

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**Prairie Grove, Arkansas**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2021**  
**and**  
**INDEPENDENT AUDITOR'S REPORT**

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2021**

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**Berry & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**To the Board of Directors  
Boston Mountain Solid Waste District  
Prairie Grove, Arkansas**

**INDEPENDENT AUDITOR'S REPORT**

**Qualified Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Boston Mountain Solid Waste District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Boston Mountain Solid Waste District as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Qualified Opinion**

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 Boston Mountain Solid Waste 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 qualified opinion.

Management has not changed its method of accounting for pensions during the year ended December 31, 2021, by not adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. Accounting principles generally accepted in the United States of America require that the method of accounting be changed for GASB Statement No. 68. The amount by which this departure would affect the assets, net position, and revenues of the Boston Mountain Solid Waste District has not been determined.

**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, 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.

**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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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**Boston Mountain Solid Waste District  
Prairie Grove, Arkansas**

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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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 Boston Mountain Solid Waste 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boston Mountain Solid Waste District's ability to continue as a going concern for a reasonable period of time.

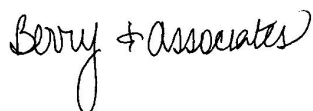
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 19 and 20 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2022, on our consideration of the 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 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 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.



BERRY & ASSOCIATES, P.A.  
Little Rock, Arkansas  
August 10, 2022

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

**ASSETS**

**CURRENT ASSETS**

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,338,058     |
| Accounts receivable       | 87,604           |
| Total Current Assets      | <u>1,425,662</u> |

**CAPITAL ASSETS**

|                                |                    |
|--------------------------------|--------------------|
| Land and buildings             | 2,050,404          |
| Property and equipment         | 2,044,383          |
| Less: accumulated depreciation | <u>(2,150,880)</u> |
| Net Fixed Assets               | <u>1,943,907</u>   |

**DEFERRED OUTFLOWS OF RESOURCES**

|                                      |               |
|--------------------------------------|---------------|
| Deferred asset retirement obligation | <u>20,350</u> |
|--------------------------------------|---------------|

|                     |                            |
|---------------------|----------------------------|
| <b>TOTAL ASSETS</b> | <b>\$ <u>3,389,919</u></b> |
|---------------------|----------------------------|

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|                                   |                  |
|-----------------------------------|------------------|
| Accounts payable                  | \$ 138,014       |
| Customer credits payable          | 851,986          |
| Salaries payable                  | 13,416           |
| Benefits and taxes payable        | 11,934           |
| Current portion of long-term debt | <u>50,800</u>    |
| Total Current Liabilities         | <u>1,066,150</u> |

**DEFERRED INFLOWS OF RESOURCES**

|                        |                |
|------------------------|----------------|
| Deferred grant revenue | <u>481,146</u> |
|------------------------|----------------|

**NONCURRENT LIABILITIES**

|   |                |
|---|----------------|
| Accrued compensated absences              | 49,297         |
| Long-term debt, net of current maturities | 230,053        |
| Asset retirement obligation               | <u>22,000</u>  |
| Total Noncurrent Liabilities              | <u>301,350</u> |

|                          |                         |
|--------------------------|-------------------------|
| <b>TOTAL LIABILITIES</b> | <b><u>1,848,646</u></b> |
|--------------------------|-------------------------|

**NET POSITION**

|                                  |                  |
|----------------------------------|------------------|
| Net investment in capital assets | 1,663,056        |
| Restricted                       | 477,798          |
| Unrestricted, (deficit)          | <u>(599,581)</u> |

|                           |                         |
|---------------------------|-------------------------|
| <b>TOTAL NET POSITION</b> | <b><u>1,541,273</u></b> |
|---------------------------|-------------------------|

|   |                            |
|---|----------------------------|
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ <u>3,389,919</u></b> |
|---|----------------------------|

The accompanying notes are an integral part of these statements.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

