

**Central Arkansas Planning and
Development District, Inc.**

Independent Auditor's Reports and Combined Financial Statements

June 30, 2020

Central Arkansas Planning and Development District, Inc.
June 30, 2020

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Independent Auditor's Report

Board of Directors
Central Arkansas Planning and Development District, Inc.
Lonoke, Arkansas

Report on the Financial Statements

We have audited the accompanying combined financial statements of Central Arkansas Planning and Development District, Inc. (the Organization) and its combined affiliate, which comprise the combined statement of financial position as of June 30, 2020, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Central Arkansas Planning and Development District, Inc. and its combined affiliate as of June 30, 2020, 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.

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 by program information, combining schedule of activities by program information and the schedule of expenditures of federal awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America. 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 August 19, 2021, on our consideration of the 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 the 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 the Organization's internal control over financial reporting and compliance.

BKD, LLP

Little Rock, Arkansas
August 19, 2021

Central Arkansas Planning and Development District, Inc.
Combined Statement of Financial Position
June 30, 2020

Assets

| | |
|--|----------------------------|
| Current Assets | |
| Cash | \$ 2,030,902 |
| Accounts receivable | 14,656 |
| Grants receivable | <u>471,170</u> |
| Total current assets | <u>2,516,728</u> |
| Assets Limited as to Use | |
| Restricted cash | 261,052 |
| Revolving loan fund notes receivable, net of allowance | <u>246,126</u> |
| Total assets restricted as to use | <u>507,178</u> |
| Property and Equipment, at Cost | |
| Building and land | 475,563 |
| Furniture, equipment and vehicles | <u>709,811</u> |
| | 1,185,374 |
| Less accumulated depreciation | <u>580,050</u> |
| | <u>605,324</u> |
| Total assets | <u><u>\$ 3,629,230</u></u> |

Liabilities and Net Assets

| | |
|--------------------------------------|----------------------------|
| Current Liabilities | |
| Accounts payable | \$ 24,885 |
| Accrued expenses | 194,662 |
| Deferred revenue | <u>764,418</u> |
| Total current liabilities | 983,965 |
| Net Assets Without Donor Restriction | <u>2,645,265</u> |
| Total liabilities and net assets | <u><u>\$ 3,629,230</u></u> |

Central Arkansas Planning and Development District, Inc.
Combined Statement of Activities
Year Ended June 30, 2020

Revenues, Gains and Other Support Without Donor Restrictions

| | |
|--|--------------|
| Grant funds | |
| Departments of Labor and Education | \$ 2,266,337 |
| Department of Commerce | 136,020 |
| Arkansas Department of Environmental Quality | 158,755 |
| State Act 118 | 54,112 |
| Local fees | 341,064 |
| Rent income | 254,075 |
| Recycling program fees | 134,463 |
| Interest | 6,356 |
| Other income | 108,738 |
| | 3,459,920 |

Expenses

| | |
|--|-----------|
| Salaries and fringe benefits | 2,391,437 |
| Travel and meetings | 96,183 |
| Equipment and facility | 78,440 |
| Rent expense | 254,075 |
| Telephone, supplies and dues | 165,545 |
| Provision for uncollectible notes receivable | 1,986 |
| Other expenses | 260,512 |
| Depreciation | 39,729 |
| | 3,287,907 |

**Change in Net Assets Without Donor Restrictions and
Change in Net Assets**

172,013

Net Assets, Beginning of Year

2,473,252

Net Assets, End of Year

\$ 2,645,265

Central Arkansas Planning and Development District, Inc.
Combined Statement of Cash Flows
Year Ended June 30, 2020

| | |
|---|----------------------------|
| Operating Activities | |
| Change in net assets | \$ 172,013 |
| Items not requiring cash | |
| Depreciation | 39,729 |
| Provision for uncollectible notes receivable | 1,986 |
| Changes in | |
| Grants receivable | (140,455) |
| Accounts receivable | (14,656) |
| Accounts payable | (106,877) |
| Deferred revenue | 2,305 |
| Accrued expenses | <u>22,606</u> |
| Net cash used in operating activities | <u>(23,349)</u> |
| Investing Activities | |
| Purchase of fixed assets | (11,860) |
| Notes issued | (70,000) |
| Principal payments received on notes receivable | <u>36,489</u> |
| Net cash used in investing activities | <u>(45,371)</u> |
| Decrease in Cash | (68,720) |
| Cash, Beginning of Year | <u>2,360,674</u> |
| Cash, End of Year | <u><u>\$ 2,291,954</u></u> |
| Presented on the Combined Statement of Financial Position as Follows | |
| Current assets – cash | \$ 2,030,902 |
| Assets limited as to use – restricted cash | <u>261,052</u> |
| | <u><u>\$ 2,291,954</u></u> |

