

OZARK MOUNTAIN SOLID WASTE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**OZARK MOUNTAIN SOLID WASTE DISTRICT
JUNE 30, 2021 AND 2020**

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MANAGEMENT DISCUSSION AND ANALYSIS

The management of Ozark Mountain Solid Waste District (the District) offers all persons interested in the financial position of this District this narrative overview and analysis of the District's financial performance during the year ended June 30, 2021. You are invited to read this narrative in conjunction with the District's financial statements.

The District implemented the requirements of Governmental Accounting Standards Board Statement Number 34 (GASB 34) during fiscal year ended June 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District is governed by a Board of Directors (the Board), which consists of the Mayors and County Judges in the District. The District was organized for the purpose of protecting the public health and environmental quality of Northwest Arkansas by establishing regional solid waste management and planning. Accounting records for the District are maintained according to generally accepted accounting standards and in accordance with the Governmental Accounting Standards Board.

This annual report includes management's discussion and analysis, the independent auditor's report, and the financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District's grants and user charges are sufficient for operations.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities, and provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

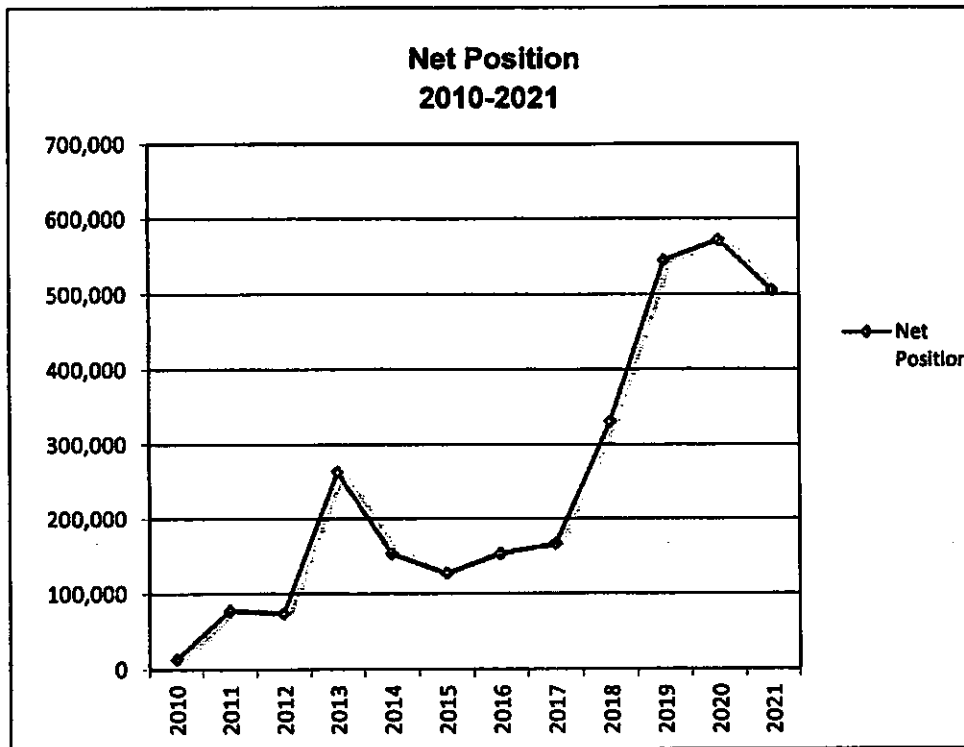
FINANCIAL HIGHLIGHTS

The District's total net position decreased by \$67,118 as a result of the year ended June 30, 2021 operations.

Total operating revenues, generated mostly from program income, tipping fees and grants, decreased \$345,497 or 42.30% from the prior year. This decrease was mainly from a decrease in recycling and waste tire grants and tipping fees.

Total operating expenses decreased \$251,263 or 31.82% over the prior year. This decrease was due mainly to program and grant expenses.

GRAPH OF NET POSITION



LONG-TERM DEBT

As of June 30, 2021 the District had no long-term debt.

CAPITAL ASSETS

The District, at June 30, 2021 had \$57,339 invested in capital assets, which consists of trailers. The trailers were fully depreciated as of June 30, 2021.

ECONOMIC FACTORS AND FUTURE PLANNING

The District has maintained project and financial planning to keep pace with its growth and maintenance. Program, grant and fee revenues are also reviewed on a consistent basis to ensure that required services are provided. The District considered these factors and others in preparing their 2022 budget.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our clients with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the office at Ozark Mountain Solid Waste District, 927 West Rush Avenue, Harrison, Arkansas 72601.

JOHN LANGHAM & CO.

CERTIFIED PUBLIC ACCOUNTANTS

820 South 21st Street

Fort Smith, AR 72901

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
OZARK MOUNTAIN SOLID WASTE DISTRICT
HARRISON, ARKANSAS 72601**

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Ozark Mountain Solid Waste District (the District), as of and for the years ended June 30, 2021 and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, except as outlined in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 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.

