

Northeast Arkansas Regional Solid Waste  
Management District

Audited Financial Statements  
And Supplementary Information

For the Years Ended December 31, 2022 and 2021

**Thomas, Speight & Noble**  
**CERTIFIED PUBLIC ACCOUNTANTS**

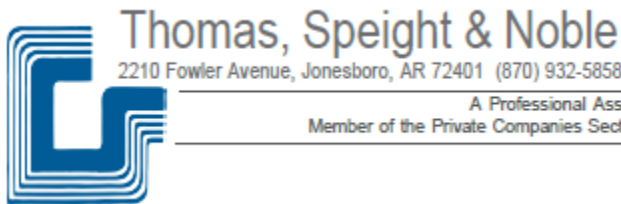
2210 Fowler Avenue  
Jonesboro, AR 72401  
(870) 932-5858

# Northeast Arkansas Regional Solid Waste Management District

Audited Financial Statements  
And Supplementary Information  
For the Years Ended December 31, 2022 and 2021

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Thomas, Speight & Noble  
2210 Fowler Avenue, Jonesboro, AR 72401 (870) 932-5858

A Professional Association of Certified Public Accountants  
Member of the Private Companies Section of the American Institute of Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northeast Arkansas Regional Solid Waste Management District  
Paragould, AR

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of Northeast Arkansas Regional Solid Waste Management District as of and for the years ended December 31, 2022 and 2021, 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 Northeast Arkansas Regional Solid Waste Management District as of December 31, 2022 and 2021, 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 Northeast Arkansas 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 Northeast Arkansas 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 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.

2210 Fowler Avenue  
PO Box 17167  
Jonesboro, AR 72401  
870-932-5858  
Fax 870-932-2030

420 West Walnut  
PO Box 205  
Blytheville, AR 72315  
870-762-5831  
Fax 870-762-5833

1400 West Keiser  
PO Box 644  
Osceola, AR 72370  
870-563-2638  
Fax 870-563-3794

915 Townsend Drive  
PO Box 700  
Pocahontas, AR 72455  
870-892-2575  
Fax 870-892-2576

501 Ward Avenue  
PO Box 1154  
Caruthersville, MO 63830  
573-333-4225  
Fax 573-333-4443

1120 Windover Rd  
PO Box 17156  
Jonesboro, AR 72403  
870-935-1091  
Fax 870-935-1312

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 Northeast Arkansas 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 Northeast Arkansas 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 and pension schedules 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. Management has chosen to omit the management's discussion and analysis. The pension schedules are presented on pages 16 and 17. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northeast Arkansas Regional Solid Waste Management District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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. Such 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 as of the years ended December 31, 2022 and 2021. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2023 on our consideration of Northeast Arkansas 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  
August 11, 2023

**Northeast Arkansas Regional Solid Waste Management District**  
**Statements of Net Position**  
**December 31, 2022 and 2021**

	2022	2021
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - unrestricted	\$ 698,629	\$ 1,604,062
Accounts receivable	285,974	282,393
Fuel & oil inventory - at cost	3,000	3,000
Total current assets	987,603	1,889,455
<b>NON-CURRENT ASSETS</b>		
Cash and investments - restricted	8,448,539	6,693,629
Capital assets		
Capital assets, net of accumulated depreciation	3,819,582	4,272,607
Total non-current assets	12,268,121	10,966,236
<b>TOTAL ASSETS</b>	13,255,724	12,855,691
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows	310,478	52,200
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$13,566,202</b>	<b>\$12,907,891</b>
<b><u>LIABILITIES AND NET POSITION</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 88,291	\$ 75,185
Accrued compensation	34,883	39,428
Payroll taxes payable	3,695	2,680
Current portion of long-term debt	91,140	124,583
Total current liabilities	218,009	241,876
<b>LONG TERM LIABILITIES</b>		
Estimated liability for landfill closure & post closure care	3,910,329	3,412,136
Long-term debt, net of current portion	100,855	191,937
Net pension liability	788,715	190,251
Total long term liabilities	4,799,899	3,794,324
<b>TOTAL LIABILITIES</b>	5,017,908	4,036,200
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	53,575	420,225
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	5,071,483	4,456,425
<b>NET POSITION</b>		
Net investment in capital assets	3,627,588	3,956,087
Restricted	4,538,210	3,281,493
Unrestricted	328,920	1,213,886
Total net position	8,494,719	8,451,466
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$13,566,202</b>	<b>\$12,907,891</b>