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

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

Nature of Operations

Central Arkansas Planning and Development District, Inc. (the Organization) is a not-for-profit organization whose mission and principal activities are to provide a broad range of activities to promote economic development and employment assistance principally in the central Arkansas area. A synopsis of the more significant activities offered is described below.

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

Central Arkansas Regional Solid Waste Management Board (Solid Waste) was created pursuant to the provisions of Arkansas Act 752 of 1991. Solid Waste manages and administers a comprehensive solid waste system that includes elements of recycling, disposal, collection, education, waste reduction and special material handling in central Arkansas. Solid Waste services certain counties in central Arkansas.

Solid Waste 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 Solid Waste's financial information in the combined financial 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 Solid Waste, which share common management and several members of the boards of directors (collectively, the Organization). All material transactions between the Organization and Solid Waste have been eliminated. The combined financial statements of the Organization as of June 30, 2020, 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 Solid Waste.

Use of Estimates

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

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

Cash

At June 30, 2020, the Organization's cash accounts exceeded the federally insured limits by approximately \$2,053,000. The financial institution had pledged collateral, held by a third party, in the name of the Organization sufficient to insure approximately \$4,538,000 of the excess amounts at June 30, 2020. The Organization has not obtained a legal opinion regarding the enforceability of the pledged security arrangement.

Assets Limited as to Use

Assets limited as to use include revolving loan fund assets of restricted cash and notes receivable. The Organization must manage these assets in accordance with a revolving loan fund plan approved by the grantor.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Notes Receivable

Notes receivable are stated at the outstanding principal net of allowance for uncollectible notes. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Interest income is recognized in accordance with the terms of the note. Notes more than 120 days past due are considered delinquent. Interest continues to accrue on delinquent notes until the note is past due more than one year, at which time interest accrual ceases and does not resume until the account is no longer classified as delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the debtor.

Allowance for Uncollectible Notes

The allowance for uncollectible notes is established as losses are estimated to have occurred through a provision for uncollectible notes charged to income. Uncollectible notes are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for uncollectible notes is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the notes in light of historical experience, adverse situations that may affect the borrower's ability to repay and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows of the impaired note are lower than the carrying value of that note. The general component covers notes not considered impaired and is based on historical charge-off experience.

A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the note agreement. Factors considered by management in determining impairment include payment status and the probability of collecting scheduled principal and interest payments when due. Notes that experience insignificant payment delays and payment shortfalls generally are not classified as impaired.

Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the note and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed.

Property and Equipment

Property and equipment acquisitions over \$2,500 are stated at cost, less accumulated depreciation. Depreciation is charged to expense on a straight-line basis over the estimated useful life of each asset.

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

| | |
|------------------------|----------|
| Buildings | 50 years |
| Equipment and vehicles | 5 years |
| Furniture and fixtures | 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 estimate 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, 2020.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

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 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 stipulates that resources be maintained in perpetuity. The Organization does not have any net assets with donor restrictions at June 30, 2020.

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>i.e.</i> , 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.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

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 statements 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.

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. Solid Waste is exempt from income taxes as it is a governmental entity and does not file tax returns.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combining statement of activities. The disclosure of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the square footage and other methods.

Subsequent Events

Subsequent events have been evaluated through August 19, 2021, which is the date the combined financial statements were available to be issued.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

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.

