

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024**

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**TABLE OF CONTENTS**

|  | <u>PAGE</u> |
|--|-------------|
| Management Discussion and Analysis .....   | 1           |
| Independent Auditors' Report .....   | 5           |
| <b><i>Basic Financial Statements</i></b>   |             |
| Statement of Net Position and Governmental Funds Balance Sheet ....  | 8           |
| Reconciliation of Total Governmental Fund Balances to Net Position<br>of Governmental Activities .....   | 9           |
| Statement of Activities and Governmental Fund Revenues,<br>Expenditures, and Changes in Fund Balance .....   | 10          |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances to Statement of Activities .....  | 11          |
| Notes to Financial Statements .....  | 12          |
| <b><i>Additional Report</i></b>  |             |
| Report on Internal Control Over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with Government Auditing Standards ..... | 17          |
| <b><i>Supplemental Information</i></b>   |             |
| Schedule of Expenditures of State Awards .....   | 19          |
| Schedule of Findings and Questioned Costs .....  | 20          |
| Schedule of Prior Audit Findings .....   | 23          |

**SEBASTIAN COUNTY REGIONAL  
SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2024**

**MANAGEMENT DISCUSSION AND ANALYSIS**

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, 2024. 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, 2024 by \$3,062,119 (net position). Of this amount, \$1,374,479 (unrestricted net positions) may be used to meet the District's ongoing obligations to its customers.
- ❖ The District's total net position increased by \$138,286 for the year ended December 31, 2024. Additions to total capital assets are \$119,245.

**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 snap shot 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.

**SEBASTIAN COUNTY REGIONAL  
SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2024**

**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.

**CONDENSED FINANCIAL INFORMATION**

Condensed financial information from the statement of net positions as of December 31, 2024 and 2023 and the statement of activities for the year then ended is as follows:

**Statement of Net positions As of December 31, 2024 and 2023**

|   | <u>2024</u>                | <u>2023</u>                |
|---|----------------------------|----------------------------|
| Current Assets                                  | \$ 2,675,649               | \$ 2,672,403               |
| Capital Assets, Net of Accumulated Depreciation | <u>411,629</u>             | <u>310,844</u>             |
| <b>Total Assets</b>                             | <b>\$ <u>3,087,278</u></b> | <b>\$ <u>2,983,247</u></b> |
| Liabilities                                     | <u>\$ 25,159</u>           | <u>\$ 14,414</u>           |
| Net positions:                                  |                            |                            |
| Invested in Capital Assets                      | \$ 411,629                 | \$ 310,844                 |
| Restricted                                      | 1,276,011                  | 1,289,806                  |
| Unrestricted                                    | <u>1,374,479</u>           | <u>1,323,183</u>           |
| <b>Total Net positions</b>                      | <b>\$ <u>3,062,119</u></b> | <b>\$ <u>2,923,833</u></b> |
| <b>Total Liabilities and Net positions</b>      | <b>\$ <u>3,087,278</u></b> | <b>\$ <u>2,938,247</u></b> |