**PROGRAM REVENUES**

|                              |                  |
|------------------------------|------------------|
| Disposal assessment and fees | \$ 544,309       |
| Grants received              | 1,025,428        |
| Local contributions          | 119,684          |
| Service fees                 | 2,392,744        |
| Total Program Revenues       | <u>4,082,165</u> |

**EXPENSES**

|                               |                  |
|-------------------------------|------------------|
| Contractual services          | 1,938,381        |
| Grants passed through         | 354,436          |
| Administrative expenses       | 1,894,990        |
| Depreciation and amortization | 188,137          |
| Total Program Expenses        | <u>4,375,944</u> |
| Net Program Expenses          | <u>(293,779)</u> |

**GENERAL REVENUES**

|                                |               |
|--------------------------------|---------------|
| Interest income                | 3,497         |
| Interest expense               | (9,488)       |
| Gain on sale of capital assets | 14,000        |
| Miscellaneous                  | 4,062         |
| Total General Revenues         | <u>12,071</u> |

**CHANGE IN NET POSITION**

(281,708)

**NET POSITION - BEGINNING OF YEAR**1,822,981**NET POSITION - END OF YEAR**\$ 1,541,273

The accompanying notes are an integral part of these statements.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2021**

**OPERATIONS**

|   |                            |
|---|----------------------------|
| Net Change in Net Position                              | \$ (281,708)               |
| Adjustments Required to Net Cash Provided by Operations |                            |
| Depreciation  | 187,587                    |
| Provision for gain on disposal of capital assets        | (14,000)                   |
| Decrease in accrued compensated absences                | 18,542                     |
| Net Decrease in Assets                                  |                            |
| Accounts receivable                                     | (12,294)                   |
| Deferred outflow of resources                           | 550                        |
| Net (Decrease) Increase in Liabilities                  |                            |
| Accounts payable  | 63,397                     |
| Customer credits  | 140,194                    |
| Salaries payable  | 3,708                      |
| Benefits and taxes payable                              | (1,508)                    |
| Deferred grant revenue                                  | (142,984)                  |
| <b>Financing Activities</b>                             |                            |
| Principal payments on long-term debt                    | (45,020)                   |
| <b>Investing Activities</b>                             |                            |
| Proceeds from disposal of capital assets                | 14,000                     |
| Purchase of capital assets                              | (52,010)                   |
| Net cash used from investing activities                 | <u>(38,010)</u>            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>        | (121,546)                  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>     | <u>1,459,604</u>           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>           | <u><u>\$ 1,338,058</u></u> |

The accompanying notes are an integral part of these statements.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2021**

|   | General<br>Fund   | Recycling<br>Grant Fund | Waste Tire<br>Fund | Waste Hauler<br>Fund | Total               |
|---|-------------------|-------------------------|--------------------|----------------------|---------------------|
| <b>ASSETS</b>                                 |                   |                         |                    |                      |                     |
| Cash and cash equivalents                     | \$ 511,737        | \$ 546,444              | \$ 269,654         | \$ 10,223            | \$ 1,338,058        |
| Accounts receivable                           | 83,548            | -                       | 4,056              | -                    | 87,604              |
| Interfund receivable                          | 33,347            | 15,514                  | -                  | -                    | 48,861              |
| Total Assets                                  | <u>\$ 628,632</u> | <u>\$ 561,958</u>       | <u>\$ 273,710</u>  | <u>\$ 10,223</u>     | <u>\$ 1,474,523</u> |
| <b>LIABILITIES AND FUND BALANCE</b>           |                   |                         |                    |                      |                     |
| <b>LIABILITIES</b>                            |                   |                         |                    |                      |                     |
| Accounts payable                              | \$ 137,021        | \$ -                    | \$ 993             | \$ -                 | \$ 138,014          |
| Customer credits payable                      | -                 | -                       | 851,985            | -                    | 851,985             |
| Salaries payable                              | 13,416            | -                       | -                  | -                    | 13,416              |
| Interfund payable                             | 15,514            | -                       | 33,347             | -                    | 48,861              |
| Benefits and taxes payable                    | 11,935            | -                       | -                  | -                    | 11,935              |
| Unearned revenue                              | -                 | 481,146                 | -                  | -                    | 481,146             |
| Total Liabilities                             | <u>177,886</u>    | <u>481,146</u>          | <u>886,325</u>     | <u>-</u>             | <u>1,545,357</u>    |
| <b>FUND BALANCE</b>                           |                   |                         |                    |                      |                     |
| Restricted                                    | -                 | 80,812                  | (612,615)          | 10,223               | (521,580)           |
| Unassigned                                    | 450,746           | -                       | -                  | -                    | 450,746             |
| Total Fund Balance                            | <u>450,746</u>    | <u>80,812</u>           | <u>(612,615)</u>   | <u>10,223</u>        | <u>(70,834)</u>     |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCE</b> | <u>\$ 628,632</u> | <u>\$ 561,958</u>       | <u>\$ 273,710</u>  | <u>\$ 10,223</u>     | <u>\$ 1,474,523</u> |

