

**BENTON COUNTY REGIONAL SOLID WASTE
MANAGEMENT DISTRICT**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020



**BENTON COUNTY REGIONAL SOLID WASTE
MANAGEMENT DISTRICT
DECEMBER 31, 2020**

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Independent Auditors' Report

To the Board of Directors
Benton County Regional Solid Waste Management District
Bentonville, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County Regional Solid Waste Management District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County Regional Solid Waste Management District as of December 31, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and supplemental information for cost-sharing employer pension plans on pages 29 through 32 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 financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 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 Information

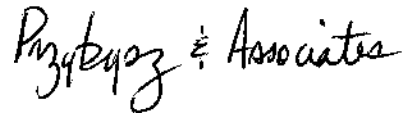
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements on pages 33 and 34 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

**Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 28, 2022**

BASIC FINANCIAL STATEMENTS

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2020	
Assets	Governmental Activities
Current Assets	
Cash and cash equivalents	\$ 516,555
Restricted cash	448,212
Accounts receivable	120,021
Other receivables	1,327
Prepaid expenses	4,910
Total Current Assets	1,091,025
Capital Assets, Net	732,221
Total Assets	1,823,246
Deferred Outflows of Resources	
Deferred amounts related to pension	148,375
Total Deferred Outflows	148,375
Liabilities	
Current Liabilities	
Accounts payable	26,966
Accrued payroll and related liabilities	13,259
Sales tax payable	740
Accrued compensated absences	32,088
Deferred grant revenue	363,899
Total Current Liabilities	436,952
Non-current Liabilities	
Net pension liability	648,529
Total Non-current Liabilities	648,529
Total Liabilities	1,085,481
Deferred Inflows of Resources	
Deferred amounts related to pension	40,939
Total Deferred Inflows	40,939
Net Position	
Net investment in capital assets	732,221
Restricted	68,453
Unrestricted	44,527
Total Net Position	\$ 845,201

See accompanying notes to financial statements.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Charges For Services	Program Revenues		Governmental Activities	Net (Expense) Revenue & Change In Net Assets
			Operating Grants & Contributions	Capital Grants & Contributions		
Governmental Activities						
Administration	\$ 519,406	\$ 433,112	\$ 413	\$ -	\$	(85,881)
Recycling	377,736	-	207,800	220,641		50,705
Tire	422,301	10,786	392,122	-		(19,393)
Compost	55,804	2,914	5,762	-		(47,128)
Total Governmental Activities	1,375,247	446,812	606,097	220,641		(101,697)
General Revenues:						
Per capita fees						110,670
Hauler license fees						8,238
Rental income						19,105
Interest income						1,082
Loss on asset disposal						(442)
Other						12,036
Total General Revenues and Transfers						150,689
Change In Net Position						48,992
Net Position, Beginning of Year, as originally stated						919,444
Prior period adjustment						(123,235)
Net Position, Beginning of Year, restated						796,209
Net Position, End of Year					\$	845,201

See accompanying notes to financial statements.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2020						
	General Fund	Recycling Fund	Tire Fund	Other Government Funds	Total Governmental Funds	
Assets						
Cash and cash equivalents	\$ 451,635	\$ -	\$ 51,913	\$ 13,007	\$	516,555
Restricted cash	-	427,284	-	20,928		448,212
Accounts receivable	21,337	-	98,684	-		120,021
Due to / (from) other funds	146,483	(88,699)	(44,777)	(13,007)		-
Advances to / (from other funds)	18,000	-	(18,000)	-		-
Other receivables	1,327	-	-	-		1,327
Prepaid expenses	4,910	-	-	-		4,910
Total Assets	\$ 643,692	\$ 338,585	\$ 87,820	\$ 20,928	\$	1,091,025
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 11,985	\$ 2,810	\$ 12,171	-	\$	26,966
Accrued payroll and related liabilities	13,259	-	-	-		13,259
Sales tax payable	740	-	-	-		740
Deferred grant revenue	-	363,899	-	-		363,899
Total Liabilities	25,984	366,709	12,171	-		404,864
Fund Balances						
Nonspendable	4,910	-	-	-		4,910
Spendable:						
Restricted	-	(28,124)	75,649	20,928		68,453
Committed	131,550	-	-	-		131,550
Unassigned	481,248	-	-	-		481,248
Total Fund Balances	617,708	(28,124)	75,649	20,928		686,161
Total Liabilities and Fund Balances	\$ 643,692	\$ 338,585	\$ 87,820	\$ 20,928	\$	1,091,025

See accompanying notes to financial statements.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

AS OF DECEMBER 31, 2020

Total Fund Balances - Governmental Funds	\$	686,161
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Amounts reported for governmental *activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,598,115 and the accumulated depreciation is \$865,894.

