

820 South 21st Street
Fort Smith, AR 72901

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT
FORT SMITH, ARKANSAS

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the **Sebastian County Regional Solid Waste Management District** (the District) as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basis 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 and each major fund, of the District as of December 31, 2022, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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, 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 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.

SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Auditor's Responsibilities for 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 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, 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 and budgetary comparison information on pages 1 to 3 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.

SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections^r but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

John Langham & Co.

CERTIFIED PUBLIC ACCOUNTANTS

FORT SMITH, ARKANSAS
SEPTEMBER 26, 2023

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022**

	GENERAL	ADJUSTMENTS	STATEMENT OF NET POSITIONS
ASSETS			
Cash operating accounts	\$ 1,380,641	\$ 0	\$ 1,380,641
Cash grant accounts	734,707	0	734,707
Cash reserve account	507,691	0	507,691
Prepaid expenses	1,018	0	1,018
Other Receivables	76,309	0	76,309
Capital assets (net)	0	147,019	147,019
TOTAL ASSETS	\$ 2,700,366	\$ 147,019	\$ 2,847,385
LIABILITIES			
Accounts payable	13,248	0	13,248
TOTAL LIABILITIES	13,248	0	13,248
Fund balances:			
Designated Unreserved	1,242,398	(1,242,398)	0
Undesignated Unreserved	1,444,720	(1,444,720)	0
Total fund balances	2,687,118	(2,687,118)	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,700,366		
NET POSITIONS			
Invested in capital assets (net debt)		147,019	147,019
Restricted		1,242,398	1,242,398
Unrestricted		1,444,720	1,444,720
TOTAL NET POSITIONS		\$ 2,834,137	\$ 2,834,137
TOTAL LIABILITIES AND NET POSITIONS			\$ 2,847,385

See Notes to Financial Statements

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Total Governmental Fund Balances	\$ 2,687,118
Amounts Reported in Governmental Activities in the Statement of Net positions are Different Because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation and notes payable	<u>147,019</u>
Net positions of Governmental Activities	<u><u>\$ 2,834,137</u></u>

See Notes to Financial Statements

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	GENERAL	ADJUSTMENTS	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES			
Community Recycling Project Costs	\$ 95,997	\$ 0	\$ 95,997
Professional Fees	16,081	0	16,081
Salaries and Wages	112,130	0	112,130
Advertising & Awareness Promotion	15,100	0	15,100
Dues and Fees	1,188	0	1,188
Employee Benefits	91,495	0	91,495
Insurance	14,361	0	14,361
Vehicle Expense	2,433	0	2,433
Office Expense and Postage	6,355	0	6,355
Warehouse Expense	70,610	0	70,610
Rent	12,221	0	12,221
Travel, Meals, Entertainment	91	0	91
Telephone & Utilities	3,639	0	3,639
Training	250	0	250
Miscellaneous Expense	426	0	426
Depreciation	0	5,709	5,709
TOTAL EXPENDITURES/EXPENSES	442,377	5,709	448,086
GENERAL REVENUES			
Permits - Hauler Fees	4,238	0	4,238
Grant Income	199,235	0	199,235
Waste Assessment Fee	460,182	0	460,182
Miscellaneous	10,908	0	10,908
Interest Income	5,241	0	5,241
TOTAL GENERAL REVENUES	679,804	0	679,804
EXCESS OF REVENUES OVER EXPENDITURES/ CHANGES IN NET POSITIONS	237,427	(5,709)	231,718
FUND BALANCES/NET POSITIONS, BEGINNING OF YEAR	2,449,691	152,728	2,602,419
FUND BALANCES/NET POSITIONS, END OF YEAR	\$ 2,687,118	\$ 147,019	\$ 2,834,137

See Notes to Financial Statements

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net Change in Governmental Fund Balances \$ 237,427

**Amounts Reported in 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 exceeded capital outlays in the current period.

(5,709)

Changes in Net positions of Governmental Activities \$ 231,718

See Notes to Financial Statements

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

The Sebastian County Regional Solid Waste Management District (the District) was formed under the Arkansas Act No. 752 of the 1991 acts of the General Assembly of Arkansas. The purpose of the District is the protection of the public health and the state's environmental quality through the development and maintenance of a solid waste district for Sebastian County and the municipalities of Barling, Bonanza, Central City, Fort Smith, Greenwood, Hackett, Hartford, Huntington, Mansfield, Midland and Lavaca.

The financial statements of the District have been prepared in accordance with Generally Accepted Accounting Principals (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements.

In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements-and-Management's Discussion and Analysis-for State and Local Governments.

The financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Organization's overall financial position and results of operation.

Financial statements prepared using full accrual accounting for all the District's activities, including infrastructure.

A change in the fund financial statements to focus on the major funds.

BASIC FINANCIAL STATEMENTS

Basis financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Positions and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are closely identifiable with a specific function. Program revenues include 1) charges to customers or

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the District has only a governmental fund.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources of government.

ASSETS, LIABILITIES, AND NET POSITIONS OR EQUITY

Receivables

Receivables are due from the City of Fort Smith or other waste management districts for waste assessment fees collected by them and for monies collected by them under arrangements entered into prior to 2022.