The accompanying notes are an integral part of these statements.



**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**  
**For the Year Ended December 31, 2021**

|   | General<br>Fund   | Recycling<br>Grant Fund | Waste Tire<br>Fund  | Waste Hauler<br>Fund | Totals             |
|---|-------------------|-------------------------|---------------------|----------------------|--------------------|
| <b>REVENUES</b>                           |                   |                         |                     |                      |                    |
| Disposal assessment and fees              | \$ 544,309        | \$ -                    | \$ -                | \$ -                 | \$ 544,309         |
| Grants received                           | -                 | 400,044                 | 625,385             | -                    | 1,025,429          |
| Local contributions                       | 119,684           | -                       | -                   | -                    | 119,684            |
| Service fees                              | 2,301,823         | -                       | 90,921              | -                    | 2,392,744          |
| Interest earned                           | 1,574             | 1,369                   | 538                 | 17                   | 3,498              |
| Miscellaneous income                      | 2,220             | -                       | 1,841               | -                    | 4,061              |
| Capital inlay                             | -                 | 14,000                  | -                   | -                    | 14,000             |
| Total Revenues                            | <u>2,969,610</u>  | <u>415,413</u>          | <u>718,685</u>      | <u>17</u>            | <u>4,103,725</u>   |
| <b>EXPENDITURES</b>                       |                   |                         |                     |                      |                    |
| Contractual services                      | 1,654,281         | 1,376                   | 282,724             | -                    | 1,938,381          |
| Grants passed through                     | -                 | 354,436                 | -                   | -                    | 354,436            |
| Administrative expenses                   | 1,313,181         | -                       | 563,268             | -                    | 1,876,449          |
| Total Expenditures                        | <u>2,967,462</u>  | <u>355,812</u>          | <u>845,992</u>      | <u>-</u>             | <u>4,169,266</u>   |
| Debt Service:                             |                   |                         |                     |                      |                    |
| Bond principal                            | 45,020            | -                       | -                   | -                    | 45,020             |
| Bond interest                             | 9,488             | -                       | -                   | -                    | 9,488              |
| Capital Outlay                            | <u>5,684</u>      | <u>46,326</u>           | <u>-</u>            | <u>-</u>             | <u>52,010</u>      |
| <b>TOTAL EXPENDITURES</b>                 | <u>3,027,654</u>  | <u>402,138</u>          | <u>845,992</u>      | <u>-</u>             | <u>4,275,784</u>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <u>(58,044)</u>   | <u>13,275</u>           | <u>(127,307)</u>    | <u>17</u>            | <u>(172,059)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>     |                   |                         |                     |                      |                    |
| Transfers in (out)                        | <u>8,509</u>      | <u>(5,619)</u>          | <u>(2,925)</u>      | <u>35</u>            | <u>-</u>           |
| <b>NET CHANGE IN FUND BALANCES</b>        | <u>(49,535)</u>   | <u>7,656</u>            | <u>(130,232)</u>    | <u>52</u>            | <u>(172,059)</u>   |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>   | <u>500,281</u>    | <u>73,156</u>           | <u>(482,383)</u>    | <u>10,171</u>        | <u>101,225</u>     |
| <b>FUND BALANCES, END OF YEAR</b>         | <u>\$ 450,746</u> | <u>\$ 80,812</u>        | <u>\$ (612,615)</u> | <u>\$ 10,223</u>     | <u>\$ (70,834)</u> |