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 identify 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 | \$ 2,291,954 |
| Accounts receivable | 14,656 |
| Revolving loan fund notes receivable, net of allowance | 246,126 |
| Grants receivable | <u>471,170</u> |
| Total financial assets | <u>3,023,906</u> |
| Less amounts not available to be used within one year | |
| Restricted cash | 261,052 |
| Cash – general improvement funds | 764,418 |
| Revolving loan fund notes receivable, net of allowance | <u>246,126</u> |
| Financial assets not available to be used within one year | <u>1,271,596</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 1,752,310</u> |

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

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, 2020, have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2020:

| Grant | Term | Grant Amount | Earned as of June 30, 2020 | Funding Available |
|--------------------------|---------------------|---------------------|-------------------------------|----------------------|
| WIOA – Adult Programs | 10/1/2019–6/30/2021 | \$ 418,105 | \$ 275,216 | \$ 142,889 |
| WIOA – Youth Activities | 4/1/2019–6/30/2021 | 564,529 | 301,920 | 262,609 |
| WIOA – Youth Activities | 4/1/2020–6/30/2022 | 548,194 | - | 548,194 |
| WIOA – Dislocated Worker | 10/1/2019–6/30/2021 | 397,181 | 306,408 | 90,773 |
| Economic Development Act | 1/1/2020–12/31/2022 | 210,000 | 136,020 | 73,980 |
| COVID – EDA #2 | 7/23/20–7/23/22 | 1,001,000 | - | 1,001,000 |
| COVID – EDA #1 | 6/7/20–6/7/22 | 400,000 | - | 400,000 |
| | | <u>\$ 3,539,009</u> | <u>\$ 1,019,564</u> | <u>\$ 2,519,445</u> |

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 4: Revolving Loan Fund Notes Receivable

| | |
|---|-----------|
| <p>Consolidated Construction, Inc.; 4.0% per annum; payable in 120 monthly installments of \$759, including principal and interest; due February 12, 2025. Collateral consists of a loan guarantee by the Small and Minority Business Division of the Arkansas Economic Development Commission.</p> | \$ 57,658 |
| <p>William E. Oxner, II d/b/a Brinkley Furniture & Appliance; 4.0% per annum; payable in 120 monthly installments of \$911, including principal and interest; originally due December 5, 2019. Collateral consists of a security interest in equipment and inventory.</p> | 2,425 |
| <p>Blake Tefteller; 4.0% per annum; payable in 120 monthly installments of \$911, including principal and interest; originally due June 11, 2010. Collateral consists of a security interest in equipment and inventory.</p> | 1,706 |
| <p>Robert Scott and Patrick Rhodes; 4.0% per annum; payable in 120 monthly installments of \$1,012, including principal and interest; originally due November 25, 2019. Collateral consists of a security interest in equipment and inventory.</p> | 46,128 |
| <p>Anna Grizzle; 4.0% per annum; payable in 120 monthly installments of \$1,012, including principal and interest; originally due November 23, 2019. Collateral consists of a security interest in equipment and inventory.</p> | 38,139 |
| <p>Jay Perry; 4.0% per annum; payable in 120 monthly installments of \$481, including principal and interest; due April 23, 2023. Collateral consists of a lien on property located at 55 Frontage Road, Lonoke AR 72086 and two vehicles.</p> | 36,373 |
| <p>Billy and Ashley Hurst; 4.0% per annum; payable in 120 monthly installments of \$506, including principal and interest; due January 3, 2023. Collateral consists of a lien on equipment and tools located at 1119 West 3rd Street, Lonoke, AR 72086.</p> | 25,564 |
| <p>Efrem Jones, Jr. and Monica Jones; 4.0% per annum; payable in 120 monthly installments of \$1,012, including principal and interest; due February 28, 2024. Collateral consists of a lien on a building located at 318 Jacuzzi Lane, Lonoke, AR 72086.</p> | 43,397 |
| <p>Fredrick Jackson; 4.0% per annum; payable in 120 monthly installments of \$810, including principal and interest; due September 1, 2025. Collateral consists of a lien on two lots and one building located at 221 E. Broadway, North Little Rock, AR 72114.</p> | 81,772 |