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

**Northeast Arkansas Regional Solid Waste Management District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
<b>OPERATING REVENUES</b>		
Landfill tipping fees & hauling	\$ 3,748,858	\$ 3,431,765
Recycling sales	25,342	22,574
Truck licensing decals	8,509	3,945
Grant Revenue	119,374	114,947
Miscellaneous income	31,284	18,936
Total operating revenue	3,933,367	3,592,167
<b>OPERATING EXPENSES</b>		
Advertising & printing	10,988	14,696
Auditing & accounting	11,820	14,790
Depreciation	581,562	616,617
Disposal fees	230,492	212,241
Dues & subscriptions	1,100	939
Engineering fees	140,796	87,196
Equipment lease	363,684	444,233
Erosion control	6,136	3,621
Fuel & oil	225,143	146,300
Insurance - employee health	67,935	84,688
Insurance - other	147,854	131,090
Landfill closure & post closure care costs	498,192	80,976
Legal & other fees	10,215	6,184
Maintenance	485,891	207,823
Office supplies & postage	15,571	18,408
Payroll taxes	56,314	45,365
Permits & licences	1,075	9,958
Property taxes	-	979
Retirement plan	74,620	(50,976)
Supplies	44,852	35,814
Salaries	693,303	582,492
Telephone	392	10,046
Training & education	3,799	3,015
Travel & conferences	6,371	2,037
Uniforms & shoes	11,716	10,969
Utilities	24,455	17,180
Total operating expenses	3,714,276	2,736,681
<b>OPERATING INCOME (LOSS)</b>	219,091	855,486
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income/(expense)	(167,588)	(60,076)
Interest expense	(8,250)	(12,817)
Gain/(Loss) on sale of assets	-	17,959
Non-operating revenues/(expenses)	(175,838)	(54,934)
<b>CHANGE IN NET POSITION</b>	43,253	800,552
<b>NET POSITION, BEGINNING OF YEAR</b>	8,451,466	7,650,914
<b>NET POSITION, END OF YEAR</b>	\$ 8,494,719	\$ 8,451,466

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

**Northeast Arkansas Regional Solid Waste Management District**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and grants	\$ 3,929,787	\$ 3,596,829
Cash payments to suppliers for goods and services	(1,954,579)	(1,627,564)
Cash payments to employees	(696,834)	(574,928)
Net cash provided by (used in) operating activities	1,278,374	1,394,337
<b>Cash flows from capital and related financing activities:</b>		
Principal payments on long-term debt	(124,525)	(156,698)
Interest payments on long-term debt	(8,250)	(12,817)
Proceeds on sale of assets	-	18,132
Decrease (Increase) in restricted fund assets	(1,754,910)	(19,708)
Purchases of capital assets	(128,535)	(712,069)
Net cash provided by (used in) financing activities	(2,016,220)	(883,160)
<b>Cash flows from investing activities:</b>		
Investment income	(143,966)	(31,864)
Investment expense	(23,622)	(28,212)
Net cash provided by (used in) investing activities	(167,588)	(60,076)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - UNRESTRICTED</b>	(905,434)	451,101
<b>CASH AND CASH EQUIVALENTS - UNRESTRICTED - BEGINNING OF YEAR</b>	1,604,062	1,152,961
<b>CASH AND CASH EQUIVALENTS - UNRESTRICTED - END OF YEAR</b>	\$ 698,628	\$ 1,604,062
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 219,091	\$ 855,486
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	581,562	616,617
Net change in pension liability	(26,465)	(131,550)
(Increase)/Decrease In:		
Accounts receivable	(3,581)	4,662
Increase/(Decrease) In:		
Accounts payable	13,104	(39,420)
Accrued compensation	(4,545)	10,386
Payroll taxes payable	1,015	(2,820)
Estimated liability for landfill closure & post closure care	498,193	80,976
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ 1,278,374	\$ 1,394,337