The accompanying notes are an integral part of these statements.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL  
FUND TYPES TO THE STATEMENT OF NET POSITION  
For the Year Ended December 31, 2021**

|               |    |          |
|---------------|----|----------|
| Fund Balances | \$ | (70,834) |
|---------------|----|----------|

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

|                          |    |                    |           |
|--------------------------|----|--------------------|-----------|
| Cost of Capital Assets   | \$ | 4,094,787          |           |
| Accumulated Depreciation |    | <u>(2,150,880)</u> |           |
| Total Capital Assets     |    |                    | 1,943,907 |

Some assets are not applicable in the current year and therefore are not reportable as assets in the funds.

|                                     |  |               |        |
|-------------------------------------|--|---------------|--------|
| Deferred outflow of resources - ARO |  | <u>20,350</u> | 20,350 |
|-------------------------------------|--|---------------|--------|

Some liabilities are not due and payable in the current year and therefore are not reportable as liabilities in the funds.

Those liabilities consist of:

|                                      |    |                 |                  |
|--------------------------------------|----|-----------------|------------------|
| Bonds payable                        | \$ | (280,853)       |                  |
| Asset retirement obligation          |    | (22,000)        |                  |
| Accrued compensated absences payable |    | <u>(49,297)</u> |                  |
|                                      |    |                 | <u>(352,150)</u> |

|   |    |                         |
|---|----|-------------------------|
| Net Position of Governmental Activities | \$ | <u><u>1,541,273</u></u> |
|---|----|-------------------------|

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

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

Net change in Fund Balances - total governmental funds \$ (172,059)

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds do not report expenditures for unpaid compensated absences since they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred regardless of when settlement actually occurs. (18,542)

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor payment of debt principal affect the Statement of Activities, but are reported as increases in noncurrent liabilities in the Statement of Position.

|                    |    |               |  |        |
|--------------------|----|---------------|--|--------|
| Principal payments | \$ | <u>45,020</u> |  | 45,020 |
|--------------------|----|---------------|--|--------|

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

|                                 |    |                  |  |                  |
|---------------------------------|----|------------------|--|------------------|
| Expenditures for capital assets | \$ | 52,010           |  |                  |
| Less current year depreciation  |    | <u>(187,587)</u> |  |                  |
|                                 |    |                  |  | <u>(135,577)</u> |

Asset Retirement Obligations are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of the Asset Retirement Obligation over their estimated useful lives as an amortization expense.

|                           |    |              |  |              |
|---------------------------|----|--------------|--|--------------|
| Current year amortization | \$ | <u>(550)</u> |  | <u>(550)</u> |
|---------------------------|----|--------------|--|--------------|

|                        |    |                  |  |  |
|------------------------|----|------------------|--|--|
| Change in Net Position | \$ | <u>(281,708)</u> |  |  |
|------------------------|----|------------------|--|--|

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

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Boston Mountain Solid Waste District (The District) is a political subdivision of the State of Arkansas as authorized by Act 752 of the Central Assembly of 1991, known as the "Joint County and Municipal Solid Waste Disposal Act." The District was formally established and recognized in November 1991 and began operations in early 1992. The mission of the district is the protection of public health and the state's environmental quality through the development and maintenance of a solid waste disposal program for the counties and cities of northwest Arkansas.

**Reporting Entity**

The District includes all funds over which the District exercises financial accountability. Financial accountability is determined based on the District's ability to impose its will on operations, to select the governing authority, and on the District Board of Directors' potential to provide financial benefits or to impose financial burdens on the District.

**Fund Types**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The District reports the following governmental funds:

General Fund - The general fund is used to account for all financial resources of the District except those that are required to be accounted for in another fund.

Recycling Grant Fund - The recycling grant fund is used to account for all designated recycling grant monies received for recycling programs.