732,221

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows and outflows related to pensions are not reported in the governmental funds.

Net pension liability

(648,529)

Deferred inflows of resources related to pension

(40,939)

Deferred outflows of resources related to pension

148,375

Some liabilities are not due and payable in the current period, and therefore are not reported as a liability in the funds. All liabilities, both due in one year and due in more than one year, are reported in the statement of net position.

Compensated absences

(32,088)

Total Net Position - Governmental Activities

\$ 845,201

See accompanying notes to financial statements.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Recycling Fund	Tire Fund	Other Government Funds	Eliminations	Total Governmental Funds
Revenues						
Waste assessment	\$ 238,605	\$ -	\$ -	\$ -	\$ -	238,605
Grants	-	428,441	392,085	-	-	820,526
Grants allocated	206,687	-	-	5,762	(212,449)	-
Sale of recyclables	103,269	-	-	2,914	-	106,183
Per capita fees	110,670	-	-	-	-	110,670
Charges for services	91,238	-	10,786	-	-	102,024
Rental income	-	-	19,105	-	-	19,105
Hauler license fees	8,238	-	-	-	-	8,238
Interest	515	471	45	51	-	1,082
Donations	413	-	37	-	-	450
Other income	11,624	-	-	412	-	12,036
Total Revenues	771,259	428,912	422,058	9,139	(212,449)	1,418,919
Expenditures						
Administration	588,858	-	292,241	48,912	(212,449)	717,562
Recycling	-	166,887	-	-	-	166,887
Electronic waste	-	162,400	-	-	-	162,400
Contractual services	49,236	-	90,624	-	-	139,860
Education	3,615	-	-	-	-	3,615
Capital outlays	116,165	-	18,060	-	-	134,225
Total Expenditures	757,874	329,287	400,925	48,912	(212,449)	1,324,549
Excess of Revenues Over (Under) Expenditures	13,385	99,625	21,133	(39,773)	-	94,370
Other Financing Sources						
Operating transfers in / (out)	60,225	(116,165)	-	55,940	-	-
Total Other Financing Sources	60,225	(116,165)	-	55,940	-	-
Change in Fund Balance	73,610	(16,540)	21,133	16,167	-	94,370
Fund Balance at Beginning of Year	544,098	(11,584)	54,516	4,761	-	591,791
Fund Balance at End of Year	\$ 617,708	\$ (28,124)	\$ 75,649	\$ 20,928	\$ -	\$ 686,161

See accompanying notes to financial statements.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Total Net Change in Fund Balances - Governmental Funds \$ 94,370

**Amounts reported for governmental *activities* in the statement of
activities are different because:**

Capital outlays are reported in governmental funds expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$134,225 exceeds depreciation expense of \$97,883 during the year. 36,342

In the statement of activities, the net gain on the sale/disposal of capital assets is reported, whereas in the governmental funds, only the proceeds from the sale of capital assets is recorded as a financial resource. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold or disposed. (442)

Governmental funds report agency pension contributions as expenditures. Some items reported in the Statement of Activities represent a change in net position that applies to future periods and includes the difference between expected and actual experience, changes in assumptions, expected earnings on plan investment, and employer contributions that are not recognized as an outflow or inflow until a future period and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

District pension contributions	61,514	
Cost of benefits earned net of employee contributions	(139,909)	(78,395)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. The current year adjustment represents the increase in the accrued compensated absences balance. (2,883)

Change in Net Position of Governmental Activities \$ 48,992

See accompanying notes to financial statements.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

a. Reporting Entity

The Benton County Regional Solid Waste Management 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 January 2005 and began operations in the same year. The District is responsible for assisting citizens with proper management of solid waste, including all garbage and recoverable resources created by households, commercial sites and institutions. The District's mission is to support a high quality of life for the citizens of Benton County, Arkansas, by providing a comprehensive, responsive, environmentally-safe, efficient, and cost-effective solid waste management program through the operation and oversight of an integrated solid waste management system focused on aggressive reduction, reuse and recycling programs and proper disposal of all other solid waste materials.

For financial reporting purposes, conformance with the governmental accounting standards board, the District includes all funds, account groups, departments, agencies, boards, commissions and other organizations over which the District exercises oversight responsibility. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

b. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

b. Basic Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. All other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the District has only governmental type funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

As 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 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.

Governmental funds include the following fund types:

The General Fund is the District's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District has the following special revenue funds:

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

The Waste Hauler Fund is used to account for funds held in trust to assist citizens when a waste hauler discontinues service which was prepaid by the customer.