**SEBASTIAN COUNTY REGIONAL  
SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2024**

**Statement of Activities As of December 31, 2024 and 2023 with Budget (for discussion)**

|                                  | <u>2024</u>         | <u>2023</u>         | <u>Final Budget</u> |
|----------------------------------|---------------------|---------------------|---------------------|
| General Revenues                 |                     |                     |                     |
| Permits- Hauler Fees             | \$ 4,616            | \$ 5,469            | \$ 5,000            |
| Grant Income                     | 207,566             | 213,502             | 213,000             |
| Waste Assessment Fee             | 466,190             | 428,185             | 350,000             |
| Miscellaneous                    | 20,640              | 2,788               | 900                 |
| Interest Income                  | 56,256              | 49,942              | 0                   |
|                                  | <u>\$ 755,268</u>   | <u>\$ 699,886</u>   | <u>\$ 568,900</u>   |
| <br>                             |                     |                     |                     |
| Compensation and Related Expense | 262,024             | 223,162             | 263,605             |
| Occupancy                        | 14,950              | 13,273              | 13,800              |
| Direct Program Cost              | 266,791             | 305,074             | 381,780             |
| Other Operating Expenses         | 54,757              | 63,922              | 107,300             |
| Depreciation                     | 18,460              | 4,759               | 0                   |
|                                  | <u>\$ 616,982</u>   | <u>\$ 610,190</u>   | <u>\$ 766,485</u>   |
| <br>                             |                     |                     |                     |
| Changes in Net positions         | 138,286             | 89,696              |                     |
| Net Position, Beginning of Year  | <u>2,923,833</u>    | <u>2,834,137</u>    |                     |
| <br>                             |                     |                     |                     |
| Net Position, End of Year        | <u>\$ 3,062,119</u> | <u>\$ 2,923,833</u> |                     |

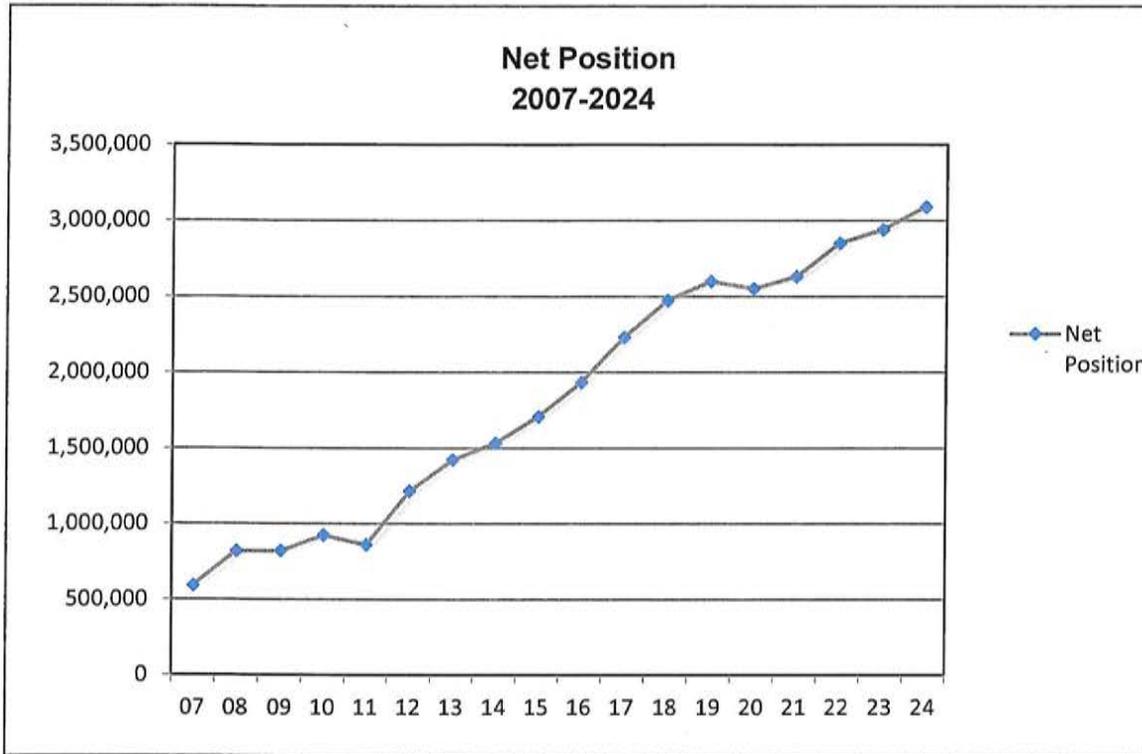
**Capital Assets**

The District acquired the following capital assets:

|                           |        |
|---------------------------|--------|
| Forklift                  | 31,483 |
| 2024 Dodge Ram            | 45,792 |
| (6) 7x16 enclosed trailer | 41,970 |

**SEBASTIAN COUNTY REGIONAL  
SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS OF DECEMBER 31, 2024**

**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, 2024 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the the District, as of December 31, 2024, and the respective changes in financial position and, where applicable, 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. 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 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 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.