Waste Tire Fund - The waste tire fund is used to account for all financial resources of the waste tire disposal program.

Litter Abatement Fund - The litter abatement fund is used to account for the recovery of illegal dumping clean up fees. The litter abatement fund is included with the general fund for reporting purposes.

Waste Hauler Fund - The waste hauler fund is used to account for fees paid by rural waste haulers to reimburse customers for prepaid services if the waste hauler goes out of business.

**Basis of Presentation and Accounting**

The accompanying financial statements of the District conform to United States Generally Accepted Accounting Principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB") and other recognized authoritative sources.

Governmental entities prepare two types of financial statements. One is a government-wide financial statements, which consist of the Statement of Net Position and a Statement of Activities. The other is governmental fund financial statements, which consist of a Balance Sheet - Governmental Funds and a Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. The Statement of Net Assets and Balance Sheet - Governmental funds, and the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds display information about the reporting entity as a whole.

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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 within the current period or soon enough thereafter to pay liabilities of the current period. Expenses generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long term debt and acquisitions under capital leases are reported as other financing sources.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, con't**

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, reconciliations are presented after the governmental fund statements which briefly explain the adjustments necessary to reconcile the Balance Sheet - Governmental Funds to the Statement of Net Position, and to reconcile the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

Income of the District is derived from the exercise of essential governmental functions and accrues to the District, a political subdivision of the State of Arkansas. It is, therefore, not subject to income taxes and, accordingly, no provision for income taxes has been made in the accompanying financial statements.

**Cash and Cash Equivalents**

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents.

**Accounts Receivable**

Accounts receivable are reported as the amount management expects to collect on balances outstanding at period-end. Accounts receivable at December 31, 2021, consisted of balances due from current funding sources. Based on management's assessment of the credit history of the grantors, it has been concluded that these balances outstanding at period-end will be fully collectible.

**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 \$1,000 and an estimated useful life in excess of two years. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. 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 included in operations. The cost of current repairs, maintenance, and minor replacements is charged to expense.

Depreciation is provided using the straight line method over the estimated useful lives of the assets which range from five to forty years.

**Unearned Revenue**

Unearned revenue consists of grant funds which have been received, but have not been expended.

**Compensated Absences**

The District has a policy whereby employees can accumulate unused sick and vacation leave. Sick leave is to be used for periods of illness and can be accrued up to 20 days; however, upon termination or retirement, the District will pay all accrued vacation days, but no accrued sick leave. None of the liability for compensated absences is expected to be liquidated with expendable available financial resources. Accordingly, compensated absences are accrued as a liability only in the government-wide financial statements.

**Long-Term Debt**

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the related debt. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred and not deferred. The face amount of the debt issued, premiums and discounts received on debt issues, are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, con't**

**Advertising**

The District follows the policy of charging advertising to expense as incurred. Advertising expense for the year ended December 31, 2021 was \$1,638.

**Fund Balance**

Fund balance is divided into two classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in the governmental funds. The classifications are as follows:

*Restricted* - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandates payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Unassigned* - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Budget Comparison**

The budget of the District is prepared only for revenues and expenditures of the General Fund and the Waste Tire Fund. The District does not include Depreciation in its calculation. Therefore the Statements of Revenues and Expenditures Comparison to Budget - General Fund and Waste Tire fund are presented on the basis of accounting used in the Fund Financial Statements.

The District does not budget for special revenue funds since budgetary control is maintained on an individual grant basis. Since grant periods may differ from the District's fiscal year, a comparison of budgetary information for the special revenue fund would not be meaningful and has not been presented in the accompanying financial statement.

**Date of Management's Review**

Subsequent events have been evaluated through August 10, 2022, which is the date the financial statements were available to be issued and management determined no additional disclosure was required.

**NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable primarily consist of disposal assessment fees to be collected from local landfill operators. Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts is \$0 at December 31, 2021, as management estimates all accounts receivable to be collectible.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 3 - RESTRICTED CASH**

Restricted cash held for specific purposes are as follows:

|                            |                   |
|----------------------------|-------------------|
| Recycling Grant Reserve    | \$ 546,444        |
| Waste Hauler Trust Reserve | 10,223            |
| Waste Tire Fund            | 268,754           |
| Total Restricted Cash      | <u>\$ 825,421</u> |

**NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provision of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; U.S. Treasury and U.S. Agencies and instrumentality bonds or other obligations; bonds of the State of Arkansas or by bonds of a political subdivision, therefore, which has never defaulted on any of its obligations, in an amount at least equal to the amount of such deposit or by a bond executed by a surety company authorized to do business in the State of Arkansas. The District maintains separate bank accounts, as required by state statutes.

The District's cash consists of deposits with financial institutions. State statutes govern the District's investment policies. Permissible investments include direct obligation of the U.S. Government, certificates of deposit and savings accounts. The District's deposits are recorded at cost. The carrying amount of deposits and certificates of deposit are displayed on the statement of net assets as cash.

At December 31, 2021, none of the District's deposits were exposed to custodial credit risk as uninsured or uncollateralized.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 was as follows:

| Description                | Balance at<br>December 31, 2020 | Additions           | Disposals/<br>Transfers | Balance at<br>December 31, 2021 |
|----------------------------|---------------------------------|---------------------|-------------------------|---------------------------------|
| Land                       | \$ 272,688                      | \$ -                | \$ -                    | \$ 272,688                      |
| WWC Facility               | 1,804,087                       | -                   | -                       | 1,804,087                       |
| District Equipment         | 370,011                         | 5,684               | -                       | 375,695                         |
| Recycling Equipment        | 689,130                         | 46,326              | (37,543)                | 697,913                         |
| Waste Tire Equipment       | 645,601                         | -                   | -                       | 645,601                         |
| Litter Abatement Equipment | 1,208                           | -                   | -                       | 1,208                           |
| Vehicles                   | 297,595                         | -                   | -                       | 297,595                         |
| Total Capital Assets       | 4,080,320                       | 52,010              | (37,543)                | 4,094,787                       |
| Accumulated Depreciation   | (2,000,836)                     | (187,587)           | 37,543                  | (2,150,880)                     |
| Net Capital Assets         | <u>\$ 2,079,484</u>             | <u>\$ (135,577)</u> | <u>\$ -</u>             | <u>\$ 1,943,907</u>             |

**NOTE 6 - RETIREMENT PLAN**

**Plan Description** – The Department contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employee System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, AR 72201 or by calling 1-800-682-7377.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 6 - RETIREMENT PLAN (con't)**

**Funding Policy** – APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Each participating employer is required by code to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The current employer rate is 15.32% of annual covered payroll. The District's plan contributions for the year ended December 31, 2021 were \$119,886.

**Implementation of GASB 68**

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which became effective with years beginning after June 15, 2014. The Statement establishes standards for public pension plan obligations for participating employers. Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report in the financial statements a net pension liability, deferred outflows or inflows of resources related to pensions, and pension expense based on its' proportionate share of the collective net pension liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and the actual investment return. These financial statements do not include the disclosure related to this accounting principal.

**NOTE 7 - CONCENTRATIONS**

The District's business activities are with cities located in Northwest Arkansas. Although the area's economy is diversified, all the accounts receivable and future revenue is associated with the above mentioned geographic region.

**NOTE 8 – DEFERRED REVENUE**

Grant revenue is recognized as income in the year it is expended. Deferred revenue activity for the year ended December 31, 2021 was as follows:

|  |                   |
|--|-------------------|
| Deferred Revenue, at December 31, 2020     | \$ 624,130        |
| Recycling grants received during 2021      | 226,465           |
| E-Waste grant funds expended during 2021   | (58,279)          |
| Recycling grant funds expended during 2021 | (306,261)         |
| Discretionary funds expended during 2021   | (4,909)           |
| Deferred Revenue, at December 31, 2021     | <u>\$ 481,146</u> |

**NOTE 9 – CUSTOMER CREDITS PAYABLE**

Customer credits payable is defined as the full amount due to the Department of Finance and Administration from new tire dealer within the District. The District receives a portion of this fee as a reimbursement grant for waste tire management and disposal. The customer credits payable had a balance of \$851,985 as of December 31, 2021.