The Community Environmental Education Center (CEEC) Fund is used to account for grant monies received for educational projects.

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

The Compost Fund is used to account for all financial resources of the new composting program for yard waste started in 2019. Unfortunately the program was not successful and ceased in 2020.

The Transfer Station Fund is used to account for funds related to the transfer station program. The transfer station program had been operating at a deficit for a number of years and the District decided to close all transfer stations in 2019.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities, and Net Assets or Equity

Accounts Receivable

Accounts receivable in governmental funds and governmental activities include revenue accruals such as grants and other disposal and service fees, since they are usually both measurable and available. Interest and investment earnings are recorded when earned, only if paid within sixty days, since they would be considered both measurable and available at the fund level. Management believes that all receivables are collectible, therefore no allowance for doubtful accounts is necessary at year-end.

Interfund Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds."

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

Capital assets

Capital assets, which include buildings, equipment, and vehicles are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities, and Net Assets or Equity (continued)

Capital assets (continued)

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	<u>LIFE</u>
Land	N/A
Buildings	7 - 40 Years
Equipment	3 - 15 Years
Vehicles	5 Years

In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position has a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The District recognizes deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recognizes deferred inflows of resources related to pensions.

Deferred Grant Revenue

Deferred grant revenues consist of restricted grant funds which have been received but have not been expended.

Compensated absences

Employees earn paid time off in varying amounts based upon length of service with the District. In general, employees can carryforward up to one year of unused hours from year to year. Upon termination from the District, employees are paid all unused paid time off hours.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities, and Net Assets or Equity (continued)

Compensated absences (continued)

The District recognizes its obligation relating to employees' rights to receive compensation for future absences attributable to employees' service already rendered. These rights are accumulated and paid up to a maximum of 40 hours.

At December 31, 2020, the District had \$32,088 accrued for compensated absences. All such compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured (i.e., unused leave still outstanding following an employee's resignation or retirement).

Net Position and Fund Balances

Government-Wide Statements:

The government-wide statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position and unrestricted net position.

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Unrestricted net position represents net position that is not restricted because of constraints imposed by external parties or imposed by laws of other governments or related to the acquisition and construction of capital assets. Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of net position amounts, restricted resources are considered spent before unrestricted.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities, and Net Assets or Equity (continued)

Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the District. The board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the board.

Assigned - includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Board action or management decision when the Board has delegated authority.

Unassigned - all other spendable amounts.

The District does not have a policy addressing whether it considers restricted, committed, or unassigned to have been spent when expenditures are incurred for purposes when restricted, committed and unassigned balances are available. District personnel decide which resources to use at the time the expenditures are incurred. For classification of fund balance amounts, committed amounts would be reduced first, followed by assigned amounts and then unassigned

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. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities, and Net Assets or Equity (continued)

Budgetary principles

GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the basic financial statements. These statements must display original budget, amended budget and actual results.

The District is required to prepare a budget for the General Fund and its two major special revenue funds which are the Recycling and Tire Funds. The District prepares budgets for the General Fund and Tire Funds. The District does not prepare a budget for the Recycling Fund since budgetary control is maintained on an individual grant basis. Since the grant periods may differ from the District's fiscal year, a comparison of budgetary information for the Recycling Fund would not be meaningful and has not been presented in the accompanying financial statements.

2. Bank Deposits

The District follows the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S Treasury, U.S. agencies or instrumentalities or the state of Arkansas. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

Custodial credit risk is the risk that in the event of a bank failure, a District's deposits may not be recovered. At December 31, 2020, all of the District's deposits were insured and/or collateralized. The bank balances and carrying amount of the District's deposits held were as follows:

As of December 31, 2020	Bank Balance	Carrying Amount
Insured	\$ 250,000	\$ 250,000
Collateralized - held by pledging bank or pledging bank's trust department in the District's name	698,847	686,002
Cash on hand		28,765
Total	\$ 948,847	\$ 964,767

Deposits as reported in the following statement of net position captions:

As of December 31, 2020	
Cash and cash equivalents	\$ 516,555
Restricted checking and savings accounts	448,212
Total	\$ 964,767

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. Restricted Assets

Restricted cash and cash equivalent accounts consist of unspent restricted grant funds received.

