BOSTON MOUNTAIN SOLID WASTE DISTRICT
Prairie Grove, Arkansas
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2025
and
INDEPENDENT AUDITOR'S REPORT

BOSTON MOUNTAIN SOLID WASTE DISTRICT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2025

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Prairie Grove, Arkansas

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Qualified Opinions
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, 2025, 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" section of the report, 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, 2025, 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 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 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.

Matter Giving Rise to the Qualified Opinion
Management has not changed its method of accounting for pensions during the year ended December 31, 2025, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Boston Mountain Solid Waste District
Prairie Grove, Arkansas

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.

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 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 20 and 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 part of the basic 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 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.

Boston Mountain Solid Waste District
Prairie Grove, Arkansas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2026, 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 the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Berry + Associates

BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
July 31, 2026

BOSTON MOUNTAIN SOLID WASTE DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS		
Cash and cash equivalents	$	1,592,925
Accounts receivable		156,787
Total Current Assets		1,749,712
CAPITAL ASSETS		
Land and buildings		2,103,064
Property and equipment		2,476,442
Less: accumulated depreciation		(2,602,883)
Net Fixed Assets		1,976,623
TOTAL ASSETS		3,726,335
DEFERRED OUTFLOWS OF RESOURCES		
Deferred asset retirement obligation		18,150
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	3,744,485

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	$	687,333
Salaries payable		38,582
Benefits and taxes payable		20,888
Current portion of long-term debt		58,100
Total Current Liabilities		804,903
NONCURRENT LIABILITIES		
Accrued compensated absences		69,624
Long-term debt, net of current maturities		7,397
Asset retirement obligation		22,000
Total Noncurrent Liabilities		99,021
TOTAL LIABILITIES		903,924
DEFERRED INFLOWS OF RESOURCES		
Deferred grant revenue		452,600
NET POSITION		
Net investment in capital assets		1,911,126
Restricted (deficit)		(85,622)
Unrestricted		562,457
TOTAL NET POSITION		2,387,961
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	3,744,485

The accompanying notes are an integral part of these statements.

BOSTON MOUNTAIN SOLID WASTE DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

PROGRAM REVENUES		
Disposal assessment and fees	$	971,608
Grants received		210,066
Local contributions		129,359
Service fees		5,291,620
Total Program Revenues		6,602,653
EXPENSES		
Contractual services		4,455,450
Grants passed through		210,284
Administrative expenses		1,988,426
Depreciation and amortization		191,448
Total Program Expenses		6,845,608
Net Program Expenses		(242,955)
GENERAL REVENUES		
Interest income		39,788
Interest expense		(1,897)
Gain on sale of capital assets		6,447
Miscellaneous income		49,358
Total General Revenues		93,696
CHANGE IN NET POSITION		(149,259)
NET POSITION - BEGINNING OF YEAR		2,537,220
NET POSITION - END OF YEAR	$	2,387,961

BOSTON MOUNTAIN SOLID WASTE DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

OPERATIONS		
Net Change in Net Position	$	(149,259)
Adjustments Required to Net Cash Provided by Operations		
Depreciation		190,898
Provision for gain on sale of capital assets		(6,447)
Decrease in accrued compensated absences		(3,674)
Net Decrease in Assets		
Accounts receivable		55,789
Deferred outflow of resources		550
Net Increase in Liabilities		
Accounts payable		111,487
Salaries payable		7,029
Benefits and taxes payable		4,759
Deferred grant revenue		94,233
Financing Activities		
Principal payments on long-term debt		(57,566)
Investing Activities		
Proceeds from sale of capital assets		34,577
Purchase of capital assets		(128,337)
Net cash used from investing activities		(93,760)
NET INCREASE IN CASH AND CASH EQUIVALENTS		154,039
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,438,886
CASH AND CASH EQUIVALENTS, END OF YEAR	$	1,592,925

The accompanying notes are an integral part of these statements.

BOSTON MOUNTAIN SOLID WASTE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Recycling Grant Fund	Waste Tire Fund	Waste Hauler Fund	Total
ASSETS					
Cash and cash equivalents	$ 925,919	$ 548,287	$ 107,954	$ 10,765	$ 1,592,925
Accounts receivable	150,436	-	6,351	-	156,787
Interfund receivable	290,486	15,514	-	-	306,000
Total Assets	$ 1,366,841	$ 563,801	$ 114,305	$ 10,765	$ 2,055,712
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	$ 102,040	$ 2,989	$ 582,304	$ -	$ 687,333
Salaries payable	38,582	-	-	-	38,582
Interfund payable	15,514	-	290,486	-	306,000
Benefits and taxes payable	20,888	-	-	-	20,888
Unearned revenue	-	452,600	-	-	452,600
Total Liabilities	177,024	455,589	872,790	-	1,505,403
FUND BALANCE					
Restricted, (deficit)	-	108,212	(758,485)	10,765	(639,508)
Unassigned	1,189,817	-	-	-	1,189,817
Total Fund Balance, (Deficit)	1,189,817	108,212	(758,485)	10,765	550,309
TOTAL LIABILITIES AND FUND BALANCE	$ 1,366,841	$ 563,801	$ 114,305	$ 10,765	$ 2,055,712

The accompanying notes are an integral part of these statements.

