

Southeast Arkansas Economic Development District, Inc.
Contents
June 30, 2024

Southeast Arkansas Economic Development District, Inc.

**Independent Auditor's Report and
Combined Financial Statements**

June 30, 2024

Southeast Arkansas Economic Development District, Inc.
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June 30, 2024

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Independent Auditor's Report

Board of Directors
Southeast Arkansas Economic Development District, Inc.
Pine Bluff, Arkansas

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Southeast Arkansas Economic Development District, Inc. and its combined affiliate (Organization), which comprise the combined statements of financial position as of June 30, 2024 and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2024 and the changes in its net assets and its cash flows for the year 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization, 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 opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining schedule of financial position, combining schedule of activities, schedule of indirect costs, and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the combined 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 January 8, 2026, on our consideration of Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Jacobs & Company CPAs & Advisors PLLC

**Jacksonville, Arkansas
January 8, 2026**

Southeast Arkansas Economic Development District, Inc.
Combined Statement of Financial Position
June 30, 2024

ASSETS

Current Assets

Cash	\$ 2,474,779
Grants receivable	1,416,505
Accounts receivable	75,658

Total Current Assets	3,966,942
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Property and Equipment, at Cost

Land	45,776
Building	2,146,977
Railroad	4,961,656
Furniture and equipment	130,279
Construction in progress	2,874,751
	10,159,439
Less accumulated depreciation	1,263,780

8,895,659

Total Assets	\$ 12,862,601
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 423,988
Deferred revenue	1,332,272
Accrued expenses	414,750
Current portion of long-term debt	11,725

Total Current Liabilities	2,182,735
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Other Liabilities

Long-term debt	358,288
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Total Other Liabilities	358,288
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Total Liabilities	2,541,023
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Net Assets Without Donor Restriction	10,321,578
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Total Liabilities and Net Assets	\$ 12,862,601
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Southeast Arkansas Economic Development District, Inc.
Combined Statement of Activities
Year Ended June 30, 2024

Revenues, Gains, and Other Support Without Donor Restrictions

Grant funds

Arkansas Department of Workforce Services	2,622,246
Arkansas Department of Environmental Quality	383,937
State of Arkansas, Act 118 Funds	56,250
State of Arkansas – recycling grant	372,184
Department of Transportation	1,680,823
Program administration	926,108
Solid waste fee	254,458
Other source income	683,466
Interest	<u>2,630</u>

Total Revenues, Gains, and Other Support Without Donor Restrictions 6,982,102

Expenses

Program costs and other program expenses	4,993,098
General and administrative	<u>302,784</u>

Total Expenses 5,295,881

Change in Net Assets Without Donor Restrictions and Change in Net Assets 1,686,221

Net Assets, Beginning of Year 8,595,440

Net Assets, End of Year \$10,321,578

Southeast Arkansas Economic Development District, Inc.
Combined Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities	
Change in net assets	\$ 1,686,221
Item not requiring operating activities cash flows	
Depreciation	175,973
Changes in	
Grants receivable	(403,454)
Accounts receivable	(46,428)
Accounts payable	(771,951)
Accrued expenses	231,918
Deferred revenue	<u>(44,598)</u>
Net Cash Provided by Operating Activities	<u>827,681</u>
Financing Activities	
Current Portion of Long-Term Debt	(7,057)
Proceeds from issuance of debt	<u>150,188</u>
Net Cash Provided by Financing Activities	<u>143,131</u>
Investing Activities	
Purchase of property and equipment	<u>(774,289)</u>
Net Cash Used in Investing Activities	<u>(774,289)</u>
Increase in Cash	196,523
Cash, Beginning of Year	<u>2,278,256</u>
Cash, End of Year	<u>\$ 2,474,779</u>

See Notes to Combined Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Southeast Arkansas Economic Development District, Inc. (Organization) administers various federal programs, primarily under the *Workforce Innovation and Opportunity Act*, for the purpose of assisting the employment and development of economically disadvantaged individuals and businesses primarily in southeastern Arkansas. The Organization also assists in economic development activities under the Economic Development Administration.