As Of December 31, 2020	
Recycling Fund	\$ 427,284
Community Environmental Education Center Fund	10,762
Waste Hauler Trust Reserve	10,166
Total restricted cash and cash equivalents	\$ 448,212

4. Accounts Receivable

Accounts receivable of governmental activities consists of the following:

	General Fund		Tire Fund		Total Governmental Funds
As of December 31, 2019					
State grants	\$	-	\$	98,612	\$ 98,612
County program fees / reimbursements		19,506		-	19,506
Other		1,831		72	1,903
Total	\$	21,337	\$	98,684	\$ 120,021

5. Intercompany Balances and Transfers

Due to (from) balances are mainly reimbursements for wages and related taxes and benefits paid by the General Fund on behalf of the other funds and are broken out as follows:

	Due To		Due (From)		Total
General Fund					
from Recycling Fund	\$	88,699	\$	-	\$ 88,699
from (to) Tire Fund		45,840		(1,063)	44,777
from Compost Fund		13,007		-	13,007
Recycling Fund					
to General Fund		-		(88,699)	(88,699)
Tire Fund					
from (to) to General Fund		1,063		(45,840)	(44,777)
Transfer Compost Fund					
to General Fund		-		(13,007)	(13,007)
Total	\$	148,609	\$	(148,609)	\$ -

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Intercompany Balances and Transfers (continued)

Advances to the Tire Fund from the General Fund is for a loan to fund operations dating back to 2015. The Tire Fund generally makes annual payments of \$10,000 towards payment on the loan. The Tire Fund paid \$10,000 during the year ended December 31, 2020 leaving a balance owed the General Fund of \$18,000.

Interfund transfers are used to fund operations and capital outlay expenditures. Transfers were also made to the Compost Fund to close the fund due to the cessation of the program. The composition of interfund transfers as of December 31, 2020 is as follows:

	Transfers In	Transfers (Out)	Net Transfers
Transfer to (from)			
General Fund			
from Recycling Fund	\$ 116,165	\$ -	\$ 116,165
from Transfer Station	2	-	2
to Compost Fund	-	(45,942)	(45,942)
to Restricted Reserve	-	(27,184)	(27,184)
Restricted Reserve Fund			
from General Fund	27,184	-	27,184
to Compost Fund		(10,000)	(10,000)
Recycling Fund			
to General Fund	-	(116,165)	(116,165)
Compost Fund			
from Restricted Fund	10,000	-	10,000
from the General Fund	45,942	-	45,942
Transfer Station Fund			
to General Fund	-	(2)	(2)
Total	\$ 199,293	\$ (199,293)	\$ -

6. Changes In Capital Assets / Prior Period Adjustment

A prior period adjustment was made to remove capital assets that were purchased in the prior year for other cities. The effect of this adjustment was to decrease net capital assets and net investment in capital assets by \$123,235 in the government-wide statement of net position. This adjustment does not affect fund balance in the balance sheet - government funds as capital assets are not recorded in fund financial statements.

The beginning balances in the following table have been adjusted to reflect this adjustment.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

6. Changes In Capital Assets / Prior Period Adjustment (continued)

Capital asset activity for government activities for the year ended December 31, 2020, was as follows:

	January 1, 2020	Additions	Retirements	December 31, 2020
Capital assets, not being depreciated				
Land	\$ 73,041	\$ -	\$ -	\$ 73,041
Total capital assets, not being depreciated	73,041	-	-	73,041
Capital assets, being depreciated				
Buildings	669,884	-	-	669,884
Equipment	676,926	104,582	48,715	732,793
Vehicles	108,754	29,643	16,000	122,397
Total capital assets, being depreciated	1,455,564	134,225	64,715	1,525,074
Total capital assets	1,528,605	134,225	64,715	1,598,115
Less accumulated depreciation:				
Buildings	222,235	24,339	-	246,574
Equipment	501,295	70,086	48,273	523,108
Vehicles	108,754	3,458	16,000	96,212
Total accumulated depreciation	832,284	97,883	64,273	865,894
Total capital assets, being depreciated, net	623,280	36,342	442	659,180
Governmental activities, capital assets, net	\$ 696,321	\$ 36,342	\$ 442	\$ 732,221

Depreciation expense for governmental activities is charged to functions as follows:

Administration	\$ 32,287
Recycling	48,449
Tire	17,147
Total Depreciation	\$ 97,883

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

7. Deferred Grant Revenue

Advances from state awarding agencies before year end for which the related expenses have not been incurred are recorded as deferred revenue. Activity of deferred grant revenue is as follows:

	January 1, 2020	Grant Awards	Grant Expenditures	December 31, 2020
E-Waste	\$ 263,278	\$ 59,643	\$ (202,212)	\$ 120,709
Recycling	245,216	224,203	(226,229)	243,190
Tire	-	392,085	(392,085)	-
Total	\$ 508,494	\$ 675,931	\$ (820,526)	\$ 363,899

8. Pension Plan

Arkansas Public Employees Retirement Systems (APERS)

Plan Description

The District participates in the Arkansas Public Employees Retirement Systems (APERS). APERS is a cost-sharing, multiple employer, defined benefit plan which covers all State employees who are not covered by another authorized plan. The plan was established by the authority of the Arkansas General Assembly with passage of Act 177 of 1957. The costs of administering the plan are paid out of investment earnings.

