

**Carroll County
Solid Waste District**

**Financial Statements
December 31, 2023 and 2022**

(With Independent Auditor's Report Thereon)

CARROLL COUNTY SOLID WASTE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carroll County Solid Waste District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Carroll County Solid Waste District** (the "District"), as of and for the years ended December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the District as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

The District's 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.

Board of Directors
Carroll County Solid Waste District

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 one year after the date that the financial statements are issued.

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 opinion. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 on page 4 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.

Board of Directors
Carroll County Solid Waste District

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2024, 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 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 "Landmark PLC". The signature is written in a cursive, flowing style.

Fort Smith, Arkansas
August 28, 2024

Carroll County Solid Waste District

Management's Discussion and Analysis Year ended December 31, 2023

The Carroll County Solid Waste District (the "District") is a special unit of local government formed as a partnership of Carroll County, Berryville, Eureka Springs, and Green Forest. In October of 2019, Arkansas Pollution Control and Ecology Commission approved the District becoming a single county Regional Solid Waste Management District pursuant to ACT 8-6-701. In January and April of 2022, the cities of Alpena and Holiday Island, respectively, joined the partnership. Its mission is to provide Carroll County residents with integrated solid waste services.

The District's Management's Discussion and Analysis (the "MD&A") is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position (its ability to address the next and subsequent year's challenges), (4) identify any material deviations from the financial plan (approved budget), and (5) identify individual issues or concerns.

Overview of the Financial Statements

The financial statements report information about the District using accounting methods similar to those used by private sector companies. These statements offer both short and long-term financial information about the District's overall financial status.

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.

The current year's revenues and expenditures are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement is used to measure the success of the operations of the District over the past year. All changes in net position are reported when the event giving rise to the change occurs, regardless of the timing of the cash flows.

The Statement of Cash Flows reports cash receipts and expenditures that result from operating, investing and financing activities. This statement explains how cash is managed, received and used. The notes to the financial statements are essential to developing a full understanding of the data provided in the financial statements.

Financial Analysis of the District

The District's total net position increased by \$76,411 from \$1,353,416 to \$1,429,827 for the year ended December 31, 2023.

The District's total assets amounted to \$2,111,907, consisting primarily of capital assets in the amount of \$1,581,925. Total liabilities amounted to \$682,080. The District's total long-term debt decreased in the amount of \$207,957.

Economic Factors and Future Planning

The District has maintained project and financial planning to keep pace with its growth and maintenance.

Basic Financial Statements

Carroll County Solid Waste District

Statements of Net Position December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 405,557	\$ 158,422
Accounts receivable, net of allowance for doubtful accounts of \$158,079 and \$143,338, respectively	119,441	101,737
Prepaid expenses	4,984	-
Total Current Assets	529,982	260,159
Capital Assets		
Capital assets	5,717,140	5,776,584
Less accumulated depreciation	4,135,215	3,936,636
	1,581,925	1,839,948
TOTAL ASSETS	\$ 2,111,907	\$ 2,100,107
 LIABILITIES AND NET POSITION		
Current Liabilities		
Current portion of long-term debt	\$ 135,169	\$ 289,513
Accounts payable	464,198	320,289
Accrued expenses	80,469	81,032
Total Current Liabilities	679,836	690,834
Long-term Debt	2,244	55,857
Total Liabilities	682,080	746,691
Net Position		
Invested in capital assets, net of related debt	1,444,512	1,494,578
Unrestricted	(14,685)	(141,162)
Total Net Position	1,429,827	1,353,416
TOTAL LIABILITIES AND NET POSITION	\$ 2,111,907	\$ 2,100,107

See accompanying notes to financial statements.