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

**Northeast Arkansas Regional Solid Waste Management District  
Notes to Financial Statements  
December 31, 2022 and 2021**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

**Organization**

The Northeast Arkansas Regional Solid Waste Management District (the District) received approval from the Arkansas Department of Environmental Quality (the “ADEQ”) by Minute 93-11, issued January 15, 1993 to form its own regional solid waste management district under Title 8, Chapter 6 of the Arkansas Code Annotated consisting of Clay, Greene and Lawrence counties. Randolph county was added to the District pursuant to ADEQ’s Minute Order No. 97-21, issued April 18, 1997. The street address for the District is 1810 Greene, 890 Road, Paragould, Arkansas and its mailing address is P.O. Box 753, Paragould, Arkansas 72451.

The governing body of the District (the “Board”) is comprised of the county judges of the participating counties and the mayors of the participating cities. All terms of the current members (a) that are mayors expire on December 31, 2022 and (b) that are county judges expire on December 31, 2022. Members will cease to serve on the Board when their terms as mayor or County Judge expire.

**Basis of Presentation and Accounting**

The accounts of Northeast Arkansas Regional Solid Waste Management District are organized and operated on a fund basis. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise Northeast Arkansas Regional Solid Waste Management District’s assets, liabilities, net position, revenues, expenses and deferred outflows and inflows of resources. Enterprise funds account for the activities (i) that are financed with debt that is secured solely by a pledge of net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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. Enterprise Funds use the accrual basis of accounting to record the flow of all economic resources (measurement focus). This 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, 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 cash and highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Restricted Cash & Cash Equivalents**

Certain proceeds of the District’s revenue, as well as certain resources set aside for landfill closure and post closure requirements and emergency (depreciation) reserves are classified as restricted cash on the statements of net position, because they are maintained in separate bank accounts and their use is limited by state and federal laws and applicable debt agreements.

**Net Pension Liability**

During the year ended December 31, 2015, the District adopted GASB Statement Number 68 (GASB 68) which improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 states that for cost-sharing pension plans, a liability should be recognized for the employer’s proportionate share of the collective net pension liability, measured as of a date (measurement date) no earlier than the end of the employer’s prior fiscal year, consistently applied from period to period.



**Northeast Arkansas Regional Solid Waste Management District**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

**Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The District has one item that qualifies for reporting in this category. In regards to the deferred outflow of resources related to pension liabilities, these amounts were created as a result of the implementation of GASB 68. See Note 7 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Department has one item that qualifies for reporting in this category. In regards to the deferred inflows of resources related to pension liabilities, these amounts were created as a result of the implementation of GASB 68. See Note 7 for additional information.

**Pensions**

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arkansas Public Employees Retirement System (“APERS”) and additions to or deductions from the APERS fiduciary net position have been determined on the same basis as they are reported by APERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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. 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.

**Advertising**

The District expenses advertising costs as incurred. Advertising and publication expense totaled \$10,988 and \$14,696 for the years ended December 31, 2022 and 2021.

**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 \$500 and an estimated useful life in excess of two 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:

Buildings	15-31 1/2 Years
Equipment & Vehicles	5-10 Years
Office Equipment	3-5 Years
Landfill Improvements	2-5 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 revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**Northeast Arkansas Regional Solid Waste Management District**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)**

**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.”

**Credit Risk**

Concentrations of credit risk with respect to trade receivables are limited due to the District’s large number of customers.