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

| | |
|--|-------------------|
| Van and Sharin Robinson; 4.0% per annum; payable in 120 monthly installments of \$810, including principal and interest; due July 23, 2025. Collateral consists of liens on buildings located at 116 S. Allis Street, England, AR 72046 and 2501 West 16th Street, Little Rock, AR 72202. | \$ 71,096 |
| Wade Finley and David Rottman d/b/a Furlow Wastewater Public Facilities; 4.0% per annum; payable in 120 monthly installments of \$1,012, including principal and interest; due March 1, 2031. Collateral consists of a security interest in equipment, inventory, and accounts receivable. | 70,000 |
| Lynn D. Walls; 4.0% per annum; payable in 120 monthly installments of \$304, including principal and interest; due December 7, 2026. Collateral consists of a security interest in equipment and inventory. | 24,269 |
| Johnny King d/b/a King's Paint, Inc.; 4.0% per annum; payable in 120 monthly installments of \$608, including principal and interest; due December 7, 2026. Collateral consists of a security interest in equipment and inventory. | 54,029 |
| Monroe Mercantile & Café, LLC.; 4.0% per annum; payable in 120 monthly installments of \$810, including principal and interest; due February 12, 2028. Collateral consists of a security interest in equipment and inventory. | <u>70,514</u> |
| Total | 623,070 |
| Less allowance for uncollectible notes | <u>376,944</u> |
| | <u>\$ 246,126</u> |

Aggregate annual maturities of the revolving loan fund notes receivable at June 30, 2020, are:

| | |
|------------|-------------------|
| 2021 | \$ 262,027 |
| 2022 | 71,956 |
| 2023 | 72,492 |
| 2024 | 63,244 |
| 2025 | 54,463 |
| Thereafter | <u>98,888</u> |
| | <u>\$ 623,070</u> |

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

The following table presents the balance in the allowance for uncollectible notes and the notes receivable based on the impairment method as of June 30, 2020:

Allowance for Loan Losses

| | |
|---|-------------------|
| Balance, beginning of year | \$ 374,958 |
| Loans charged off | - |
| Provision charged to expense | 1,986 |
| Recoveries | <u>-</u> |
| Balance, end of year | <u>\$ 376,944</u> |
| Ending balance: individually evaluated for impairment | \$ 303,423 |
| Ending balance: collectively evaluated for impairment | <u>73,521</u> |
| Balance, end of year | <u>\$ 376,944</u> |

Loans

| | |
|---|-------------------|
| Ending balance: individually evaluated for impairment | \$ 303,423 |
| Ending balance: collectively evaluated for impairment | <u>319,647</u> |
| Balance, end of year | <u>\$ 623,070</u> |

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable that the Organization will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans totaled \$303,423 for June 30, 2020. Interest recognized on an accrual basis on impaired loans was immaterial for the year ended June 30, 2020.

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 2020 was \$105,561.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 6: 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 and general and administrative categories based on the allocation of personnel expenses and other methods.

| | Program Services | Solid Waste Program Services | General and Administrative | Total |
|--|---------------------|---------------------------------|-------------------------------|---------------------|
| Salaries and fringe benefits | \$ 2,177,707 | \$ 77,556 | \$ 136,174 | \$ 2,391,437 |
| Travel and meetings | 45,541 | - | 50,642 | 96,183 |
| Equipment and facility | 51,573 | 23,008 | 3,859 | 78,440 |
| Telephone, supplies and dues | 132,631 | - | 32,914 | 165,545 |
| Provision for uncollectible notes receivable | 1,986 | - | - | 1,986 |
| Rent | 228,668 | - | 25,407 | 254,075 |
| Training | 50,717 | - | 11,929 | 62,646 |
| Solid waste fees | - | 122,591 | - | 122,591 |
| Other expenses | - | - | 75,275 | 75,275 |
| Depreciation | 15,186 | 22,281 | 2,262 | 39,729 |
| | <u>\$ 2,704,009</u> | <u>\$ 245,436</u> | <u>\$ 338,462</u> | <u>\$ 3,287,907</u> |

Note 7: Leases

The Organization is party to various noncancelable operating leases for office space that are for 12 month periods ending June 30. These leases generally contain renewal options under the same terms as the original lease. The Organization subleases its leased office space which approximates the operating lease expense. Rental expense and income for all operating leases and subleases for the fiscal year ended June 30, 2020, was approximately \$250,000.

Note 8: Related Party Transactions

The Organization paid approximately \$66,000 for leased office space owned by a board member during 2020.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 9: 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 on revenues provided by the federal and state governments, primarily the U.S. Department of Labor (DOL). As of June 30, 2020, a grant receivable of \$352,650 was due from the Arkansas Department of Workforce Services for the WIOA grant administered by the DOL. For the year ended June 30, 2020, 66% of the Organization's total revenues was provided by DOL programs.