Southeast Arkansas Regional Solid Waste Management District (District) was created in July 1989 pursuant to the provisions of Arkansas Code Ann. § 8-6-707 and Commission Regulation 22. The District manages and administers a comprehensive solid waste system that includes elements of recycling, disposal, collection, education, waste reduction, and special material handling. The District includes 10 counties in southeast Arkansas.

The District follows the accounting guidance for governmental entities as issued by the Governmental Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from Financial Accounting Standards Board (FASB) revenue recognition criteria and presentation features. Modifications have been made to the District's financial information in the combined financials statements to report the financial information in accordance with FASB to be consistent with the financial information presented by the Organization.

Principles of Combination

The accompanying financial statements are the combined statements of the Organization and the District, which share common management and several members of the boards of directors (collectively, Organization). All material transactions between the Organization and the District have been eliminated. The combined financial statements of the Organization as of June 30, 2024 and for the year then ended have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accompanying combined financial statements have been prepared on the accrual basis of accounting and include the accounts of the Organization and the District.

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 combined financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2024, the Organization's cash accounts exceeded federally insured limits by approximately \$995,000. The Organization has collateral arrangement covering approximately \$1,480,000 of the uninsured balance.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Organization has an unconditional right to receive plus any accrued and unpaid interest. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. An allowance for uncollectible accounts was not determined to be necessary at June 30, 2024. Accounts receivable are ordinarily due 30 days after the issuance of the invoice.

Southeast Arkansas Economic Development District, Inc.
Notes to Combined Financial Statements
June 30, 2024

Accounts are considered delinquent and subsequently written off based on individual credit evaluation and specific circumstances of the account. During the year ended June 30, 2024, bad debt expense related to doubtful accounts receivable, where collectability is not reasonable assured, was \$0.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	20 years
Railroad	10–50 years
Furniture and equipment	5–10 years

Property acquired with grant funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs. In addition, the federal government has a reversionary interest in the property. The disposition of property purchased, as well as any proceeds therefrom, is subject to federal regulation.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable.

If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2024.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Southeast Arkansas Economic Development District, Inc.
Notes to Combined Financial Statements
June 30, 2024

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Grants are recognized as revenue and receivables when the award conditions on which they depend are substantially met. Grants received in advance of satisfaction of award conditions are reported as deferred revenues until the conditions are substantially met.

Southeast Arkansas Economic Development District, Inc.
Notes to Combined Financial Statements
June 30, 2024

Program Administration

The Organization performs administrative services for various grants awarded to other entities within the District. The revenue is recognized as performance obligations are satisfied, which is ratably over the term of the award.

Solid Waste Fee

The District manages and administers a comprehensive solid waste system that includes elements of recycling, disposal, collection, education, waste reduction, and special material handling. The revenue and receivables for these services are recognized when the service is performed.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

Change in Accounting Principle

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02 (ASU No. 2106-02), *Leases (Topic 842)*, that replaces existing lease guidance. The accounting applied by lessors under Topic 842 is largely unchanged from previous generally accepted accounting principles (GAAP). Some changes to the lessor accounting guidance were made to align both of the following: 1) the lessor accounting guidance with certain changes made to the lessee accounting guidance and 2) key aspects of the lessor accounting model with revenue recognition guidance. The Organization adopted Topic 842 on July 1, 2022 (the effective date). The Organization has concluded the guidance had no material impact to its financial statements.

Subsequent Events

Subsequent events have been evaluated through January 8, 2026, which is the date the combined financial statements were available to be issued.

Note 2. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize its available funds.