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

As discussed in Note 1, the financial statements present only the net position and changes in net position and cash flows of the entity commonly referred to as the Ozark Mountain Solid Waste District, and does not include Nabors Hauling and Landfill, and therefore do not purport to, and do not present fairly the net position of Ozark Mountain Solid Waste District as a whole, as of June 30, 2021 and 2020 and the changes in its net position, or where applicable, its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.


CERTIFIED PUBLIC ACCOUNTANTS

FORT SMITH, ARKANSAS
SEPTEMBER 04, 2023

**OZARK MOUNTAIN SOLID WASTE DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 345,198	\$ -
Accounts receivable	184,962	766,342
TOTAL CURRENT ASSETS	530,160	766,342
RESTRICTED ASSETS		
Cash	63,723	-
	63,723	-
PROPERTY AND EQUIPMENT		
Equipment	57,339	57,339
Less accumulated depreciation	(57,339)	(57,339)
	0	0
TOTAL ASSETS	\$ 593,883	\$ 766,342

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ 25,397	\$ 75,653
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Grant funds undisbursed	63,723	118,808
TOTAL CURRENT LIABILITIES	89,120	194,461
NET POSITION		
Unrestricted	504,763	571,881
TOTAL NET POSITION	504,763	571,881
TOTAL LIABILITIES AND NET POSITION	\$ 593,883	\$ 766,342

See Independent Auditors' Report and Notes to Financial Statements

**OZARK MOUNTAIN SOLID WASTE DISTRICT
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Program Income	\$ 4,000	\$ 5,950
Tipping fees	55,994	120,176
Recycling Grants	113,038	135,165
Waste Tire Grants	263,777	455,596
Computer and Electronic Waste Grants	30,071	97,115
Other Income	4,364	2,739
TOTAL OPERAING REVENUES	<u>471,244</u>	<u>816,741</u>
OPERATING EXPENSES		
Program and grant expenses	90,989	145,545
Nabors landfill expenses	27,247	145,185
Tire disposal expenses	314,218	374,402
Legal and accounting fees	34,630	50,782
Contract services	60,674	59,725
Other expenses	10,604	13,986
TOTAL OPERATING EXPENSES	<u>538,362</u>	<u>789,625</u>
CHANGE IN NET POSITION	<u>(67,118)</u>	<u>27,116</u>
NET POSITION, BEGINNING OF YEAR	<u>571,881</u>	<u>544,765</u>
NET POSITION, END OF YEAR	<u>\$ 504,763</u>	<u>\$ 571,881</u>

See Independent Auditors' Report and Notes to Financial Statements

**OZARK MOUNTAIN SOLID WASTE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS OPERATING ACTIVITIES		
Change in Net Position	\$ (67,118)	\$ 27,116
Adjustments to reconcile change in net position to net cash provided by operating activities:		
(Increase) decrease in assets:		
Accounts receivable	581,381	(581,795)
Restricted assets	(63,723)	107,486
Increase (decrease) in liabilities:		
Accounts payable	(50,256)	(5,687)
Grant funds undisbursed	(55,086)	11,321
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	345,198	(441,559)
NET INCREASE (DECREASE) IN CASH	345,198	(441,559)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	441,559
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 345,198	\$ -
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -

See Independent Auditors' Report and Notes to Financial Statements

**OZARK MOUNTAIN SOLID WASTE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

The Ozark Mountain Solid Waste District, formerly Northwest Arkansas Regional Solid Waste Management District, (the District) was formed under the Arkansas Act No. 752 of the 1991 acts of the General Assembly of Arkansas. The purpose of the District is the protection of the public health and the state's environmental quality through the development and maintenance of a solid waste district for the counties of Baxter, Boone, Marion, Newton, and Searcy.

The financial statements present only the portion of the entity commonly referred to as the District, excluding Nabors Hauling and Landfill, and its assets, liabilities and contingencies, and therefore do not purport to, and do not, present fairly the net position of the Ozark Mountain Solid Waste District as a whole, as of June 30, 2021 and 2020, and the changes in net position, or where applicable, its cash flows for the years ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the District have been prepared in accordance with Generally Accepted Accounting Principals (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements.

In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements-and-Management's Discussion and Analysis-for State and Local Governments.

The financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Organization's overall financial position and results of operation.

Financial statements prepared using full accrual accounting for all the District's activities, including infrastructure.

A change in the fund financial statements to focus on the major funds.

BASIC FINANCIAL STATEMENTS

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

**OZARK MOUNTAIN SOLID WASTE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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. Expenditures are recorded when the related fund liability is incurred.

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.

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources of government.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Cash Equivalents

The District considers both restricted and unrestricted demand deposits, certificates of deposit, and money market funds to be cash equivalents. In addition, all highly liquid investments with maturities of three months or less from the date of purchase are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for uncollectibles and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. No reserve for uncollectibles is recorded as of June 30, 2021 as management deems all accounts collectible. Accounts receivable at June 30, 2021 were all classified as current.