**NOTE 2: CLOSURE & POST-CLOSURE CARE COSTS**

State and federal laws and regulations require that the Northeast Arkansas Regional Solid Waste Management District place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition for these landfill closure and post closure care costs is based on the estimated life of the landfill (40.3 years). The estimated liability for landfill closure and post closure care costs has a balance of \$3,910,329 as of December 31, 2022 which is based on 68.18% usage (filled) of the landfill. It is estimated that an additional \$1,805,830 will be recognized as closure and post closure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2035). The estimated total current cost of the landfill closure and post closure care (\$5,716,159) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2022.

However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The NEA Regional Solid Waste Management District is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The District is in compliance with these requirements, and at December 31, 2022, investments of \$3,598,572 (market value) are held for these purposes. These investments are held by a financial institution and are presented on the District’s statement of net position as part of the restricted cash and investments category. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the financial institution. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**Northeast Arkansas Regional Solid Waste Management District**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 3: CASH AND INVESTMENTS**

A. Cash and investments

Cash and investments are presented on the accompanying statements of net position as of December 31 as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 698,629	\$ 1,604,062
Restricted cash and investments	<u>8,448,539</u>	<u>6,693,629</u>
 Total cash and investments	 <u>\$ 9,147,168</u>	 <u>\$ 8,297,691</u>

B. Deposits

Deposits in financial institutions are financial instruments that could potentially subject the District to a risk of accounting loss to the extent of the uninsured/uncollateralized portion of those deposits. At December 31, 2022 and 2021, the District had \$2,180,790 and \$4,716,989 respectively in deposit balances with \$250,000 of FDIC insurance and secured by pledged securities. At December 31, 2022, none of the carrying balance was uninsured/uncollateralized.

C. Restricted Cash Deposits and Investments

ADEQ ordinances and debt agreements mandate certain cash funds be set aside emergency (depreciation) reserves and landfill closure and post closure reserves. At December 31, 2022 and 2021, restricted cash and investments was as follows:

	<u>2022</u>	<u>2021</u>
Capital Improvement	\$ 1,145,430	\$ 911,829
Future Construction Fund	1,635,704	1,328,214
Closure Fund	2,341,745	2,362,895
Depreciation Fund	868,833	743,232
Post Closure Fund	1,256,827	1,347,459
Revenue Fund	<u>1,200,000</u>	<u>-</u>
Total	<u>\$ 8,448,539</u>	<u>\$ 6,693,629</u>

D. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as described below:

- Level 1 - Quoted prices (unadjusted) for identical assets in active markets
- Level 2 - Other than quoted prices that are observable for an asset.
- Level 3 - Unobservable inputs for an asset.

The District has the following investments at level 1 fair value measurements as of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Bonds	\$ 146,560	\$ 380,237
Mutual Funds	3,003,296	1,412,603
US Treasury Bonds	1,978,716	1,917,514
Brokerage CD	<u>470,000</u>	<u>-</u>
Total	<u>\$ 5,598,572</u>	<u>\$ 3,710,354</u>

**Northeast Arkansas Regional Solid Waste Management District  
Notes to Financial Statements  
December 31, 2022 and 2021**

**NOTE 4: LONG-TERM DEBT**

	<b>2022</b>	<b>2021</b>
Note Payable - Centennial Bank, 3.18%, \$442,902; principal and interest payable monthly beginning February 24, 2020; matures January 24, 2025	\$ 191,995	\$ 280,190
 Note Payable - Individual, 3.00%, \$340,000; principal and interest payable monthly beginning July 1, 2017; matures April 1, 2022	-	36,330
	<b>\$ 191,995</b>	<b>\$ 316,520</b>

Maturities and analysis of long-term debt changes to the District's long-term debt are as follows:

	<b>2022</b>	<b>2021</b>
Total long-term debt at beginning of year	\$ 316,520	\$ 473,218
Additional borrowings	-	-
Note payable retirements	(124,525)	(156,698)
Total long-term debt at the end of the year, net	191,995	316,520
Less current portion	(91,140)	(124,583)
Non-current portion	\$ 100,855	\$ 191,937

Maturities of long-term debt at December 31, 2022 are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	91,140	4,893	96,033
2024	94,124	1,910	96,034
2025	6,731	1,140	7,871
	\$ 191,995	\$ 7,943	\$ 199,938

Interest expense was \$8,250 and \$12,817 for the years ended December 31, 2022 and 2021 respectively.