Southeast Arkansas Economic Development District, Inc.
Notes to Combined Financial Statements
June 30, 2024

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the combined statement of cash flows, which identifies the sources and uses of the Organization's cash. The Organization's financial assets available within one year of the combined statement of financial position date for general expenditure are:

Financial assets at year-end	
Cash	\$ 2,474,779
Grants receivable	1,416,505
Accounts receivable	<u>75,658</u>
Total financial assets	<u>3,966,942</u>
Financial assets not available to be used within one year	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,966,942</u>

Note 3. Grant Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the combined financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2024, have been recorded as receivables. See the table below and Note 4 for grant commitments that extend beyond June 30, 2024:

		Grant	Earned through	Funding
Grant	Term	Amount	June 30, 2024	Available
WIOA Adult Program	10/1/2022 – 6/30/2024	\$ 1,715,726	\$ 1,659,786	\$ 55,940
WIOA Youth Activities	4/1/2022 – 6/30/2024	740,097	663,754	76,343
WIOA Dislocated Worker Formula Grants	10/1/2022 – 6/30/2024	305,134	298,706	6,428
Economic Adjustment Assistance	5/1/2020 – 4/30/2025	<u>2,000,000</u>	<u>1,596,735</u>	<u>403,265</u>
		<u>\$ 4,760,957</u>	<u>\$ 4,218,981</u>	<u>\$ 541,976</u>

Note 4. Grant Revenue – Department of Transportation

The Organization is the recipient of a Railroad Development grant from the U.S. Department of Transportation and the Federal Railroad Administration. The grant provides \$10,516,259 to fund the partial redevelopment of a multimodal freight corridor, through a mixture of rail rehabilitation, railroad bridge upgrades, and new rail infrastructure improvements, which is located along a 91.3-mile continuous short line railroad corridor, between the city of McGehee, Arkansas and the city of Tallulah, Louisiana. The project is a public-private partnership between the Organization (grantee), two public ports and two private short line railroads. The Organization is responsible for the project management and grant administrative activities.

Grant revenue is recognized as qualifying expenditures are incurred over the grant period. During the year ended June 30, 2024, the Organization earned \$1,680,823 in Railroad Development grant revenue. Included in the Railroad Development grant revenue is \$1,680,823 in reimbursements for expenditures on property owned by the partners in the project. These amounts are reported as program expenses for the Organization.

The performance and funding period of the award ends on September 30, 2025. As of June 30, 2024, the Organization has earned \$9,911,765 of the \$10,516,259 awarded.

Note 5. Pension Plan

The Organization has a defined contribution plan covering substantially all employees. The board of directors annually determines the amount, if any, of the Organization's contribution to the plan. Pension expense for the year ended June 30, 2024 was approximately \$117,000.

Note 6. Short-Term Leases

The Organization is party to various noncancelable operating leases for office space that are for 12-month periods ending June 30. Rental expense for all operating leases for the fiscal year ended June 30, 2024 was approximately \$29,000.

Note 7. Related-Party Transactions

For the year ended June 30, 2024, South Arkansas Venture Enterprises, Inc. SAVE is a noncontrolled affiliate of the Organization with common management. In addition, the Organization provided administrative services to SAVE during the year. The Organization received payments and recorded revenue of approximately \$45,648 for the administrative services.

Southeast Arkansas Economic Development District, Inc.
Notes to Combined Financial Statements
June 30, 2024

Note 8. Functional Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the schedule below. The schedule presents the natural classification detail of expenses by function. Certain costs have been allocated among the program services, Solid Waste Program, and general and administrative categories based on the allocation of personnel expenses and other methods.

	Program Services	Solid Waste Program	General and Administrative	Total
Salaries and fringe benefits	\$ 1,911,246	\$	\$ 2,072,636	\$ 3,983,882
Travel and meetings		-	83,644	83,644
Equipment and facility	29,244	-	46,103	75,347
Railroad contributions		-	-	
Supplies and dues		-	87,361	87,361
Rent		-		
Professional fees	30,494	-	191,813	222,307
Programs and training		208,480	-	208,480
Solid waste operations		417,417	-	417,417
Other expenses	107,299	-	64,326	171,625
Depreciation		-		
Utilities, maintenance, and telephone		-		
Publications			45,818	45,818
Insurance		-		
	<u>\$ 2,078,283</u>	<u>\$ 625,897</u>	<u>2,591,701</u>	<u>\$ 5,295,881</u>

Note 9. Long-Term Debt

The Organization obtained a bank loan in August 2021 in the amount of \$400,000 to finance the construction of an administrative building. The outstanding balance as of June 30, 2024 is \$358,288. The loan is due August 2031; payable \$2,436 monthly; with an interest rate of 4%; secured by certain property.