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

The state of Arkansas issues an annual 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 West Capitol, Suite 400, Little Rock, Arkansas 72201.

Summary of Significant Accounting Policies

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

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Pension Plan (continued)

Benefits Provided

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

Contributory, prior to 7/1/2005	2.07%
Contributory, on or after 7/1/2005, but prior to 7/1/2007	2.03%
Contributory, on or after 7/1/207	2.00%
Non-Contributory	1.72%

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

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

Members may retire with a reduced benefit at age 55 with at least 5 years of actual service at age 55 or at any age with 25 years of service.

Members are eligible for disability benefits with 5 years of service. Disability benefits are computed as an age and service benefit, based on service and pay at disability. Death benefits are paid to a surviving spouse as if the member had 5 years of service and the monthly benefit is computed as if the member had retired and elected the Joint & 75% Survivor option. A cost-of-living adjustment of 3% of the current benefit is added each year.

Contributions

Contribution requirements are set forth in Arkansas Code Annotated, Title 24, Chapter 4. The contributions are expected to be sufficient to finance the costs of benefits earned by members during the year and make a level payment that, if paid annually over a reasonable period of future years, will fully cover the unfunded costs of benefit commitments for services previously rendered (A.C.A. 24-2-701)(a)). Members who began service prior to July 1, 2005 are not required to make contributions to APERS. Members who began service on or after July 1, 2005 are required to contribute 5% of their salary. Employers are required to contribute at a rate established by the Board of Trustees of APERS based on an actuary's determination of a rate required to fund the plan (A.C.A. 24-2-701(c)(3)). Employers contributed 15.32% of compensation for the APERS fiscal year ended June 30, 2020. In some cases, an additional 2.5% of member and employer contributions are required for elected officials.

Contributions made by the District were \$61,514 for the year ended December 31, 2020. Employees are not required to contribute to the plan.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Pension Plan (continued)

APERS Fiduciary Net Position

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

Timing of the Valuation

The collective Net Pension Liability was measured as of June 30, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. Each employer's proportion of the Net Pension Liability was based on the employer's share of contributions to the pension plan relative to the total contributions of all participating employers. Based on this information, the District's proportionate share was 0.02264745%.

There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of June 30, 2020 and the District's report ending date of December 31, 2020, that would have had a significant impact on the net pension liability.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Wage Inflation Rate	3.25%
Salary Increases	3.25% – 9.85%
Investment Rate of Return	7.15%
Mortality Rate Table	RP-2006 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017

All other actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017, and were applied to all prior periods included in the measurement.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Pension Plan (continued)

Long-term Expected Rate of Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 to 2029 were based upon capital market assumptions provided by the plan's investment consultant. For each major asset class that is included in the pension plan's current asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

Asset Allocation	Target	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Assets	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
	<u>100%</u>	
Total Real Rate of Return		4.93%
Plus: Price Inflation - Actuary's Assumption		<u>2.50%</u>
Net Expected Return		7.43%

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the June 30, 2020 valuation, the expected rate of return on pension plan investments is 7.15%; the municipal bond rate is 2.45% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"; and the resulting single discount rate is 7.15%.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Pension Plan (continued)

Single Discount Rate (continued)

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

Sensitivity of the net pension liability to changes in the discount rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.15%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage point higher:

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
Net Pension Liability	\$ 987,757	\$ 648,529	\$ 368,588

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions

At December 31, 2020, the District had an accrued liability of \$5,112 for the District's legally required contributions. The District's proportionate share of pension expense was \$144,489 for the year ended December 31, 2020. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,609	\$ 429
Changes in assumptions	8,126	11,112
Net difference between projected and actual earnings on pension plan investments	68,623	
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,389	29,398
District contributions subsequent to the measurement date	28,628	-
Total	\$ 148,375	\$ 40,939

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Pension Plan (continued)

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions (continued)

\$28,628 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021, any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Increase in Pension Expense
2021	\$ 16,960
2022	22,033
2023	19,963
2024	19,852
	\$ 78,808

Activity for the net pension liability for the year ended December 31, 2020 is as follows:

	January 1, 2020	Additions	December 31, 2020	Due Within One Year
Net pension liability	\$ 586,790	\$ 61,739	\$ 648,529	\$ -
Total	\$ 586,790	\$ 61,739	\$ 648,529	\$ -

9. Fund Balances

The following is a summary of the Governmental Fund fund balances of the District at December 31, 2020:

As of December 31, 2020	Governmental Funds			
	Major			Other Funds
	General	Recycling Fund	Tire Fund	
Nonspendable:				
Prepaid items	\$ 4,910	\$ -	\$ -	\$ -
Restricted for:				
Recycling program	-	(28,124)	-	-
Tire program	-	-	75,649	-
CEEC program	-	-	-	10,762
Waste hauler program	-	-	-	10,166
Committed:				
Restricted Fund -				
emergency surplus reserves	131,550	-	-	-
Unassigned	481,248	-	-	-
Total Fund Balance	\$ 617,708	\$ (28,124)	\$ 75,649	\$ 20,928

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

9. Fund Balances

The Recycling Fund has a deficit fund balance of \$28,124 at December 31, 2020.

10. Concentrations

Approximately 58% of the funding for the District's programs is from governmental grants from the Arkansas Department of Environmental Quality (ADEQ). Any significant loss of this funding could negatively impact the District's operations. In 2020, the District stopped receiving funding from ADEQ for its electronic waste program which represented approximately 14% of the District's total revenues during the year ended December 31, 2020. To offset the negative impact this would have on the District's electronic waste program, the District commenced charging residents for each electronic waste item disposed.

11. Related Party Transactions

The District contracts for equipment and repairs and maintenance with a company owned by a relative of the District's Director. The District paid \$13,059 to this company during the year ended December 31, 2020. At December 31, 2020, the District did not owe anything to this company for repairs.

12. Risk Management

The District is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of losses as well as other risks of loss such as workers' compensation insurance, general liability and property insurance.

There has been no significant reduction in the District's insurance coverage from the previous year. In addition, there have been no settlements in excess of the District's coverage in any of the prior three fiscal years.

13. Litigation

The District has been involved in two lawsuits arising in the ordinary course of business. Both lawsuits relate to the proper collection and distribution of waste assessment fees pursuant to Arkansas Code Annotated 8-6-714.

The first lawsuit, which arose in 2016, was ultimately resolved in January 2020, when the Arkansas Supreme Court declined to hear the District's appeal. Solid waste fees collected from Benton County citizens and businesses between May 2016 and December 2019, totaling approximately \$650,000, that had been held in escrow, were awarded to a neighboring district pursuant to the decision of the Arkansas Court of Appeals issued in October 2019.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

13. Litigation (continued)

In January 2020, the District received emergency approval from the State's Legislative Council changing the structure of the solid waste fees collected by the District. The second lawsuit followed shortly thereafter disputing the District's authority to change the fee structure. The disputed solid waste fees totaling approximately \$600,000 were initially ordered held in full by the Circuit Court. However, the District received an uncontested portion of the fees totaling \$98,041 in January 2021.

In November 2021, the Circuit Court of Washington County ruled that the District did not have the authority to change the fee structure and to distribute \$203,666 of the remain \$505,374 of funds held in escrow to the District. The District has appealed the ruling. The District's legal counsel cannot opine that an unfavorable result is either probable or remote nor estimate any range of potential loss.

Both lawsuits have had a negative impact on the District's operations and cash flows. As the District must operate on a balanced budget, they have had to cut program expenses or seek additional funding sources for programs.

14. COVID-19

The Coronavirus Disease 2019 (COVID-19), declared by the World Health Organization as a pandemic in March 2020, continues to cause worldwide economic disruption and uncertainty. In connection with the outbreak, governments and organizations have imposed containment and mitigation efforts involving quarantines, social distancing and limits on public gatherings. The District closed to the public for approximately one month in March 2020 which likely contributed to the lack of success of the new Compost program. Staffing shortages were an issue as employees had to be tested and quarantined for exposure to the virus. Finding individuals to fill open positions was also difficult as stimulus payments and enhanced unemployment benefits made it less attractive for employees to enter the workforce. Additional expenses were also incurred to ensure Centers of Disease Control safety guidelines. The District continues to monitor its operations, liquidity, and capital resources to minimize the current and future impact of this unprecedented situation.

15. Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2020 through March 28, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
Revenues				
Waste assessment	\$ 469,917	\$ 238,605	\$ 238,605	\$ -
Grants allocated	119,235	206,687	206,687	-
Sale of recyclables	53,491	103,099	103,269	170
Per capita fees	110,670	110,670	110,670	-
Charges for services	50,096	91,238	91,238	-
Hauler license fees	7,000	8,238	8,238	-
Interest	-	-	515	515
Donations	-	-	413	413
Other income	7,500	12,257	11,624	(633)
Total Revenues	817,909	770,794	771,259	465
Expenditures				
Administration	679,572	614,692	588,858	(25,834)
Contractual services	57,750	45,463	49,236	3,773
Education	17,647	3,615	3,615	-
Capital outlays	31,000	3,104	116,165	113,061
Total Expenditures	785,969	666,874	757,874	91,000
Excess of Revenues Over (Under) Expenditures	31,940	103,920	13,385	(90,535)
Other Financing Sources				
Operating transfers out	-	-	60,225	60,225
Total Other Financing Sources	-	-	60,225	60,225
Change in Fund Balance	31,940	103,920	73,610	(30,310)
Fund Balance at Beginning of Year	544,098	544,098	544,098	-
Fund Balance at End of Year	\$ 576,038	\$ 648,018	\$ 617,708	\$ (30,310)

See independent auditor's report.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE - TIRE FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
Revenues				
Grants	\$ 382,091	\$ 392,085	\$ 392,085	\$ -
Charges for services	7,000	11,101	10,786	(315)
Rental income	32,000	19,105	19,105	-
Interest	-	-	45	45
Donations	-	-	37	37
Other income	200	63	-	(63)
Total Revenues	421,291	422,354	422,058	(296)
Expenditures				
Administration	324,682	320,270	292,241	(28,029)
Contractual services	95,000	90,624	90,624	-
Education	975	-	-	-
Capital outlays	250	-	-	-
Total Expenditures	420,907	410,894	382,865	(28,029)
Excess of Revenues Over (Under) Expenditures	384	11,460	39,193	27,733
Change in Fund Balance	384	11,460	39,193	27,733
Fund Balance at Beginning of Year	54,516	54,516	54,516	-
Fund Balance at End of Year	\$ 54,900	\$ 65,976	\$ 93,709	\$ 27,733

See independent auditor's report.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION FOR COST-SHARING EMPLOYER PLANS ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEMS

FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.02264745%	0.02432263%	0.02214763%	0.02104148%	0.01848891%	0.01187420%	0.01016913%
District's proportionate share of the net pension liability	\$ 648,529	\$ 586,790	\$ 488,562	\$ 543,741	\$ 442,134	\$ 218,691	\$ 144,291
District's covered-employee payroll	\$ 411,995	\$ 450,047	\$ 449,186	\$ 379,234	\$ 334,986	\$ 210,678	\$ 179,792
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.41%	130.38%	108.77%	143.38%	131.99%	103.80%	80.25%
Plan fiduciary net position as a percentage of the total pension liability	78.38%	78.55%	79.59%	75.65%	75.50%	80.39%	84.15%

Schedule of Required Contributions

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 63,117	\$ 68,947	\$ 66,255	\$ 54,989	\$ 48,573	\$ 31,096	\$ 26,753
Contributions in relation to the contractually required contribution	\$ (67,698)	\$ (71,307)	\$ (61,190)	\$ (54,989)	\$ (48,573)	\$ (31,096)	\$ (26,753)
Contribution deficiency (excess)	\$ (4,581)	\$ (2,360)	\$ 5,065	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 411,995	\$ 450,047	\$ 449,186	\$ 379,234	\$ 334,986	\$ 210,678	\$ 179,792
Contributions as a percentage of covered-employee payroll	16.43%	15.84%	13.62%	14.50%	14.50%	14.76%	14.88%

See independent auditor's report.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION FOR COST-SHARING EMPLOYER PLANS ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEMS

FOR THE YEAR ENDED DECEMBER 31, 2020

Notes to Required Supplemental Information for Cost-Sharing Employer Plans

1. The schedules are intended to show 10 years - additional information will be presented as it becomes available.
2. Changes in benefits: None
3. Changes in actuarial assumptions:

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Single Discount Rate	7.15%	7.15%	7.15%	7.15%	7.50%	7.50%	7.75%
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%	7.50%	7.50%	7.75%
Municipal Bond Rate	2.45%	3.13%	3.62%	3.56%	2.85%	3.80%	4.29%
Source: 20-Bond GO Index							
Inflation	3.25% wage	3.25% wage	3.25% wage	3.25% wage	3.25% wage	3.25% wage	3.75% wage
Period	2.50% price	2.50% price	2.50% price	2.50% price	2.50% price	2.50% price	2.75% price
Salary Increases	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.25% - 9.85%	3.75% - 10.35%
Mortality Table	Based on RP-2006 weighted generational mortality tables for healthy annuitant disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017	Based on RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017.	Based on RP-2014 weighted generational mortality tables for healthy annuitant, disability, or employee death in service, as applicable. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using scale MP-2017.	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females	Based on RP-2000 Combined healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS - BY FUND