**Northeast Arkansas Regional Solid Waste Management District**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 5: OPERATING LEASES**

The District has five operating leases from Caterpillar for the following equipment: Mini Excavator, Dozer, Skid Steer, Compactor, and Dirt Dozer. The leases are for 36 months each, with the Mini Excavator beginning on February 28, 2020 with monthly payments of \$1,421; the Dozer beginning on March 30, 2020 with monthly payments of \$9,108; the Skid Steer beginning on February 28, 2020 with monthly payments of \$865; the Compactor beginning on May 22, 2019 with monthly payments of \$14,269; and the Dirt Dozer beginning on October 1, 2020 with monthly payments of \$4,755. When these leases expire, it is expected that the equipment will be returned and new, similar equipment will be leased under similar terms. The lease expense associated with the operating lease was \$309,824 and \$456,349 for the years ended December 31, 2022 and 2021 respectively. The future lease payments required under the operating leases as of December 31, 2022 are as follows:

	2023	\$ 74,688
	Total	<u>\$ 74,688</u>

**NOTE 6: CAPITAL ASSETS**

A summary of changes in property, plant, and equipment for the years ended December 31, 2022 and 2021 are as follows:

	<u>Balance</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2022</u>
Capital assets not being depreciated:				
Land	\$ 1,479,663	\$ -	\$ -	\$ 1,479,663
Total capital assets not being depreciated	<u>1,479,663</u>	<u>-</u>	<u>-</u>	<u>1,479,663</u>
Other capital assets				
Office furniture & fixtures	37,371	-	-	37,371
Office buildings & shop supplies	574,090	128,538	-	702,628
Equipment & tools	4,108,920	-	-	4,108,920
Landfill construction	8,017,327	-	-	8,017,327
Total other assets at historical cost	<u>12,737,708</u>	<u>128,538</u>	<u>-</u>	<u>12,866,246</u>
Less accumulated depreciation for:				
Office furniture & fixtures	(34,576)	(1,216)	-	(35,792)
Office buildings & shop supplies	(159,645)	(25,911)	-	(185,556)
Equipment & tools	(3,438,777)	(255,359)	-	(3,694,136)
Landfill construction	(6,311,766)	(299,077)	-	(6,610,843)
Total accumulated depreciation	<u>(9,944,764)</u>	<u>(581,563)</u>	<u>-</u>	<u>(10,526,327)</u>
Total capital assets, being depreciated, net	<u>2,792,944</u>	<u>(453,025)</u>	<u>-</u>	<u>2,339,919</u>
Total capital assets, net	<u>\$ 4,272,607</u>	<u>\$ (453,025)</u>	<u>\$ -</u>	<u>\$ 3,819,582</u>

**Northeast Arkansas Regional Solid Waste Management District**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 6: CAPITAL ASSETS (Continued)**

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
Capital assets not being depreciated:				
Land	\$ 1,479,663	\$ -	\$ -	\$ 1,479,663
Total capital assets not being depreciated	1,479,663	-	-	1,479,663
Other capital assets				
Office furniture & fixtures	37,371	-	-	37,371
Office buildings & shop supplies	515,440	58,650	-	574,090
Equipment & tools	5,490,645	256,158	(1,637,883)	4,108,920
Landfill construction	7,937,374	79,953	-	8,017,327
Total other assets at historical cost	13,980,830	394,761	(1,637,883)	12,737,708
Less accumulated depreciation for:				
Office furniture & fixtures	(33,360)	(1,216)	-	(34,576)
Office buildings & shop supplies	(130,649)	(28,996)	-	(159,645)
Equipment & tools	(4,784,273)	(292,214)	1,637,710	(3,438,777)
Landfill construction	(6,017,575)	(294,191)	-	(6,311,766)
Total accumulated depreciation	(10,965,857)	(616,617)	1,637,710	(9,944,764)
Total capital assets, being depreciated, net	3,014,973	(221,856)	(173)	2,792,944
Total capital assets, net	<u>\$ 4,494,636</u>	<u>\$ (221,856)</u>	<u>\$ (173)</u>	<u>\$ 4,272,607</u>

**NOTE 7: PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Plan Description**

The following brief description of the Arkansas Public Employees Retirement System (“APERS”) is provided for general information purposes only. Participants should refer to Arkansas Code Annotated, Title 24 for more complete information.