Allowance for Uncollectible Notes

As discussed in *Notes 1* and *4*, the Organization has recorded an allowance for uncollectible notes in the revolving loan fund.

Litigation and General Improvement Funds

On February 12, 2016, an individual filed a complaint in the Circuit Court of Pulaski County, Arkansas, claiming the practice of granting State of Arkansas General Improvement Funds to the Organization and the re-granting by the Organization is unconstitutional. On November 1, 2016, the Circuit Judge announced he was finding against the plaintiff and in favor of the Organization.

His written order was entered on November 9, 2016. On November 15, 2016, the plaintiff filed a Notice of Appeal to the Arkansas Supreme Court. On October 5, 2017, the Supreme Court announced its decision reversing the trial court, holding that the legislation which appropriated the funds to the Arkansas Department of Finance and Administration, which subsequently granted the funds to the Organization, was illegal and unconstitutional for failure to state a "particular purpose" for the appropriation.

The case was returned to the Arkansas Circuit Court, and the plaintiff has filed a motion seeking return of the original appropriations to the Arkansas State Treasury and also seeking attorneys' fees of one-third of that total, with a declaration that no further grants may be funded. On March 29, 2018, the Organization settled the case and returned a total of \$969,800 of the outstanding general improvement funds to the State of Arkansas Treasurer. This resulted in \$764,418 in 2020 that had not been re-granted or returned to the State of Arkansas Treasurer and was recorded as deferred revenue in the combined statement of financial position.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 10: Change in Accounting Principles

In 2020, the Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, using a modified prospective basis to all agreements not completed as of July 1, 2019, or entered into after July 1, 2019. ASU 2018-08 clarifies existing guidance on determining whether a transfer of assets (or the reduction, settlement or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how the Organization determines whether a resource provider (including a foundation, government agency or other) is receiving commensurate value in return for the resources transferred and whether contributions are conditional or unconditional.

Note 11: COVID-19 Pandemic & CARES Act Funding

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Organization activities and the related revenues were significantly affected by COVID-19, as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses.

While some of these policies have been eased, some restrictions remain in place prior to the widespread availability of a vaccine.

The extent of the COVID-19 pandemic's adverse effect on the Organization's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Organization's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, continued declines in Organization activities for an indeterminable length of time, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the Organization cannot estimate the length or severity of the effect of the pandemic on the Organization's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates.

Subsequent to the year ended June 30, 2020, the Organization received two CARES Act grants for \$400,000 and \$1,001,000. The grant periods extend through 2022.

Central Arkansas Planning and Development District, Inc.
Notes to Combined Financial Statements
June 30, 2020

Note 12: Future Change in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2019 (the Organization's June 30, 2021, fiscal year-end), for nonpublic entities, and any interim periods within annual reporting periods that begin after December 15, 2020. The Organization is in the process of evaluating the effect the amendment will have on the combined financial statements.

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the combined financial statements.

Supplementary Information

| General Improvement Fund | Equipment Fund | Elimination | CAPDD Total | Solid Waste | Elimination | Combined Total |
|--------------------------------|-------------------|-----------------------|---------------------|-------------------|---------------------|---------------------|
| \$ 764,418 | \$ - | \$ - | \$ 1,983,511 | \$ 47,391 | \$ - | \$ 2,030,902 |
| - | - | - | - | 14,656 | - | 14,656 |
| - | - | - | 471,170 | - | - | 471,170 |
| - | - | (2,692,873) | 341,433 | - | (341,433) | - |
| <u>764,418</u> | <u>-</u> | <u>(2,692,873)</u> | <u>2,796,114</u> | <u>62,047</u> | <u>(341,433)</u> | <u>2,516,728</u> |
| - | - | - | 261,052 | - | - | 261,052 |
| - | - | - | 246,126 | - | - | 246,126 |
| - | - | - | 507,178 | - | - | 507,178 |
| - | - | - | - | 475,563 | - | 475,563 |
| - | 557,799 | - | 557,799 | 152,012 | - | 709,811 |
| - | 557,799 | - | 557,799 | 627,575 | - | 1,185,374 |
| - | 529,884 | - | 529,884 | 50,166 | - | 580,050 |
| - | 27,915 | - | 27,915 | 577,409 | - | 605,324 |
| <u>\$ 764,418</u> | <u>\$ 27,915</u> | <u>\$ (2,692,873)</u> | <u>\$ 3,331,207</u> | <u>\$ 639,456</u> | <u>\$ (341,433)</u> | <u>\$ 3,629,230</u> |
| \$ - | \$ - | \$ - | \$ 20,745 | \$ 4,140 | \$ - | \$ 24,885 |
| - | - | - | 193,874 | 788 | - | 194,662 |
| 764,418 | - | - | 764,418 | - | - | 764,418 |
| - | - | (2,692,873) | - | 341,433 | (341,433) | - |
| <u>764,418</u> | <u>-</u> | <u>(2,692,873)</u> | <u>979,037</u> | <u>346,361</u> | <u>(341,433)</u> | <u>983,965</u> |
| - | 27,915 | - | 2,352,170 | 293,095 | - | 2,645,265 |
| <u>\$ 764,418</u> | <u>\$ 27,915</u> | <u>\$ (2,692,873)</u> | <u>\$ 3,331,207</u> | <u>\$ 639,456</u> | <u>\$ (341,433)</u> | <u>\$ 3,629,230</u> |

