

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023**

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2023**

	<u>PAGE NO.</u>
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENT OF NET POSITION	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6-8
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 <i>GOVERNMENT AUDITING STANDARDS</i>	9-10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	11



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mississippi County Regional Solid
Waste Management District
Blytheville, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Mississippi County Regional Solid Waste Management District of the County of Mississippi, Arkansas, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Mississippi County Regional Solid Waste Management District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mississippi County Regional Solid Waste Management District, as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Mississippi County Regional Solid Waste Management District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mississippi County Regional Solid Waste Management District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mississippi County Regional Solid Waste Management District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mississippi County Regional Solid Waste Management District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024, on our consideration of the Mississippi County Regional Solid Waste Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mississippi County Regional Solid Waste Management District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mississippi County Regional Solid Waste Management District's internal control over financial reporting and compliance.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs
Blytheville, Arkansas
July 29, 2024

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

ASSETS

CURRENT ASSETS

Cash	\$ 485,996
Total current assets	<u>485,996</u>

NONCURRENT ASSETS

Capital assets

Property and equipment, net of accumulated depreciation	<u>123,205</u>
Total noncurrent assets	<u>123,205</u>

TOTAL ASSETS

\$ 609,201

NET POSITION

Net investment in capital assets	\$ 123,205
Restricted	458,861
Unrestricted	<u>27,135</u>

TOTAL LIABILITIES AND NET POSITION

\$ 609,201

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

OPERATING REVENUES	
Hauler fees	\$ 2,025
Grant revenues	54,439
Total Operating Revenues	<u>56,464</u>
OPERATING EXPENSES	
Recycling	-
Administration	4,800
Education	7,800
Services and professional fees	14,885
Depreciation	18,414
Total Operating Expenses	<u>45,899</u>
OPERATING INCOME	10,565
NON-OPERATING REVENUES	
Interest income	1,180
Total Non-operating Revenues	<u>1,180</u>
INCREASE IN NET POSITION	11,745
NET POSITION, DECEMBER 31, 2022	<u>597,456</u>
NET POSITION, DECEMBER 31, 2023	<u><u>\$ 609,201</u></u>

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 2,025
Cash received from grants	54,439
Cash paid to suppliers	<u>(27,484)</u>
Net Cash Provided (Used) By Operating Activities	28,980
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,180</u>
Net Cash Provided By Investing Activities	<u>1,180</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	
	30,160
 CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	
	<u>455,836</u>
 CASH AND CASH EQUIVALENTS-END OF YEAR	
	<u><u>\$ 485,996</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 11,745
Depreciation	<u>18,414</u>
 NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES	
	<u><u>\$ 30,160</u></u>

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Mississippi County Regional Solid Waste Management District (the "District") received approval from the Arkansas Department of Environmental Quality (the "ADEQ") in February 1993 to form its own regional solid waste management district under Title 8, Chapter 6 of the Arkansas Code Annotated bringing together seventeen city governments and the County government. The District represents and serves the citizens of Mississippi County in ensuring that safe, efficient, economical and lawful solid waste disposal and management is available throughout the County. The District further provides educational programs to the County's citizens that allow the successful implementation of solid waste disposal and management.

The governing body of the District (the "Board") is comprised of the mayors of the participating cities and the county judge. Members will cease to serve on the Board when their terms as mayor or county judge expire.

Basis of presentation-fund accounting

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues, and expenses. 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 the financial statement in conformity with generally accepted accounting principles requires management to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Non-taxable status

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

Cash and cash equivalents

For the purpose of the statements of cash flows, the District considers all cash on hand and in banks and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

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.

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING 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 assets available, it is the Commission’s policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

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

Capital Assets

The cost of additions and major replacements of retired unites of property ware 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 and retired is deducted from capital assets and any profit and 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 replaces is charged to expense when incurred.

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

Equipment	10 Years
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NOTE 2: CUSTODIAL CREDIT RISK OF BANK DEPOSITS AND INVESTMENTS

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations of the principal and interest on which are fully guaranteed by the United States of America. As of December 31, 2023, all funds of the District were deposited in local banks.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. At year ended December 31, 2023, the District had bank deposits in the amount of \$485,996. Due to the dollar amounts of cash deposits and the limits of the Federal Deposit Insurance Corporation (FDIC), the District secured additional deposits by pledging securities held by the pledging financial institution’s trust department or agent resulting in no uninsured deposits at year ended as of December 31, 2023.

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3: RISK MANAGEMENT AND LITIGATION

Mississippi County Regional Solid Waste Management District is exposed to various risks of losses related to torts; theft 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. Management estimates that the amount of any actual or potential claims as of December 31, 2023, will not materially affect the financial condition of the District.

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2023 is as follows:

	<u>Balance 12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2023</u>
Capital assets being depreciated:				
Equipment	\$ 184,144	\$ -	\$ -	\$ 184,144
Less: accumulated depreciation depreciation for:				
Equipment	(42,525)	(18,414)	-	(60,939)
Total accumulated depreciation	(42,525)	(18,414)	-	(60,939)
Total capital assets, being depreciated, net	(42,525)	(18,414)	-	(60,939)
Total capital assets, net	<u>\$ 141,619</u>	<u>\$ (18,414)</u>	<u>\$ -</u>	<u>\$ 123,205</u>

Depreciation expense was \$18,414 for the year ended December 31, 2023.

NOTE 5: SUBSEQUENT EVENT

The District has evaluated subsequent events through July 29, 2024, the date which the financial statements were available to be issued.



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
Mississippi County Regional Solid
Waste Management District
Blytheville, 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 Mississippi County Regional Solid Waste Management District, as of and for the years ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 29, 2024.

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) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described below, we identified certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2023-01 that we consider to be material weakness.

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.

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 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 test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mississippi County Regional Solid Waste Management District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described above. The 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
Blytheville, Arkansas
July 29, 2024

**MISSISSIPPI COUNTY REGIONAL SOLID
WASTE MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Any material weakness(es) identified?

Yes No

Any significant deficiency(ies) identified?

Yes No

Any noncompliance material to financial statements noted?

Yes No

Section II - Financial Statement Findings

Finding: 2023-001

Material Weakness - Internal Control over Financial Reporting

Segregation of duties

Condition: Mississippi County Regional Solid Waste Mangement District does not have enough employees for the appropriate segregation of duties necessary for effective internal controls.

Criteria: Segregation of duties provides for independent review and approval of all transactions at various stages of the financial reporting process. Adequate segregation of duties is an essential part of an effective internal control structure.

Effect: Inadequate segregation of duties reduces the District's internal control over financial reporting, processing of transactions and safeguarding of assets.

Recommendation: The District's management should review all transactions, accounting records, and reconciliations in order to compensate for the limited number of employees. Such a review should be performed at least monthly and documented.

Views of responsible officials and planned corrective actions: Additional employees for the purpose of improving internal controls would not be cost-beneficial. Currently, all employees are supervised by management, and financial records and reports are reviewed monthly.