APERS is a cost-sharing, multi-employer, defined benefit plan which covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this plan, college and university employees, and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members. The plan was established by the authority of the Arkansas General Assembly with the passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

The general administration and responsibility for the proper operation of the System is vested in the nine members of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of the State, the Treasurer of the State and the Director of the Department of Finance and Administration.

**Benefits Provided**

Benefit provisions are set forth in Arkansas Code Annotated, Title 24, Chapters 5 and 6 and may only be amended by the Arkansas General Assembly. APERS provides retirement, disability and death benefits. Retirement benefits are determined as a percentage of the member’s highest 3-year average compensation times the member’s years of service. The percentage used is based upon whether a member is contributory or non-contributory as follows:

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005	2.03%
Non-Contributory	1.72%

**Northeast Arkansas Regional Solid Waste Management District  
Notes to Financial Statements  
December 31, 2022 and 2021**

**NOTE 7: PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

**Benefits provided (continued)**

Members are eligible to retire with full benefits under the following conditions:

- at age 65 with 5 years of service,
- at any age with 28 years of actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service. The plan also provides for disability and survivor benefits.

**Contributions**

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701) (a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 15.32% of compensation for the fiscal year ended June 30, 2022. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

At December 31, 2022, the District had 29 eligible and 29 active participants. The District's contributions for the years ended December 31, 2022 and 2021 were \$103,413 and \$78,403.

**APERS Fiduciary Net Position**

Detailed information about APERS's fiduciary net position is available in the separately issued APERS Financial Report available at <https://www.apers.org/publications>.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

The collective Net Pension Liability of \$2,696,383,462 was measured at June 30, 2022, and that total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers.

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources as of June 30, 2021, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,932	\$ (9,523)
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension pension plan investments	166,381	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	71,778	(44,052)
Contributions subsequent measurement date	53,387	-
	\$ 310,478	\$ (53,575)

**Northeast Arkansas Regional Solid Waste Management District  
Notes to Financial Statements  
December 31, 2022 and 2021**

**NOTE 7: PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

Contributions made subsequent to the measurement date will be reversed in fiscal year ending December 31, 2023, and will not be amortized in the schedule below. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the District's financial statements as follows:

2023	\$ 31,296
2024	34,343
2025	21,845
2026	116,032
	\$ 203,516

**Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Discount rate	7.15%
Inflation rate	3.25%
Salary increases	3.25% - 9.85%
Investment rate of return*	7.15%
Mortality rate table	RP-2006 HealthyAnnuitant benefit weighted generational mortality tables, adjusted for fully generational mortality improvements using Scale MP-2017, multiplied by 135% for males and 125% for females

\*Net investment and administrative expenses

All other actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2012, and were applied to all prior periods included in the measurement.

**Investment Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2021-2030 were based on capital market assumptions provided by plan's investment consultant. For each major class included in the plan's target asset allocation as of June 30, 2022, these best estimates were summarized in the following table:

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Broad domestic equity	37.00%	6.22%
International equity	24.00%	6.69%
Real assets	16.00%	4.81%
Absolute return	5.00%	3.05%
Domestic fixed	18.00%	0.57%
	100.00%	



**Northeast Arkansas Regional Solid Waste Management District  
Notes to Financial Statements  
December 31, 2022 and 2021**

**NOTE 7: PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

**Discount Rate**

A single discount rate of 7.15% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

**Sensitivity of Discount Rate**

1% Lower 6.15%	Discount Rate 7.15%	1% Higher 8.15%
\$ 1,253,913	\$ 788,715	\$ 404,653

**NOTE 8: COMPENSATED ABSENCES**

Vested or accumulated vacation, sick leave, and compensatory time are recorded as an expense and liability as the benefits accrue to employees, and are included as part of accrued compensation on the statements of net position.