| Equipment Fund | CAPDD Total | Solid Waste | Combined Total |
|------------------|---------------------|-------------------|---------------------|
| \$ - | \$ 2,266,337 | \$ - | \$ 2,266,337 |
| - | 136,020 | - | 136,020 |
| - | - | 158,755 | 158,755 |
| - | 54,112 | - | 54,112 |
| - | 341,064 | - | 341,064 |
| - | 254,075 | - | 254,075 |
| - | - | 134,463 | 134,463 |
| - | 6,356 | - | 6,356 |
| 9,783 | 108,738 | - | 108,738 |
| <u>9,783</u> | <u>3,166,702</u> | <u>293,218</u> | <u>3,459,920</u> |
| - | 2,313,881 | 77,556 | 2,391,437 |
| - | 64,789 | 31,394 | 96,183 |
| - | 55,432 | 23,008 | 78,440 |
| - | 254,075 | - | 254,075 |
| - | 151,240 | 14,305 | 165,545 |
| - | 1,986 | - | 1,986 |
| 771 | 137,921 | 122,591 | 260,512 |
| 17,448 | 17,448 | 22,281 | 39,729 |
| <u>18,219</u> | <u>2,996,772</u> | <u>291,135</u> | <u>3,287,907</u> |
| (8,436) | 169,930 | 2,083 | 172,013 |
| <u>36,351</u> | <u>2,182,240</u> | <u>291,012</u> | <u>2,473,252</u> |
| <u>\$ 27,915</u> | <u>\$ 2,352,170</u> | <u>\$ 293,095</u> | <u>\$ 2,645,265</u> |

Central Arkansas Planning and Development District, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|------------------------|---|------------------------------------|-------------------------------|
| Department of Commerce/Economic Development Support for Planning Organizations | 11.302 | | \$ - | \$ 136,020 |
| Economic Development Cluster | | | | |
| Department of Commerce/Economic Adjustment Assistance | 11.307 | | - | 892,172 |
| Total Economic Development Cluster | | | - | 892,172 |
| WIOA Cluster | | | | |
| Department of Labor/Arkansas Department of Workforce Services/WIOA Adult Program | 17.258 | 05-P18-Adult-90/05-F19-Adult-90/ 05-P19-Adult-90/05-F20-Adult-90 | - | 867,710 |
| Department of Labor/Arkansas Department of Workforce Services/WIOA Youth Activities | 17.259 | 05-P18-Youth-90/05-P19-Youth-90/ 05-P20-Youth-90 | - | 754,434 |
| Department of Labor/Arkansas Department of Workforce Services/WIOA Dislocated Worker Formula Grants | 17.278 | 05-P18-DLW-90/05-F19-DLW-90/ 05-P19-DLW-90/05-F20-DLW-90 | - | 636,998 |
| Total WIA Cluster | | | - | 2,259,142 |
| | | | <u>\$ -</u> | <u>\$ 3,287,334</u> |