Carroll County Solid Waste District

Statements of Revenues, Expenses and Changes in Net Position Years ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
City fees	\$ 2,092,025	\$ 1,739,598
Commodity revenue	144,595	223,213
Grants revenue	29,545	47,004
Other revenue	164,859	191,206
Service fees	2,732,546	2,351,450
Tire fund	52,249	54,571
Transfer station and small hauler	468,077	370,967
Waste water treatment plant revenue	445,784	276,751
Total Operating Revenues	6,129,680	5,254,760
Operating Expenses		
Bad debts (recoveries)	(17,704)	(8,105)
Bank service charges	47,841	43,614
Cities franchise fees	107,649	45,885
Commercial franchise fees	19,388	58,594
Containers	58,686	224,249
Depreciation	410,069	408,317
Equipment lease	20,207	8,550
Fixtures and equipment maintenance	74,307	73,415
Fuel	436,076	519,398
Hauling and disposal service	1,272,610	855,641
Insurance	37,665	41,152
Lubricant and filters	53,099	42,308
Miscellaneous	79,936	83,820
Postage and shipping	11,198	10,560
Professional fees	34,794	31,959
Residential franchise fees	8,597	19,692
Sales tax	242,435	-
Shop and tire tools	7,680	4,034
Supplies	61,935	63,354
Telephone	22,321	25,241
Tire disposal	72,834	74,782
Tires	106,759	101,717
Utilities	42,104	37,156
Vehicle maintenance	408,080	313,385
Welding shop	38,425	25,598
Total Operating Expenses	3,656,991	3,104,316

See accompanying notes to financial statements.

Carroll County Solid Waste District

Statements of Revenues, Expenses and Changes in Net Position Years ended December 31, 2023 and 2022

	2023	2022
Personnel Expenses		
Contracted services	16,259	49,883
Health insurance	242,766	215,506
Miscellaneous	6,851	3,258
Payroll taxes	162,274	155,786
Retirement contributions	102,287	77,775
Salaries and wages	2,118,103	2,019,261
Uniforms	36,547	32,143
Worker's compensation	55,823	69,682
Total Personnel Expenses	2,740,910	2,623,294
Total Expenses	6,397,901	5,727,610
Operating (Loss)	(268,221)	(472,850)
Other (Income) Expense		
Gain on sale of capital assets	(313,414)	(2,705)
Interest expense	13,563	13,607
Interest income	(3,531)	(2,664)
Member contributions	(41,250)	(41,250)
Total Other (Income) Expense	(344,632)	(33,012)
Change in Net Position	76,411	(439,838)
Net Position, Beginning of Year	1,353,416	1,793,254
Net Position, End of Year	\$ 1,429,827	\$ 1,353,416

See accompanying notes to financial statements.

Carroll County Solid Waste District

Statements of Cash Flows Years ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net position	\$ 76,411	\$ (439,838)
Adjustments to reconcile change in net position to net cash from operating activities:		
Depreciation	410,069	408,317
Gain on sale of capital assets	(313,414)	(2,705)
Net change in allowance for doubtful accounts	14,741	10,321
Changes in:		
Accounts receivable	(32,445)	(18,426)
Prepaid expenses	(4,984)	-
Accounts payable	143,909	76,279
Accrued expenses	(563)	(11,482)
Net Cash From Operating Activities	293,724	22,466
Cash Flows From Investing Activities		
Capital expenditures	(153,632)	(214,803)
Proceeds from sale of capital assets	315,000	3,179
Net Cash From (Used For) Investing Activities	161,368	(211,624)
Cash Flows From Financing Activities		
Proceeds from issuance of long-term debt	-	203,809
Principal payments on long-term debt	(207,957)	(155,388)
Net Cash From (Used For) Financing Activities	(207,957)	48,421
Net Change in Cash	247,135	(140,737)
Cash, Beginning of Year	158,422	299,159
Cash, End of Year	\$ 405,557	\$ 158,422

See accompanying notes to financial statements.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

NOTE 1: NATURE OF BUSINESS

The Carroll County Solid Waste District (the "District"). was authorized pursuant to ACT 8-6-701. Arkansas Pollution Control and Ecology Commission approved the District becoming a single county Regional Solid Waste Management District in October of 2019.