## **SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT**

### **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 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 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

## SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

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 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 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.

  
CERTIFIED PUBLIC ACCOUNTANTS

FORT SMITH, ARKANSAS  
SEPTEMBER 30, 2025

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2024**

|   | <u>GENERAL</u>      | <u>ADJUSTMENTS</u>  | <u>STATEMENT OF<br/>NET POSITIONS</u> |
|---|---------------------|---------------------|---------------------------------------|
| <b>ASSETS</b>                                 |                     |                     |                                       |
| Cash operating accounts                       | \$ 1,351,825        | \$ -                | \$ 1,351,825                          |
| Cash grant accounts                           | 652,409             | -                   | 652,409                               |
| Cash reserve account                          | 623,602             | -                   | 623,602                               |
| Other Receivables                             | 47,813              | -                   | 47,813                                |
| Capital assets (net)                          | -                   | 411,629             | 411,629                               |
| <b>TOTAL ASSETS</b>                           | <u>\$ 2,675,649</u> | <u>\$ 411,629</u>   | <u>\$ 3,087,278</u>                   |
| <b>LIABILITES</b>                             |                     |                     |                                       |
| Accounts payable                              | 25,159              | -                   | 25,159                                |
| <b>TOTAL LIABILITES</b>                       | <u>25,159</u>       | <u>-</u>            | <u>25,159</u>                         |
| <b>FUND BALANCES</b>                          |                     |                     |                                       |
| Designated Unreserved                         | 1,276,011           | (1,276,011)         | -                                     |
| Undesignated Unreserved                       | 1,374,479           | (1,374,479)         | -                                     |
| <b>TOTAL FUND BALANCES</b>                    | <u>2,650,490</u>    | <u>(2,650,490)</u>  | <u>-</u>                              |
| <b>TOTAL LIABILITES AND FUND<br/>BALANCES</b> | <u>\$ 2,675,649</u> |                     |                                       |
| <b>NET POSITIONS</b>                          |                     |                     |                                       |
| Invested in capital assets (net debt)         |                     | 411,629             | 411,629                               |
| Restricted                                    |                     | 1,276,011           | 1,276,011                             |
| Unrestricted                                  |                     | 1,374,479           | 1,374,479                             |
| <b>TOTAL NET POSITIONS</b>                    |                     | <u>\$ 3,062,119</u> | <u>3,062,119</u>                      |
| <b>TOTAL LIABILITES AND NET POSITIONS</b>     |                     |                     | <u>\$ 3,087,278</u>                   |

See Independent Auditors' Report and 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, 2024**

|  |                            |
|--|----------------------------|
| <b>Total Governmental Fund Balances</b>  | \$ 2,650,490               |
| Amounts Reported in Governmental Activities in the Statement of<br>Net positions are Different Because:  |                            |
| Capital assets used in governmental activities are not financial<br>resources and therefore are not reported in the funds, net<br>accumulated depreciation and notes payable | <u>411,629</u>             |
| <b>Net positions of Governmental Activities</b>  | <u><u>\$ 3,062,119</u></u> |