Central Arkansas Planning and Development District, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Central Arkansas Planning and Development District, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2020. Solid Waste Management Board had no federal award activity for the year ended June 30, 2020. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan program listed subsequently is administered directly by the Organization, and balances and transactions relating to this program are included in the Organization's basic combined financial statements. The expenditures reflected include the loans outstanding at the end of the year, plus the revolving loan fund cash balance of \$261,177 and administrative costs of \$7,925. The balance of loans outstanding at June 30, 2020, consists of:

| CFDA Number | Program Name | Outstanding Balance at June 30, 2020 |
|-------------|--------------------------------|---|
| 11.307 | Economic Adjustment Assistance | \$ 623,070 |

**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
Central Arkansas Planning and Development District, Inc.
Lonoke, 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 combined financial statements of Central Arkansas Planning and Development District, Inc. and its affiliate (the Organization), which comprise the combined statement of financial position as of June 30, 2020, 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 August 19, 2021.

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 Organization'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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 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*.

Management's Responses to Findings

Management's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

BKD, LLP

Little Rock, Arkansas
August 19, 2021

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

Independent Auditor's Report

Board of Directors
Central Arkansas Planning and Development District, Inc.
Lonoke, Arkansas

Report on Compliance for the Major Federal Program

We have audited Central Arkansas Planning and Development District, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Central Arkansas Planning and Development District, Inc.'s basic financial statements include the operations of Solid Waste Management Board, which expended \$0 in federal awards. Our audit, described below, did not include the operations of Sold Waste Management Board because it was not subject to an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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.

BKD, LLP

Little Rock, Arkansas
September 15, 2021

Central Arkansas Planning and Development District, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer
2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No
3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No
5. The opinion expressed in the independent auditor's report on compliance for major federal awards was:
 Unmodified Qualified Adverse Disclaimer
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

Central Arkansas Planning and Development District, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

7. The Organization's major program was:

| <u>Cluster/Program</u> | <u>CFDA Number</u> |
|------------------------|------------------------------|
| WIOA Cluster | 17.258, 17.259 and 17.278 |

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

9. The Organization qualified as a low-risk auditee?

Yes

No

Central Arkansas Planning and Development District, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|------------------|--|
| 2020-001 | <p>Criteria or Specific Requirement – Management is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p>Condition – The Organization is lacking effective internal control over financial reporting and did not detect an adjustment related to the Organization’s beginning net assets that was needed to prevent the combined financial statements from being materially misstated. The Organization did not ensure audit adjusting journal entries for the fiscal year ended 2019 were properly posted in the correct period and net assets was understated.</p> <p>Effect – Misstated financial statements or fraud could occur and not be prevented or detected in a timely manner.</p> <p>Cause – Proper accounting policies and procedures are not in place related to accounts payable reconciliations or review of journal entries.</p> <p>Recommendation – We recommend the Organization strengthen controls and processes related to the preparation and review of journal entries and account reconciliations.</p> <p>Views of Responsible Officials and Planned Corrective Actions – Management concurs with finding and recommendation. Management will work to ensure proper policies and procedures are established and followed, and management will ensure all audit adjusting journal entries are posted in the correct fiscal period.</p> |

Central Arkansas Planning and Development District, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Findings Required to be Reported by Uniform Guidance

| Reference Number | Finding |
|-----------------------------|----------------------------|
| | No matters are reportable. |

Central Arkansas Planning and Development District, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

| Reference Number | Summary of Finding | Status |
|------------------|---|--------------------|
| 2019-001 | The Organization is lacking effective internal control over financial reporting and did not detect adjustments related to the Organization's accounts payable, net assets and expenses that were needed to prevent the combined financial statements from being materially misstated. | Partially Resolved |

Central Arkansas Planning and Development District, Inc. Corrective Action Plan

Contact Name:
Tina Roush
Contact Phone
Number: 501-676-
2721 Audit Firm:
BKD, LLP
Audit Period: June 30, 2020

Finding #2020-001 – Statement of Condition

The Organization is lacking effective internal control over financial reporting and did not detect an adjustment related to the Organization's beginning net assets that was needed to prevent the combined financial statements from being materially misstated. The Organization did not ensure audit adjusting journal entries for the fiscal year ended 2019 were properly posted in the correct period and net assets was understated.

Response:

Management concurs with finding and recommendation. Management will work to ensure proper policies and procedures are established and followed, and management will ensure all audit adjusting journal entries are posted in the correct fiscal period. Management expects to complete the corrective action prior to the commencement of the fiscal year ended June 30, 2021 audit fieldwork.