**NOTE 9: 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 10: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 11, 2023, the date on which the financial statements were available to be issued.

**Northeast Arkansas Solid Waste Regional Management District  
Schedule of Proportionate Share of the Net Pension Liability  
December 31, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.03%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Proportionate share of the net pension liability	\$ 788,715	\$ 190,251	\$ 777,407	\$ 710,171	\$ 642,642	\$ 758,734	\$ 761,513	\$ 543,408
Covered-employee payroll	\$ 675,020	\$ 511,766	\$ 530,782	\$ 549,332	\$ 556,559	\$ 542,747	\$ 538,552	\$ 527,117
Proportionate share of the net pension liability as percentage of covered-employee payroll	116.84%	37.18%	146.46%	129.28%	115.47%	139.80%	141.40%	103.09%
Plan's fiduciary net position	\$ 9,733,838,631	\$ 11,185,453,706	\$ 8,769,010,690	\$ 8,833,327,659	\$ 8,602,752,132	\$ 8,028,796,790	\$ 7,370,758,150	\$ 7,550,242,341
Plan's fiduciary net position as a percentage of the total pension liability	79%	94%	81%	82%	80%	76%	70%	80%

**Northeast Arkansas Solid Waste Regional Management District**  
**Schedule of Contributions**  
**December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 103,413	\$ 78,403	\$ 81,316	\$ 84,158	\$ 80,701	\$ 78,698	\$ 80,434	\$ 80,387
Contributions in relation to the contractually required contributions	<u>\$ 103,413</u>	<u>\$ 80,382</u>	<u>\$ 80,573</u>	<u>\$ 84,158</u>	<u>\$ 80,328</u>	<u>\$ 79,181</u>	<u>\$ 78,266</u>	<u>\$ 78,995</u>
Contribution deficiency (excess)	<u>\$ (0)</u>	<u>\$ 1,979</u>	<u>\$ (743)</u>	<u>\$ 0</u>	<u>\$ (373)</u>	<u>\$ 483</u>	<u>\$ (2,168)</u>	<u>\$ (1,392)</u>
District's covered-employee payroll	\$ 675,020	\$ 511,766	\$ 530,782	\$ 549,332	\$ 556,559	\$ 542,747	\$ 538,552	\$ 518,424
Contributions as a percentage of covered-employee payroll	15.32%	15.71%	15.18%	15.32%	14.43%	14.59%	14.53%	15.24%

# Northeast Arkansas Regional Solid Waste Management District

## Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2022

	Landfill	Recycling Center	Total
Operating revenue			
Landfill tipping fees & hauling	\$ 3,748,858	\$ -	\$ 3,748,858
Recycling sales	-	25,342	25,342
Truck licensing decals	8,509	-	8,509
Grant revenue	-	119,374	119,374
Miscellaneous	31,284	-	31,284
Total operating revenue	3,788,651	144,716	3,933,367
Operating expenses			
Advertising & printing	-	10,988	10,988
Auditing & accounting	11,820	-	11,820
Depreciation	581,562	-	581,562
Disposal fees	230,492	-	230,492
Dues & subscriptions	-	1,100	1,100
Engineering fees	140,796	-	140,796
Equipment lease	363,684	-	363,684
Erosion control	6,136	-	6,136
Fuel & oil	225,143	-	225,143
Insurance - employees health	67,935	-	67,935
Insurance - other	147,854	-	147,854
Landfill closure & post closure care costs	498,192	-	498,192
Legal & other professional fees	10,215	-	10,215
Maintenance	485,026	865	485,891
Office supplies & postage	15,571	-	15,571
Payroll taxes	56,314	-	56,314
Permits & licenses	1,075	-	1,075
Retirement plan	74,620	-	74,620
Supplies	44,292	560	44,852
Salaries	693,303	-	693,303
Telephone	392	-	392
Training & Education	3,799	-	3,799
Travel & conferences	6,371	-	6,371
Uniforms & shoes	11,716	-	11,716
Utilities	23,401	1,054	24,455
Total operating expenses	3,699,709	14,567	3,714,276
Operating income (loss)	88,941	130,149	219,091
Non-operating revenues (expenses)			
Investment income (expense)	(168,080)	491	(167,588)
Interest expense	(8,250)	-	(8,250)
Non-operating revenues (expenses)	(176,330)	491	(175,838)
Increase in net assets	(87,389)	130,640	43,253
Net assets			
Beginning of year	6,671,705	1,779,761	8,451,466
Ending of year	\$ 6,584,316	\$ 1,910,401	\$ 8,494,719