**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, 2024**

|   | <u>GENERAL</u>    | <u>ADJUSTMENTS</u>  | <u>STATEMENT OF<br/>NET POSITIONS</u> |
|---|-------------------|---------------------|---------------------------------------|
| <b>EXPENDITURES/EXPENSES</b>                              |                   |                     |                                       |
| Community Recycling Project Costs                         | \$ 164,081        | \$ -                | \$ 164,081                            |
| Professional Fees   | 19,581            | -                   | 19,581                                |
| Salaries and Wages  | 164,736           | -                   | 164,736                               |
| Advertising & Awareness Promotion                         | 57,973            | -                   | 57,973                                |
| Dues and Fees   | 1,475             | -                   | 1,475                                 |
| Employee Benefits   | 97,288            | -                   | 97,288                                |
| Insurance   | 17,719            | -                   | 17,719                                |
| Vehicle Expense   | 6,666             | -                   | 6,666                                 |
| Office Expense and Postage                                | 5,360             | -                   | 5,360                                 |
| Warehouse Expense   | 44,437            | -                   | 44,437                                |
| Rent  | 14,950            | -                   | 14,950                                |
| Telephone & Utilities                                     | 3,567             | -                   | 3,567                                 |
| Training  | 300               | -                   | 300                                   |
| Miscellaneous Expense                                     | 389               | -                   | 389                                   |
| Capital outlay  | 119,245           | (119,245)           | -                                     |
| Depreciation  | -                 | 18,460              | 18,460                                |
| <b>TOTAL EXPENDITURES/EXPENSES</b>                        | <u>\$ 717,767</u> | <u>\$ (100,785)</u> | <u>\$ 616,982</u>                     |
| <b>GENERAL REVENUE</b>                                    |                   |                     |                                       |
| Permits - Hauler Fees                                     | 4,616             | -                   | 4,616                                 |
| Grant Income  | 207,566           | -                   | 207,566                               |
| Waste Assessment Fee                                      | 466,190           | -                   | 466,190                               |
| Miscellaneous   | 20,640            | -                   | 20,640                                |
| Interest Income   | 56,256            | -                   | 56,256                                |
| <b>TOTAL GENERAL REVENUES</b>                             | <u>755,268</u>    | <u>-</u>            | <u>755,268</u>                        |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES/EXPENSES</b>  | <u>\$ 37,501</u>  | <u>\$ 100,785</u>   | <u>\$ 138,286</u>                     |
| <b>FUND BALANCES/NET POSITIONS,<br/>BEGINNING OF YEAR</b> | <u>2,612,989</u>  | <u>310,844</u>      | <u>2,923,833</u>                      |
| <b>FUND BALANCES/NET POSITIONS,<br/>END OF YEAR</b>       | <u>2,650,490</u>  | <u>411,629</u>      | <u>3,062,119</u>                      |

See Independent Auditors' Report and 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, 2024**

**Total Governmental Fund Balances** \$ 37,501

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  
accumulated depreciation and notes payable

100,785

**Net positions of Governmental Activities**

\$ 138,286

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**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 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.

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 been 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 ASSETS OR EQUITY**

**Cash and Cash Equivalents**

The District considers both restricted and unrestricted demand deposits, certificates of deposit, and money market funds to be cash equivalents. In addition, all highly liquid investments with maturities of three months or less from the date of purchase are considered to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectible and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. No reserve for uncollectible is recorded as of December 31, 2024 as management deems all accounts collectible. Accounts receivable at December 31, 2024 were all classified as current.

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**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 at 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 materially extend asset 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              | 6-10 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.

**Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

Cash deposits held in banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per financial institution. There was \$1,844,908 in excess of insured limits as of December 31, 2024.

**Income Taxes**

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

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

***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 \$57,973 for the year ended December 31, 2024.

**ASU 2016-13 (CECL) Allowance for Credit Losses on Accounts Receivable**

The District has evaluated accounts receivable for lifetime expected credit losses in accordance with Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326). Based on the nature of its receivables, historical collection experience, and current economic conditions, the District determined that the impact of expected credit losses is immaterial; therefore, no allowance for credit losses has been recorded as of December 31, 2024.

**ASU 2023-01 Common Control Lease Arrangements**

Common Control Lease Arrangements. The District evaluated its lease arrangements under ASU 2023-01, Leases (Topic 842): Common Control Arrangements. As of December 31, 2024, the District has determined there are no leases between entities under common control requiring recognition or disclosure under this standard.

**ASU 2023-08 Crypto Asset Holdings**

The District holds no crypto assets as defined under ASU 2023-08, Accounting for and Disclosure of Crypto Assets, and is not engaged in transactions involving crypto assets. No disclosures under this ASU are required as of December 31, 2024.