BOSTON MOUNTAIN SOLID WASTE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2025

	General Fund	Recycling Grant Fund	Waste Tire Fund	Waste Hauler Fund	Totals
REVENUES					
Disposal assessment and fees	$ 971,608	$ -	$ -	$ -	$ 971,608
Grants received	-	210,066	-	-	210,066
Local contributions	129,359	-	-	-	129,359
Service fees	3,160,812	-	2,130,808	-	5,291,620
Interest earned	24,100	10,375	5,025	288	39,788
Miscellaneous income	5,430	-	43,928	-	49,358
Capital inlay	12,403	22,174	-	-	34,577
Total Revenues	4,303,712	242,615	2,179,761	288	6,726,376
EXPENDITURES					
Contractual services	2,287,563	-	2,167,887	-	4,455,450
Grants passed through	-	210,284	-	-	210,284
Administrative expenses	1,469,206	-	522,895	-	1,992,101
Total Expenditures	3,756,769	210,284	2,690,782	-	6,657,835
Debt Service:					
Bond principal	57,566	-	-	-	57,566
Bond interest	1,897	-	-	-	1,897
Capital Outlay	128,337	-	-	-	128,337
TOTAL EXPENDITURES	3,944,569	210,284	2,690,782	-	6,845,635
REVENUES OVER (UNDER) EXPENDITURES	359,143	32,331	(511,021)	288	(119,259)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	26,772	(29,187)	2,415	-	-
NET CHANGE IN FUND BALANCES	385,915	3,144	(508,606)	288	(119,259)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	803,902	105,068	(249,879)	10,477	669,568
FUND BALANCES (DEFICIT), END OF YEAR	$ 1,189,817	$ 108,212	$ (758,485)	$ 10,765	$ 550,309

BOSTON MOUNTAIN SOLID WASTE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
December 31, 2025

Fund Balances		$ 550,309
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	$ 4,579,506	
Accumulated Depreciation	(2,602,883)	
Total Capital Assets		1,976,623
Some assets are not applicable in the current year and therefore are not reportable as assets in the funds.		
Deferred outflow of resources - ARO	18,150	
		18,150
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	$ (65,497)	
Asset retirement obligation	(22,000)	
Accrued compensated absences payable	(69,624)	
		(157,121)
Net Position of Governmental Activities		$ 2,387,961

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, 2025

Net change in Fund Balances - total governmental funds		$ (119,259)
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.		3,675
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	$ 57,566	
		57,566
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	$ 128,337	
Proceeds from sale of capital assets	(34,577)	
Gain on disposal of capital assets	6,447	
Less current year depreciation	(190,898)	
		(90,691)
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	$ (550)	
		(550)
Change in Net Position		$ (149,259)

The accompanying notes are an integral part of these statements.

BOSTON MOUNTAIN SOLID WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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 General 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 Position 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2025, 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 not 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.

Advertising

The District follows the policy of charging advertising to expense as incurred. Advertising expense for the year ended December 31, 2025 was $550.

BOSTON MOUNTAIN SOLID WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 expense 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 July 31, 2026, which is the date the financial statements were available to be issued. Based on this evaluation, no events were identified that require disclosure or adjustment in the accompanying financial statements.

Leases
The District calculates operating leases using the implicit interest rate, or their incremental borrowing rate if the lease rate is not determinable. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

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, 2025, as management estimates all accounts receivable to be collectible.

BOSTON MOUNTAIN SOLID WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 3 - RESTRICTED CASH

Restricted cash held for specific purposes are as follows:

Recycling Grant Reserve	$	548,287
Waste Hauler Trust Reserve		10,765
Waste Tire Fund		107,954
Total Restricted Cash	$	667,006

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 Districts 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, 2025, none of the Districts deposits were exposed to custodial credit risk as uninsured or uncollateralized.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

Description		Balance at December 31, 2024		Additions		Disposals/ Transfers		Balance at December 31, 2025
Land	$	272,688	$	-	$	-	$	272,688
WWC Facility		1,827,589		38,838		-		1,866,427
District Equipment		910,773		3,371		(77,406)		836,738
Recycling Equipment		678,738		-		(93,125)		585,613
Waste Tire Equipment		645,601		-		(33,741)		611,860
Litter Abatement Equipment		1,208		-		-		1,208
Vehicles		386,398		89,499		(70,925)		404,972
Assets Not Yet in Service		3,371		-		(3,371)		-
Total Capital Assets		4,726,366		131,708		(278,568)		4,579,506
Accumulated Depreciation		(2,659,052)		(190,898)		247,067		(2,602,883)
Net Capital Assets	$	2,067,314	$	(59,190)	$	(31,501)	$	1,976,623

NOTE 6 - RETIREMENT PLAN

Plan Description. The District 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, 2025

NOTE 6 - RETIREMENT PLAN, continued:

Funding Policy. APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 6% as of July 1, 2025. 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, 2025 were $150,970.