**NOTE 10 – CERTAIN ASSET RETIREMENT OBLIGATIONS**

The District operates a transfer station for the transfer of solid waste to various landfills available in the surrounding area. Permits with the Arkansas Department of Environmental Quality estimate disposal costs based upon the given capacity of the transfer station. Based upon current usage, the estimated closure cost would be \$22,000. The District estimates a remaining useful life of 40 years. The District has recognized \$22,000 as an asset retirement obligation (ARO) with an associated deferred outflow of resources of \$20,350 as of December 31, 2021. Amortization of the ARO totaled \$550, for the year ended December 31, 2021.

**Implementation of GASB 83**

In December 2016, GASB issued *Statement No. 83, Certain Asset Retirement Obligations*, which became effective with years beginning after June 15, 2018. The Statement establishes recognition and measurement guidance for assets not covered by existing GASB standards. Under the new guidance, a government with a legal obligation for future asset retirement activities for tangible capital assets would be required to recognize a liability in its financial statements. GASB hopes to reduce inconsistency in current reporting, enhance comparability between governments and improve financial statement disclosures.



**BOSTON MOUNTAIN SOLID WASTE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 11 - LONG-TERM DEBT:**

Long-term debt at December 31, 2021 consists of the following:

|   | <u>Total</u>      |
|---|-------------------|
| Waste Disposal Revenue Bonds, Series<br>2017, issued March 30, 2017 secured by<br>assets and revenue, due semiannual installments<br>of \$29,732, with interest at 3.42%. (1) | \$ 280,853        |
| Less Current Portion  | <u>(50,800)</u>   |
| Long-Term Portion   | <u>\$ 230,053</u> |

(1) The waste disposal revenue bonds have no restrictive covenants.

Future debt service payments are as follows:

|      | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|------|-------------------|------------------|-------------------|
| 2022 | \$ 50,800         | \$ 8,663         | \$ 59,463         |
| 2023 | 52,600            | 6,863            | 59,463            |
| 2024 | 54,400            | 5,063            | 59,463            |
| 2025 | 56,300            | 3,163            | 59,463            |
| 2026 | 58,300            | 1,163            | 59,463            |
| 2027 | 8,453             | 632              | 9,085             |
|      | <u>\$ 280,853</u> | <u>\$ 25,547</u> | <u>\$ 306,400</u> |

Long-term liability activity for the years ended December 31, 2021 is as follows:

|               | <u>Balance<br/>1/1/2021</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance<br/>12/31/2021</u> | <u>Due Within<br/>One Year</u> |
|---------------|-----------------------------|------------------|--------------------|-------------------------------|--------------------------------|
| Revenue Bonds | \$ 325,873                  | \$ -             | \$ (45,020)        | \$ 280,853                    | \$ 50,800                      |

The District has pledged future customer revenues, net of specified operating expenses, to repay \$280,853 in revenue bonds. Proceeds from the bonds were used for constructing the District's office. Principal and interest on the bonds are payable through 2027, solely from the customer net revenues. Principal and interest paid in the year ended December 31, 2021 were \$45,020 and \$9,488 respectively.



**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***

**Independent Auditor's Report**

We have audited, 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, the financial statements of the Boston Mountain Solid Waste District, (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated August 10, 2022.

**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.

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 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 in 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item number 2021-001 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Board of Directors of  
Boston Mountain Solid Waste District**

**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.

A handwritten signature in cursive script that reads "Berry & Associates". The signature is written in black ink and is positioned above the printed name and address.

Berry & Associates, P.A.  
Little Rock, Arkansas  
August 10, 2022

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2021**

**2021-001 Internal Control – Segregation of Duties**

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping and those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently the same individual who is responsible for service billing, receives customer payments, and posts payments to subsidiary accounts receivable ledger. This finding was also noted in 2019.