AS OF DECEMBER 31, 2020

	General Fund	Recycling Fund	Tire Fund	Waste Hauler Fund	CEEC Fund	Compost Fund	Transfer Station Fund	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 451,635	\$ -	\$ 51,913	\$ -	\$ -	\$ 13,007	\$ -	\$ 516,555
Restricted cash	-	427,284	-	10,166	10,762	-	-	448,212
Accounts receivable	21,337	-	98,684	-	-	-	-	120,021
Due to / (from) other funds	146,483	(88,699)	(44,777)	-	-	(13,007)	-	-
Advances to / (from other funds)	18,000	-	(18,000)	-	-	-	-	-
Other receivables	1,327	-	-	-	-	-	-	1,327
Prepaid expenses	4,910	-	-	-	-	-	-	4,910
Total Assets	\$ 643,692	\$ 338,585	\$ 87,820	\$ 10,166	\$ 10,762	\$ -	\$ -	\$ 1,091,025
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 11,985	\$ 2,810	\$ 12,171	\$ -	\$ -	\$ -	\$ -	\$ 26,966
Accrued payroll and related liabilities	13,259	-	-	-	-	-	-	13,259
Sales tax payable	740	-	-	-	-	-	-	740
Deferred grant revenue	-	363,899	-	-	-	-	-	363,899
Total Liabilities	25,984	366,709	12,171	-	-	-	-	404,864
Fund Balances								
Nonspendable	4,910	-	-	-	-	-	-	4,910
Spendable:								
Restricted	-	(28,124)	75,649	10,166	10,762	-	-	68,453
Committed	131,550	-	-	-	-	-	-	131,550
Unassigned	481,248	-	-	-	-	-	-	481,248
Total Fund Balances	617,708	(28,124)	75,649	10,166	10,762	-	-	686,161
Total Liabilities and Fund Balances	\$ 643,692	\$ 338,585	\$ 87,820	\$ 10,166	\$ 10,762	\$ -	\$ -	\$ 1,091,025

See independent auditor's report.

BENTON COUNTY REGIONAL SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - BY FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Recycling Fund	Tire Fund	Waste Hauler Fund	CEEC Fund	Compost Fund	Transfer Station Fund	Eliminations	Total Governmental Funds
Revenues									
Waste assessment	\$ 238,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	238,605
Grants	-	428,441	392,085	-	-	-	-	-	820,526
Grants allocated	206,687	-	-	-	-	5,762	-	(212,449)	-
Sale of recyclables	103,269	-	-	-	-	2,914	-	-	106,183
Per capita fees	110,670	-	-	-	-	-	-	-	110,670
Charges for services	91,238	-	10,786	-	-	-	-	-	102,024
Rental income	-	-	19,105	-	-	-	-	-	19,105
Hauler license fees	8,238	-	-	-	-	-	-	-	8,238
Interest	515	471	45	21	22	8	-	-	1,082
Donations	413	-	37	-	-	-	-	-	450
Other income	11,624	-	-	-	-	412	-	-	12,036
Total Revenues	771,259	428,912	422,058	21	22	9,096	-	(212,449)	1,418,919
Expenditures									
Administration	588,858	-	292,241	-	-	48,912	-	(212,449)	717,562
Recycling	-	166,887	-	-	-	-	-	-	166,887
Electronic waste	-	162,400	-	-	-	-	-	-	162,400
Contractual services	49,236	-	90,624	-	-	-	-	-	139,860
Education	3,615	-	-	-	-	-	-	-	3,615
Capital outlays	116,165	-	18,060	-	-	-	-	-	134,225
Total Expenditures	757,874	329,287	400,925	-	-	48,912	-	(212,449)	1,324,549
Excess of Revenues Over (Under) Expenditures	13,385	99,625	21,133	21	22	(39,816)	-	-	94,370
Other Financing Sources									
Operating transfers in / (out)	60,225	(116,165)	-	-	-	55,942	(2)	-	-
Total Other Financing Sources	60,225	(116,165)	-	-	-	55,942	(2)	-	-
Change in Fund Balance	73,610	(16,540)	21,133	21	22	16,126	(2)	-	94,370
Fund Balance at Beginning of Year	544,098	(11,584)	54,516	10,145	10,740	(16,126)	2	-	591,791
Fund Balance at End of Year	\$ 617,708	\$ (28,124)	\$ 75,649	\$ 10,166	\$ 10,762	\$ -	\$ -	\$ -	686,161

See independent auditor's report.

ADDITIONAL REPORT



**Independent Auditors' Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With *Government Auditing Standards***

To the Board of Directors
Benton County Regional Solid Waste Management District
Bentonville, Arkansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County Regional Solid Waste Management District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 28, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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*.

Purpose of this Report

This 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 District's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
March 28, 2022