The mission 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 disposal program for Carroll County, Arkansas.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

For financial reporting purposes, in conformity with Governmental Accounting Standards Board (GASB) No. 14 "*The Financial Reporting Entity*," the District includes all funds over which the Board of Directors exercise financial accountability. Financial Accountability as defined by GASB Statement No. 14 was determined based on the District's ability to impose its will on operations, to select the governing authority, and on the District Director's potential to provide financial benefits or to impose financial burdens on the District.

Basis of Presentation

The District's various funds are grouped in the financial statements as a single enterprise fund. Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District follows an accrual basis of accounting. Under this system, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Under this basis of accounting and measurement focus, the District applies all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989 that are developed for business enterprises. The District does not apply FASB statements and interpretations whose provisions are limited to not-for-profit organizations or address issues concerning primarily such organizations.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

The District has provided an allowance for doubtful accounts as of December 31, 2023. The allowance is based on management's estimate of the overall collectability of accounts receivable, considering historical losses, economic conditions, and knowledge of individual customers. Based on these same factors, individual accounts are charged off against the allowance when management determines those individual accounts are uncollectible. Credit extended to customers is generally uncollateralized. Past-due status is based on contractual terms. Past-due accounts are charged interest at the rate of 10%. Accounts receivable represents solid waste removal service fees billed and not yet collected as of December 31, 2023 and 2022 totaling \$277,520 and \$245,075, respectively.

Income Taxes

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

Capital Assets

Capital assets are carried at cost or fair market value at date of donation if the asset was contributed. Depreciation has been computed on the straight-line basis over the estimated useful lives of the assets. The District capitalizes all expenditures for capital assets with a useful life greater than one year and with an initial cost of greater than \$1,000. As of November 21, 2022, this threshold increased to \$5,000. Fully depreciated assets still in use by the District totaled approximately \$2,322,000 and \$2,159,000 as of December 31, 2023 and 2022, respectively. See Note 4 for more information regarding capital assets.

The range of estimated useful lives of assets are as follows:

Vehicles	5 – 10 years
Equipment	5 – 20 years
Buildings	15 – 40 years

Long-Lived Assets

FASB Codification Topic Property, Plant and Equipment, Section Subsequent Measurement requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The application of this Codification Topic has not materially affected the District's reported earnings, financial condition or cash flows.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

Net Position Classifications

Net position is classified and displayed in the following three components:

Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments. At December 31, 2023 and 2022, the District did not have any restricted net position.

Unrestricted - All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

When an expense is incurred for purposes for which both restricted net position and unrestricted net position is available, the District's policy is to make payment from unrestricted funds and generally take reimbursement from restricted funds.

Classification of Revenues

Operating revenues consist primarily of solid waste removal service fees collected from the member cities and the surrounding Carroll County area. Additional service fee revenues are derived from construction and demolition containers, and transfer station collections as well as revenues from commodity sales. Non-operating revenues consist of recycling fees collected from members, state grants and interest and investment income.

Revenue Recognition

Revenues are recognized when earned. Solid waste removal service fees are billed by the member cities in monthly cycles.

Compensated Absences

The District has a policy whereby employees can accumulate unused vacation and sick leave. Sick leave is to be used for periods of illness and can be accrued up to 30 days. Upon resignation or retirement, the District will only pay accrued vacation days, up to but not exceeding one year's allowance of vacation time. The District accrues the separation portion of this liability as accrued compensated absences. There was no liability as of December 31, 2023 and 2022 as all compensated absences were used and paid by year's end.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

Adoption of GASB Statements

GASB Statement No. 87, Leases. GASB 87 improves consistency in accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 is effective for periods beginning after June 15, 2021. Effective January 1, 2022, the District adopted GASB 87 for the year ended December 31, 2023, using the optional new transition alternative method without restating prior periods. The District also elected the relief package of practical expedients of which there is no requirement to reassess existing leases, their classification, and initial direct costs as well as an exemption for short term leases with a term of less than one year, consideration paid between lease vs. non-lease components, and expedient which allows risk-free rate to be used to discount leases rather than the discount rate. The adoption of this statement did not have a material impact on the District's financial statements.