Aggregate annual maturities of long-term debt are as follows at June 30, 2024:

2025	\$ 12,606
2026	15,692
2027	16,331
2028	16,997
2029	19,195
Thereafter	<u>277,466</u>
	<u>\$ 358,288</u>

Note 10. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Economic Dependency

The Organization is economically dependent upon federal funds received from the Department of Labor. For the year ended June 30, 2024, the Organization received approximately 30% of its total revenue from this federal agency.

Disallowed Costs

The Organization is subject to monitoring reports from a state agency related to the Workforce Investment Act/Workforce Innovation Opportunity Act program. The state agency determined that the Organization violated federal procurement guidelines that resulted in disallowed costs of \$287,067 incurred in the 2014 and 2015 program years. The amount has been included in accounts payable on the combined financial statements for the year ended June 30, 2024. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

General Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Organization by commercial insurance—for example, allegations regarding employment practices or performance of contracts. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Supplementary Information

Southeast Arkansas Economic Development District, Inc.
Combining Schedule of Financial Position
June 30, 2024

	Southeast Arkansas Economic Development District, Inc.	Solid Waste District	Combined
ASSETS			
Current Assets			
Cash	\$1,626,871	\$847,908	\$ 2,474,779
Grants receivable	1,416,505		1,416,505
Accounts receivable	218	75,440	75,658
Total Current Assets	3,043,595	923,348	3,966,942
Property and Equipment, at Cost			
Land	45,776	-	45,776
Building	2,146,977	-	2,146,977
Railroad	4,961,656	-	4,961,656
Furniture and equipment	130,279	-	130,279
Construction in progress	2,874,751	-	2,874,751
	10,159,755	-	10,159,755
Less accumulated depreciation	1,263,780	-	1,263,780
	8,895,659	-	8,895,659
Total Assets	\$ 11,939,253	\$923,348	\$ 12,862,601
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 394,563	29,425	\$ 1,018,598
Deferred revenue	0.00	1,332,272	1,105,658
Accrued expenses	414,750	-	177,323
Current portion of long-term debt	11,725	-	18,782
Total Current Liabilities	821,038	1,361,697	2,317,361
Other Liabilities			
Long-term debt	358,288		358,288
Total Other Liabilities	358,288	-	358,288
Total Liabilities	1,179,326	1,361,697	2,541,023
Net Assets Without Donor Restriction	10,759,927	(438,349)	10,321,578
Total Liabilities and Net Assets	\$ 11,939,253	923,348	\$ 12,862,601

Southeast Arkansas Economic Development District, Inc.
Combining Schedule of Activities
Year Ended June 30, 2024

	Southeast Arkansas Economic Development District, Inc.	Solid Waste District	Combined
Revenues, Gains and Other Support Without Donor Restrictions			
Grant funds			
Arkansas Department of Workforce Services	2,622,246	-	2,622,246
Arkansas Department of Energy and Environment	-	383,937	383,937
State of Arkansas, Act 118 funds	56,250	-	56,250
State of Arkansas – recycling grant	-	372,184	372,184
Department of Transportation	1,680,823	-	1,680,823
Program administration	926,108	-	926,108
Solid waste fees	-	254,458	254,458
Other source income	629,753	53,713	683,466
Interest	337	2,293	2,630
Total Revenues, Gains, and Other Support Without Donor Restrictions	5,915,517	1,066,585	6,982,102
Expenses			
Program costs and other program expenses	2,078,283	625,897	2,704,180
General and administrative	2,433,691	158,010	2,591,701
Total Expenses	4,511,974	783,907	5,295,881
Change in Net Assets Without Donor Restrictions and Change in Net Assets	1,403,543	282,678	1,686,221
Net Assets, Beginning of Year	7,882,480	712,960	8,595,440
Net Assets, End of Year	\$ 9,286,023	995,638	\$ 10,321,578