Requirements. GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which establishes standards for public pension plan obligations for participating employers. 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, 2025 was as follows:

Deferred Revenue, at December 31, 2024	$	358,367
Grant reimbursements received during 2025		3,244
Recycling grants received during 2025		300,853
E-Waste grant funds expended during 2025		(56,741)
Recycling grant funds expended during 2025		(144,641)
Discretionary funds expended during 2025		(8,482)
Deferred Revenue, at December 31, 2025	$	452,600

NOTE 9 – COMMITMENTS

The District entered into an agreement with the Used Tire Program One to be the program administrator for one of four Used Tire Programs in the State. The initial term of the contract was for one year, with a mutual option to renew the contract for up to five additional one-year terms. The District's contract to remain the program administrator for Arkansas Used Tire Program One has been renewed through April 2027.

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 $18,150 as of December 31, 2025. Amortization of the ARO totaled $550 for the year ended December 31, 2025.

Requirements. GASB issued *Statement No. 83, Certain Asset Retirement Obligations*, which establishes recognition and measurement guidance for assets not covered by existing GASB standards. Under this 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, 2025

NOTE 11 - LONG-TERM DEBT:

Long-term debt at December 31, 2025 consists of the following:

		Total
Waste Disposal Revenue Bonds, Series 2017, issued March 30, 2017 secured by assets and revenue, due semiannual installments of $29,732, with interest at 3.42%. (1)	$	65,497
Less Current Portion		(58,100)
Long-Term Portion	$	7,397

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

Future debt service payments are as follows:

		Principal		Interest		Total
2026	$	58,100	$	1,363	$	59,463
2027		7,397		29		7,426
	$	65,497	$	1,392	$	66,889

Long-term liability activity for the year ended December 31, 2025 is as follows:

		Balance 1/1/2025		Additions		Retirements		Balance 12/31/2025		Due Within One Year
Revenue Bonds	$	123,063	$	-	$	(57,566)	$	65,497	$	58,100

The District has pledged future customer revenues, net of specified operating expenses, to repay $65,497 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, 2025 were $57,566 and $1,897 respectively.

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
Boston Mountain Solid Waste District
Prairie Grove, Arkansas

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, 2025, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated July 31, 2026.

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.

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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item number 2025-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors of
Boston Mountain Solid Waste District

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 in the accompanying schedule of findings and responses. 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.

Berry & Associates

Berry & Associates, P.A.
Little Rock, Arkansas
July 31, 2026

BOSTON MOUNTAIN SOLID WASTE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
December 31, 2025

2025-001 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 2024.

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, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Disposal assessment and fees	$ 780,000	$ 780,000	$ 971,608	$ 191,608
Local contributions	129,359	129,359	129,359	-
Service fees	3,119,000	3,121,323	3,160,812	39,489
Interest earned	25,610	23,287	24,100	813
Capital inlay	-	-	12,403	12,403
Miscellaneous income	1,500	1,500	5,430	3,930
Total Revenues	4,055,469	4,055,469	4,303,712	248,243
EXPENDITURES				
Contractual services	2,050,000	2,080,632	2,287,563	(206,931)
Administrative expenses	1,666,769	1,637,458	1,469,206	168,252
Bond payments	-	-	59,463	(59,463)
Capital outlay	85,000	83,679	128,337	(44,658)
Total Expenditures	3,801,769	3,801,769	3,944,569	(142,800)
REVENUES OVER (UNDER) EXPENDITURES	$ 253,700	$ 253,700	$ 359,143	$ 105,443

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, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Service fees	$ 2,013,000	$ 2,010,031	$ 2,130,808	$ 120,777
Interest earned	4,000	6,969	5,025	(1,944)
Miscellaneous income	40,000	40,000	43,928	3,928
Total Revenues	2,057,000	2,057,000	2,179,761	122,761
EXPENDITURES				
Contractual services	1,564,382	1,438,033	2,167,887	(729,854)
Administrative expenses	307,518	433,867	522,895	(89,028)
Total Expenditures	1,871,900	1,871,900	2,690,782	(818,882)
REVENUES OVER (UNDER) EXPENDITURES	$ 185,100	$ 185,100	$ (511,021)	$ (696,121)