GASB Statement No. 96, Subscription Based Information Technology Arrangements (GASB 96): GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement is effective for periods beginning after June 15, 2022, with earlier application encouraged. Effective January 1, 2022, the District early adopted GASB 96 for the year ended December 31, 2023. The adoption of this statement did not have a material impact on the District's financial statements.

Upcoming Accounting Pronouncement

GASB Statement No. 101, Compensated Absences (GASB 101): GASB 101's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement is effective for periods beginning after December 15, 2023, with earlier application encouraged. The District has not yet determined the potential impact, if any, that this statement could have on its financial statements.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

State law generally requires that District funds be deposited in federally insured banks located in the State of Arkansas. The District deposits may be in the form of checking accounts, savings accounts, and time deposits. District funds may also be invested in direct obligations of the United States of America and obligations, the principal and interest of which are fully guaranteed by the United States of America.

The amounts of deposits are displayed on the Statements of Net Position as "Cash." As of December 31, 2023, all bank balances were fully insured.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

NOTE 4: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

Description	Balance at December 31, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2023
Land	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Buildings	1,236,278	6,734	-	-	1,243,012
Furniture and Fixtures	1,301,858	75,959	-	-	1,377,817
Vehicles	3,078,448	70,939	(213,076)	-	2,936,311
Total Capital Assets	5,776,584	153,632	(213,076)	-	5,717,140
Less accumulated depreciation	3,936,636	410,069	(211,490)	-	4,135,215
Net Capital Assets	<u>\$ 1,839,948</u>	<u>\$ (256,437)</u>	<u>\$ (1,586)</u>	<u>\$ -</u>	<u>\$ 1,581,925</u>

Description	Balance at December 31, 2021	Additions	Disposals	Reclassification	Balance at December 31, 2022
Land	\$ 160,000	\$ -	\$ -	\$ -	\$ 160,000
Buildings	1,274,914	47,061	-	(85,697)	1,236,278
Furniture and Fixtures	1,218,878	11,385	(2,973)	74,568	1,301,858
Vehicles	2,919,233	156,357	(8,271)	11,129	3,078,448
Total Capital Assets	5,573,025	214,803	(11,244)	-	5,776,584
Less accumulated depreciation	3,539,089	408,317	(10,770)	-	3,936,636
Net Capital Assets	<u>\$ 2,033,936</u>	<u>\$ (193,514)</u>	<u>\$ (474)</u>	<u>\$ -</u>	<u>\$ 1,839,948</u>

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

NOTE 5: LONG-TERM DEBT

At December 31, 2023 and 2022, long-term debt consists of the following:

	2023	2022
8.50% line of credit with Cornerstone Bank, collateralized by accounts receivable and furniture and fixtures, principal and interest due June 20, 2025	\$ 108,778	\$ 172,058
4.05% note payable to Cornerstone Bank, collateralized by a vehicle, due in monthly installments of \$4,889, including interest	-	47,993
3.75% note payable to Cornerstone Bank, collateralized by a vehicle, due in monthly installments of \$2,251, including interest	28,635	54,058
3.94% note payable to BancorpSouth Equipment Finance, collateralized by a vehicle, due in monthly installments of \$2,772, including interest	-	58,731
2.41% note payable to BancorpSouth Equipment Finance, collateralized by a vehicle, due in monthly installments of \$1,153, including interest	-	12,530
	137,413	345,370
Less current portion	135,169	289,513
	\$ 2,244	\$ 55,857

Long-term debt maturities for each of the next two years are as follows:

December 31,	2024	\$	135,169
	2025		2,244

Interest paid during the years ended December 31, 2023 and 2022 amounted to \$13,563 and \$13,607, respectively.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

NOTE 6: CONCENTRATIONS

The District's primary business activities are with the large cities located in Carroll County and with Carroll County. Although the economy is diversified, all accounts receivable and future revenue is restricted within the above-mentioned geographic region.