Cause: The District's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to utility billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: We recommend that management and the Board of Directors should consider a formal evaluation of their risks associated with this lack of duty segregation over cash and receivables. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight. For example, the entity might consider soliciting the assistance of an independent volunteer to perform certain functions including to act as compensating procedures where applicable.

View of Responsible Officials: The District concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the District has made certain changes in procedures that will improve the overall lack of segregation of duties and has implemented compensating procedures as applicable.

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES AND EXPENDITURES COMPARISON  
TO BUDGET - GENERAL FUND  
For the Year Ended December 31, 2021**

|   | Budgeted Amounts  |                   |                    | Variance with       |
|---|-------------------|-------------------|--------------------|---------------------|
|   | Original          | Final             | Actual             | Final Budget        |
| <b>REVENUES</b>                           |                   |                   |                    |                     |
| Disposal assessment and fees              | \$ 550,739        | \$ 550,739        | \$ 544,309         | \$ (6,430)          |
| Local contributions                       | 119,195           | 119,195           | 119,684            | 489                 |
| Service fees                              | 2,623,189         | 2,623,189         | 2,301,823          | (321,366)           |
| Interest earned                           | 1,547             | 1,547             | 1,574              | 27                  |
| Miscellaneous income                      | 1,827             | 1,827             | 2,220              | 393                 |
| Total Revenues                            | <u>3,296,497</u>  | <u>3,296,497</u>  | <u>2,969,610</u>   | <u>(326,887)</u>    |
| <b>EXPENDITURES</b>                       |                   |                   |                    |                     |
| Contractual services                      | 1,473,625         | 1,473,625         | 1,654,281          | (180,656)           |
| Administrative expenses                   | 1,384,899         | 1,384,899         | 1,313,181          | 71,718              |
| Bond payments                             | -                 | -                 | 54,508             | (54,508)            |
| Capital outlay                            | 39,000            | 39,000            | 5,684              | 33,316              |
| Total Expenditures                        | <u>2,897,524</u>  | <u>2,897,524</u>  | <u>3,027,654</u>   | <u>(130,130)</u>    |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <u>\$ 398,973</u> | <u>\$ 398,973</u> | <u>\$ (58,044)</u> | <u>\$ (457,017)</u> |

**BOSTON MOUNTAIN SOLID WASTE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES AND EXPENDITURES COMPARISON  
TO BUDGET - WASTE TIRE FUND  
For the Year Ended December 31, 2021**

|   | Budgeted Amounts |                  |                     | Variance with       |
|---|------------------|------------------|---------------------|---------------------|
|   | Original         | Final            | Actual              | Final Budget        |
| <b>REVENUES</b>                           |                  |                  |                     |                     |
| Grants received                           | \$ 585,000       | \$ 585,000       | \$ 625,385          | \$ 40,385           |
| Trailer rental                            | 28,800           | 28,800           | -                   | (28,800)            |
| Service fees                              | 76,200           | 76,200           | 90,921              | 14,721              |
| Interest earned                           | 500              | 500              | 538                 | 38                  |
| Miscellaneous income                      | -                | -                | 1,841               | 1,841               |
| Recycling commodity sales                 | 500              | 500              | -                   | (500)               |
| Total Revenues                            | <u>691,000</u>   | <u>691,000</u>   | <u>718,685</u>      | <u>27,685</u>       |
| <b>EXPENDITURES</b>                       |                  |                  |                     |                     |
| Contractual services                      | 270,000          | 270,000          | 282,724             | (12,724)            |
| Administrative expenses                   | 366,728          | 366,728          | 563,268             | (196,540)           |
| Capital outlay                            | 42,000           | 42,000           | -                   | 42,000              |
| Total Expenditures                        | <u>678,728</u>   | <u>678,728</u>   | <u>845,992</u>      | <u>(167,264)</u>    |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <u>\$ 12,272</u> | <u>\$ 12,272</u> | <u>\$ (127,307)</u> | <u>\$ (139,579)</u> |