**OZARK MOUNTAIN SOLID WASTE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the governmental-wide financial statements. Capital assets other than leasehold improvements are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Assets recorded as leasehold improvements are depreciated over the estimated lease term including potential renewal periods. 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 asset lives are not capitalized.

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

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

Building	39 years
Equipment	6-10 years
Leasehold Improvements	Length of Lease

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

Cash deposits held in banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per financial institution. There was \$211,372 in excess of insured limits as of June 30, 2021.

Income Taxes

The District is exempt from income tax as a governmental agency.

**OZARK MOUNTAIN SOLID WASTE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising consists primarily of amounts spent to promote awareness of recycling and environmental issues. It is the policy of the District to expense advertising costs as they are incurred. Advertising cost was \$0 for the year ended June 30, 2021.

NOTE 2 - CHANGE IN CAPITAL ASSETS

	July 1, 2020	Additions	Retirements	June 30, 2021
Total Capital Assets	\$ 57,339	\$ -	\$ -	\$ 57,339
Accumulated Depreciation	(57,339)	-	-	(57,339)
Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

Depreciation expense for the year was \$0.

NOTE 3 - RESTRICTED NET ASSETS

Restricted assets in the amount of \$63,723 for the year ended June 30, 2021 are cash deposits from grants that have been received but not yet disbursed to governmental agencies that requested the grants.

NOTE 4 - CONTINGENCIES

The Arkansas Department of Environmental Quality (ADEQ) has taken over the District's landfill for the purpose of closing the landfill. ADEQ has used funds from the landfill post-closure trust fund. Those funds will likely be the subject of recoupment by ADEQ after closure of the landfill is achieved. The closure of the landfill exceeded a cost of \$20 million, and continues to grow due to ongoing pumping of leachate, the monitoring of the leachate and test well, as well as monitoring of the landfill. ADEQ also has taken over a waste tire site which contained tires that belong to the District. ADEQ has completed the clean-up and removal of this waste tire site. Reimbursement for these clean-up actions and cost is likewise owed to ADEQ. Reimbursement for the clean-up costs has not been sought by ADEQ at this time.

The court entered an order mandating that a fee be charged on each residence and business in the district, and the court adopted the receiver's report regarding the repayment of the bond indebtedness and the obligations to ADEQ. Litigation was brought forth by each of the six counties within the district. The claim raised that the fee is an illegal tax and not a fee. The claim was upheld by the Circuit Court in each county. This resulted in a cessation of the fee collection. \$2.3 million is being held for payment by an external financial institution and a writ of garnishment

**OZARK MOUNTAIN SOLID WASTE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 4 - CONTINGENCIES (continued)

has been filed by the six counties. The District is not claiming that it should have possession of the funds.

Carroll County Solid Waste Authority has been granted authority to form its own Regional Solid Waste Management District. Therefore, it is no longer a member or a county within the District. This action by Carroll County has caused a decrease in revenues for the District in both tipping fee charges and in grant receipts.

NOTE 5 - SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 04, 2023, the date at which the financial statements were available to be issued.

JOHN LANGHAM & CO.

CERTIFIED PUBLIC ACCOUNTANTS

820 South 21st Street

Fort Smith, AR 72901

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
OZARK MOUNTAIN SOLID WASTE DISTRICT
HARRISON, ARKANSAS 72601**

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ozark Mountain Solid Waste District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 04, 2023.

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) 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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. However, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The 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 questioned costs. 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.


CERTIFIED PUBLIC ACCOUNTANTS

FORT SMITH, ARKANSAS
SEPTEMBER 04, 2023

SUPPLEMENTAL INFORMATION

**OZARK MOUNTAIN SOLID WASTE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

2021-001 Internal Control - Segregation of Duties

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

Condition/Cause: Due to the limited number of persons in the accounting department, there is an inadequate segregation of duties in the District.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to billing and collection activities, including misappropriation of assets could occur and not be detected within a timely manner. This in turn would cause misstatements in the financial statements.

Recommendations: Because of the size of the District and the cost restrictions, we understand segregation of duties is difficult. We recommend that the Board of Directors monitor financial results on a monthly basis to help alleviate the segregation of duties condition.

View of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the recommended procedures have been implemented.

2021-002 Recordkeeping and Documentation Maintenance

Criteria: Accepted accounting practices provide that all expenditures be supported by itemized invoices for payment. Itemized invoices were not always maintained for expenditures.

Condition/Cause: Due to the limited number of itemized invoices to be tested there is a lack of recordkeeping and/or documentation maintenance issue.

Effect or Potential Effect: Without sufficient recordkeeping and/or documentation maintenance, the risk significantly increases that errors and/or fraud related to expenditures and payment activities, including misappropriation of assets could occur and not be detected within a timely basis. This in turn would cause misstatements in the financial statements.

Recommendations: We recommend obtaining and maintaining an itemized invoice for each payment made by the District.

View of Responsible Officials and Planned Corrective Actions: The District now requires that itemized invoices be provided before payment is made.