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the governmental-wide financial statements. Capital assets other than leasehold improvements are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Assets recorded as leasehold improvements are depreciated over the estimated lease term including potential renewal periods. Capital assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Building	39 years
Equipment	3-7 years
Leasehold Improvements	Length of Lease
Website Development	3 years

Use of Estimates

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

Income Taxes

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

Concentration of Credit Risk Arising from Cash Deposits

Cash deposits held in banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per financial institution. There was \$1,113,093 in excess of insured limits as of December 31, 2022.

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising consists primarily of amounts spent to promote awareness of recycling and environmental issues. It is the policy of the District to expense advertising costs as they are incurred. Advertising cost was \$15,100 for the year ended December 31, 2022.

NOTE 2 - CHANGE IN CAPITAL ASSETS

	January 1, 2022	Additions	Retirements	December 31, 2022
Total Capital Assets	\$ 810,739	\$ 0	\$ 0	\$ 810,739
Accumulated Depreciation	(658,011)	(5,709)	0	(663,720)
Capital Assets, Net	<u>\$ 152,728</u>	<u>\$ (5,709)</u>	<u>\$ 0</u>	<u>\$ 147,019</u>

Depreciation expense for the year was \$5,709.

NOTE 3 - RESTRICTED NET POSITIONS

Restricted net positions of the District consists of funds to be used for future planning purposes including administration, promotional, fixed asset acquisition, and program development.

NOTE 4 - RELATED PARTIES

The District utilizes a glass bin at Davis Iron and Metal, Inc, which is owned by a board member of the District. This bin is the only Glass bin in the District's immediate area. This bin greatly reduces the cost in freight, handling and processing glass. During the year ended December 31, 2022, the District's paid \$19,900 for the use of this bin.

NOTE 5 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 26, 2023, the date at which the financial statements were available to be issued.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business and communities. The District has taken additional steps to ensure the public safety. The District's operations are dependent on assessed fees and grants. Access to grants for other governments may decrease. The pandemic may have a continued adverse impact on the economic and market conditions, triggering a period of global economic slowdown. As such, the financial condition and liquidity may be reduced in the near future.

JOHN LANGHAM & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors

**Sebastian County Regional Solid Waste Management District
Fort Smith, 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 and each major fund of **Sebastian County Regional Solid Waste Management District** (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 have not been identified.

Sebastian County Regional Solid Waste Management District

Report on Compliance and Other Matters

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

Purpose of this Report

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.



John Langham & Co.
Certified Public Accountants
Fort Smith, Arkansas
September 26, 2023

SUPPLEMENTAL INFORMATION

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Program Grantor/Program Title</u>	<u>State Revenues</u>	<u>State Expenditures</u>
Arkansas Department of Environmental Quality - Solid Waste Management and Recycling Grant Program & Electronic Waste Recycling Grants: 2022 Awards		
2022 Recycling Grants	\$ 199,235	\$ 0
Total Expenditures of 2022 State Awards	<u>\$ 199,235</u>	<u>\$ 0</u>
2021 Awards		
2021 Recycling Grants	\$ 191,874	\$ 47,340
Total Expenditures of 2021 State Awards	<u>\$ 191,874</u>	<u>\$ 47,340</u>

NOTE A - BASIS OF PRESENTATION

This schedule of expenditures of state awards includes the state program activity of Sebastian County Regional Solid Waste Management District and is presented on the accrual basis of accounting. Amounts shown are cumulative expenditures through December 31, 2022.

See Independent Auditor's Report

SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF FINDING AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified.

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency? Yes None reported

Noncompliance material to financial statements? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes No
- Significant deficiency? Yes No

Type of auditor's report issued on compliance for major federal programs:
Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes No

See Independent Auditor's Report.

SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF FINDING AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section II. Financial Statements

Material Weakness

None reported.

Section III. Federal Award Finding and Questioned Cost

None reported.

Section IV. State Award Finding and Questioned Cost

None reported.

See Independent Auditor's Report

**SEBASTIAN COUNTY REGIONAL
SOLID WASTE MANAGEMENT DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Financial Statement Findings

2019-001 Segregation of duties, now resolved

Condition

The District has a limited number of individuals to conduct day to day operations.

The basic principle underlying segregation of duties (SOD) is that no one person or group of employees should be in a position to commit and conceal errors or fraud in their day-to-day jobs.

Under the concept of SOD, duties that are business-critical can be categorized into four types of functions:

- Authorization
- Custody
- Record keeping
- Reconciliation

The District has modified the various employees duties under the amended *Accounting & Policies & Procedures Manual* to successfully clear the SOD concerns for the year ending December 31, 2022.

Current Status

The condition, noted as 2019-001, has been fully corrected as the District modified the duties of all employees to address these SOD concerns. Please see the *Accounting & Policies & Procedures Manual* as amended.

Planned Corrective Action

The District will continue to implement controls as modified in the duties of all employees detailed in the *Accounting & Policies & Procedures Manual* as amended.

See Independent Auditor's Report