**Northeast Arkansas Regional Solid Waste Management District**  
**Schedule of Cash Receipts and Disbursements - Restricted Funds**  
**For the Year Ended December 31, 2022**

	Depreciation Fund	Capital Improvement Fund	Future Construction Fund	Closure Fund	Post Closure Fund	Revenue Fund
Cash & cash equivalents, January 1, 2022	\$ 743,232	\$ 911,829	\$ 1,328,214	\$ 2,362,895	\$ 1,347,459	\$ -
Interest income	5,426	6,049	7,490	37,255	23,947	-
Transfers from O&M account	480,000	480,000	300,000	84,000	-	-
Transfers from Revenue account	-	-	-	-	-	1,200,000
Paying agent fees/bank charges	-	(25)	-	(14,897)	(8,410)	-
Note payments	-	(124,525)	-	-	-	-
Interest payments	-	(8,250)	-	-	-	-
Other income	-	8,890	-	-	-	-
Equipment lease payments	(359,825)	-	-	-	-	-
Purchase of equipment	-	(128,538)	-	-	-	-
Unrealized gains and losses	-	-	-	(127,097)	(105,761)	-
Realized gains and losses	-	-	-	(411)	(408)	-
Cash & cash equivalents, December 31, 2022	<u>\$ 868,833</u>	<u>\$ 1,145,430</u>	<u>\$ 1,635,704</u>	<u>\$ 2,341,745</u>	<u>\$ 1,256,827</u>	<u>\$ 1,200,000</u>



Thomas, Speight & Noble

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

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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
Northeast Arkansas Regional Solid Waste Management District
Paragould, 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 Northeast Arkansas Regional Solid Waste Management District as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Northeast Arkansas Regional Solid Waste Management District’s basic financial statements and have issued our report thereon dated August 11, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northeast Arkansas 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 Northeast Arkansas Regional Solid Waste Management District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Northeast Arkansas 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a material weakness.

2022-1 To ensure proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. Northeast Arkansas Regional Solid Waste Management District’s management did not segregate these duties to sufficiently reduce the risks of fraud and error and properly safeguard assets, because of limited resources. We recommend that the financial accounting duties be segregated among employees to the extent possible.

2210 Fowler Avenue
PO Box 17167
Jonesboro, AR 72401
870-932-5858
Fax 870-932-2030

420 West Walnut
PO Box 205
Blytheville, AR 72315
870-762-5831
Fax 870-762-5833

1400 West Keiser
PO Box 644
Osceola, AR 72370
870-563-2638
Fax 870-563-3794

915 Townsend Drive
PO Box 700
Pocahontas, AR 72455
870-892-2575
Fax 870-892-2576

501 Ward Avenue
PO Box 1154
Caruthersville, MO 63830
573-333-4225
Fax 573-333-4443

1120 Windover Rd
PO Box 17156
Jonesboro, AR 72403
870-935-1091
Fax 870-935-1312

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Northeast Arkansas 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*.

### **Northeast Arkansas Regional Solid Waste Management District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Northeast Arkansas Regional Solid Waste Management District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Northeast Arkansas Regional Solid Waste Management District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
August 11, 2023