Southeast Arkansas Economic Development District, Inc.
Schedule of Indirect Costs
Year Ended June 30, 2024

Salaries	\$151,452
Release time	6,866
Fringe benefits	116,760
Utilities, maintenance, and telephone	45,371
Supplies and dues	46,028
Travel and meetings	15,287
Rent	34,163
Depreciation	57,071
Insurance	19,324
Professional fees	<u>80,867</u>
Total Indirect Costs	<u><u>\$573,189</u></u>

Southeast Arkansas Economic Development District, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Economic Development Cluster</i>				
Department of Transportation Railroad Development	20.314		-	1,680,823
Total Economic Development Cluster				1,680,823
<i>WIOA Cluster</i>				
Department of Labor/Arkansas Department of Workforce Services/WIOA Adult Program	17.258		-	1,659,786
Department of Labor/Arkansas Department of Workforce Services/WIOA Youth Activities	17.259		-	663,754
Department of Labor/Arkansas Department of Workforce Services/WIOA Dislocated Worker Formula Grants	17.278		-	298,706
Total WIOA Cluster			-	2,622,246
Department of Commerce/Economic Development Support for Planning Organizations	11.302		-	70,000
Delta Regional Authority/Delta Local Development District Assistance	90.202		-	79,909
				\$ 4,452,978

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Southeast Arkansas Economic Development District, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeast Arkansas Economic Development District, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Southeast Arkansas Economic Development District, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Southeast Arkansas Economic Development District, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Board of Directors
Southeast Arkansas Economic Development District, Inc.
Pine Bluff, 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 (*Government Auditing Standards*), the combined financial statements of Southeast Arkansas Economic Development District, Inc. and its combined affiliate (Organization), which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements and have issued our report thereon dated January 8, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization'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 opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combined 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

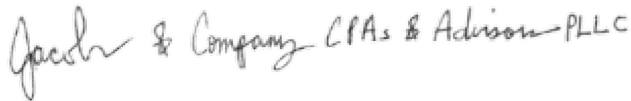
As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the combined 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.

Organization's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the combined 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacksonville, Arkansas
January 8, 2026

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

Board of Directors
Southeast Arkansas Economic Development District, Inc.
Pine Bluff, Arkansas

Report on Compliance for Each Major Federal Program

Unmodified Opinions

We have audited Southeast Arkansas Economic Development District, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Unmodified Opinion on Each Major Federal Program

In our opinion, the organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on management's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Management is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Management's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified..

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on management's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. Management is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Management's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Jacobs & Company CPAs & Advisors PLLC

**Jacksonville, Arkansas
January 8, 2026**

Southeast Arkansas Economic Development District, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
2. Internal control over financial reporting:
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Material weakness(es) identified? ☐ Yes ☒ No
3. Noncompliance material to the financial statements noted? ☐ Yes ☐ No

Federal Awards

4. Internal control over major federal awards programs:
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Material weakness(es) identified? ☐ Yes ☐ No
5. Type of auditor's report issued on compliance for major federal programs:
- ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer
- Workforce Investment Opportunity Act Cluster Economic Development Cluster
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

Southeast Arkansas Economic Development District, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

(Continued)

7. Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Development Cluster
17.258, 17.259, 17.278	Workforce Investment Opportunity Act Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Southeast Arkansas Economic Development District, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

(Continued)

Section II – Financial Statement Finding

Reference Number	Finding
None	

Southeast Arkansas Economic Development District, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

(Continued)

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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None

Southeast Arkansas Economic Development District, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Reference Number	Summary of Finding	Status
2023-001	The Organization sub-awarded a grant from the Department of Commerce without prior written approval from the Economic Development Administration. This resulted in questioned costs of \$215,000.	Resolved