NOTE 7: OPERATING REVENUES

The District has contracts with the cities of Berryville, Green Forest, Eureka Springs, Holiday Island, and Alpena whereby the cities agree to exclusively use the services of the District for solid waste disposal and curbside recycling. Miscellaneous service fees are comprised of services provided to county residents and construction and demolition container services. Additional service fee revenues are derived from compactor containers located at local industries. Service fee payments were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
County Customer Income	\$ 1,603,395	\$ 1,428,724
note: Holiday Island and Alpena service fee income included		
City of Berryville	143,880	115,588
County	215,031	195,594
City of Eureka Springs	152,907	68,288
City of Green Forest	49,244	61,966
Compactors Income	568,089	481,290
Total Service Fees	\$ 2,732,546	\$ 2,351,450

NOTE 8: MEMBER CONTRIBUTIONS

The District entered into funding agreements with members to provide funding on a per capita basis for the processing of recyclable materials within the District's jurisdiction. Member contributions were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
County Bulky Waste Grant	\$ 4,250	\$ 4,250
City of Green Forest	2,000	2,000
City of Berryville	5,000	5,000
Carroll County	15,000	15,000
Eureka Springs Recycling	15,000	15,000
Total Member Contributions	\$ 41,250	\$ 41,250

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

NOTE 9: RETIREMENT PLAN

The District adopted a money purchase employee retirement plan during 2019 replacing the previous bonus IRA. Plan contributions are paid by the District at the rate of 7% of the eligible employee's gross annual earnings.

The District's plan contributions for the years ended December 31, 2023 and 2022 were \$102,287 and \$77,775, respectively.

NOTE 10: COMMITMENTS

The District has entered into the agreements noted below with the member cities for solid waste removal services:

The City of Eureka Springs and the District entered into a sole and exclusive agreement on October 17, 2008, for commercial and residential solid waste collection and transfer within the Eureka Springs corporate limits, all customers of the City's water service and other areas as defined in Section III of the agreement. This agreement is for a period of five (5) years. The contract was renewed for an indefinite period.

The City of Berryville and the District entered into a sole and exclusive agreement November 5, 2013, for commercial and residential solid waste collection and transfer within the Berryville corporate limits. This agreement is for a period of five (5) years. The contract was renewed for two additional five (5) year terms.

The City of Green Forest and the District entered into a sole and exclusive agreement on November 10, 2008, for commercial and residential solid waste collection and transfer within the current and future annexed corporate limit of the City of Green Forest. This agreement is for a period of five (5) years with a supplemental five (5) year clause. The contract was not renewed but continues verbally for the remainder of the year ending December 31, 2023.

The City of Holiday Island and the District entered into a sole and exclusive agreement on April 28, 2022, for commercial and residential solid waste collection and transfer within the Holiday Island corporate limits. This agreement is for a period of five (5) years with a supplemental five (5) year clause.

The City of Alpena and the District entered into a sole and exclusive agreement on January 1, 2022, for commercial and residential solid waste collection and transfer within the Alpena corporate limits. This agreement is for a period of five (5) years with a supplemental five (5) year clause.

Carroll County Solid Waste District

Notes to Financial Statements December 31, 2023 and 2022

NOTE 11: CONTINGENCIES

In the ordinary course of business, the District is involved in various litigation as of December 31, 2023. The ultimate outcome of such litigation is uncertain. If applicable, reserves are established for those claims where the potential liability is estimable and probable. However, management is of the opinion that any resulting unfavorable outcome would have a minimal adverse economic impact on the District.

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2024, the date that the financial statements were available to be issued.

Subsequent to year-end, the District established revenue bonds not to exceed \$1,800,000 with CS Bank, Anstaff Bank, and Bank of 1889 for the purchase of equipment over a five year period. The bonds are secured by a pledge of the District's revenue.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Carroll County Solid Waste District
Carroll County, Arkansas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Carroll County Solid Waste District** (the District), which comprise the statement of net position as of December 31, 2023, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 28, 2024.

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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 District’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. We did identify a deficiency in internal control described in a separate letter to management that we consider to be a significant deficiency.

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

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The word "Landmark" is written in a cursive script, and "PLC" is written in a simpler, slightly bold font.

Fort Smith, Arkansas
August 28, 2024