**Future accounting pronouncements**

The District monitors the issuance of new accounting pronouncements by the FASB. Management has evaluated recently issued ASUs not yet effective and does not expect any to have a material impact on the financial statements based on current operations.

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 2 - CHANGE IN CAPITAL ASSETS**

|                          | <u>JANUARY<br/>1, 2024</u> | <u>Additions</u>  | <u>Retirements</u> | <u>DECEMBER<br/>31, 2024</u> |
|--------------------------|----------------------------|-------------------|--------------------|------------------------------|
| Total Capital Assets     | \$ 970,591                 | \$ 119,245        | \$ (60,150)        | \$ 1,029,686                 |
| Accumulated Depreciation | <u>(659,747)</u>           | <u>(18,460)</u>   | <u>60,150</u>      | <u>(618,057)</u>             |
| Capital Assets, Net      | <u>\$ 310,844</u>          | <u>\$ 100,785</u> | <u>\$ -</u>        | <u>\$ 411,629</u>            |

Depreciation expense for the year was \$18,460.

**NOTE 3 - RESTRICTED NET ASSETS**

Restricted assets in the amount of \$1,276,011 as of December 31, 2024, represent cash deposits from grants received but not yet disbursed to governmental agencies that requested the grants. These funds are externally restricted and are not available for general operating purposes.

**NOTE 4 - SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 30, 2025, the date at which the financial statements were available to be issued.

# JOHN LANGHAM & CO.

CERTIFIED PUBLIC ACCOUNTANTS

820 South 21st Street

Fort Smith, AR 72901

**INDEPENDENT AUDITORS' 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**

**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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Sebastian County Regional Solid Waste Management District** (the District), as of and for the year ended December 31, 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 September 30, 2025.

**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 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. However, material weaknesses or significant deficiencies may exist that have not been identified.

## 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 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 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.

  
CERTIFIED PUBLIC ACCOUNTANTS

FORT SMITH, ARKANSAS  
SEPTEMBER 30, 2025

**SUPPLEMENTAL INFORMATION**

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

| <u>Program Grantor/Program Title</u>  | <u>State<br/>Revenue</u> | <u>State<br/>Expenditures</u> |
|---|--------------------------|-------------------------------|
| <b>Arkansas Department of Environmental Quality -<br/>Solid Waste Management and Recycling Grant<br/>Program &amp; Electronic Waste Recycling Grants:</b> |                          |                               |
| 2024 Recycling Grants   | <u>\$ 207,566</u>        | <u>\$ -</u>                   |
| Total Expenditures of 2024 State awards   | <u><u>\$ 207,566</u></u> | <u><u>\$ -</u></u>            |
| 2023 Recycling Grants   | <u>\$ 213,502</u>        | <u>\$ 45,237</u>              |
| Total Expenditures of 2023 State awards   | <u><u>\$ 213,502</u></u> | <u><u>\$ 45,237</u></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, 2024.

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF FINDING AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**Section I. Summary of Auditor's Results**

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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:

|                               | YES | NO |
|-------------------------------|-----|----|
| Material weakness identified? |     | X  |
| Significant deficiency?       |     | X  |

Noncompliance material to financial statements?

X

Federal Awards

Internal control over major federal programs:

|                               | YES | NO |
|-------------------------------|-----|----|
| Material weakness identified? |     | X  |
| Significant deficiency?       |     | X  |

Type of auditors' report issued on compliance for federal programs: Unmodified.

Any audit findings disclosed that require to be reported in accordance with 2 CFR 200.516(a)

X

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF FINDING AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**Section II.      Financial Statements**

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**Material Weakness**

None Reported.

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**Section III.      Federal Award Finding and Questioned Cost**

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None Reported.

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**Section IV.      State Award Finding and Questioned Cost**

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None Reported.

**SEBASTIAN COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT  
SCHEDULE OF FINDING AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**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, 2024.

**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.