

EAST ARKANSAS PLANNING AND
DEVELOPMENT DISTRICT, INC.
FINANCIAL STATEMENTS
(AUDITED)
JUNE 30, 2020

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EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Arkansas Planning and Development District, Inc.
Jonesboro, Arkansas 72403

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the East Arkansas Planning and Development District, Inc. as of June 30, 2020, and the changes in its nets assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as whole. The accompanying Supplementary Information as listed in the table of contents is presented for purpose of additional analysis and is not a required part of the financial statements. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the financial statement. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the East Arkansas Planning and Development District, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 East Arkansas Planning and Development District, Inc.'s internal control over financial reporting and compliance.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, Arkansas 72396

November 16, 2020

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current Assets:

Cash	\$	281,837
Cash - restricted		2,504,702
Accounts receivable - (Programs/Grants)		41,889
Notes receivable - portion due in one year		119,065
Prepaid expense		50
Total Current Assets		2,947,543

Property and Equipment:

Buildings and equipment		1,125,338
Less - accumulated depreciation		(751,792)
Net Property and Equipment		373,546

Other Assets:

Notes receivable - net of current portion		688,789
TOTAL ASSETS	\$	4,009,878

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$	48,785
Accrued and withheld payroll taxes		2,990
Accrued interest payable		1,566
Current portion of long-term debt		59,980
Total Current Liabilities		113,321

Long-Term Liabilities:

Notes payable		368,689
Less current portion of long-term debt		(59,980)
Total Long-term Liabilities		308,709

Net Assets

Net Assets without donor restrictions		1,058,552
Net Assets with donor restrictions		2,529,296
Net Assets		3,587,848
TOTAL LIABILITIES AND NET ASSETS	\$	4,009,878

The accompanying notes are an integral part of these financial statements.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2020

Revenues:	Without	With	Total
	Donor Restrictions	Donor Restrictions	
Grants and Contracts			
Federal	\$ 42,660	\$ 59,000	\$ 101,660
State	43,112	974,170	1,017,282
Program Revenue	214,155	275,640	489,795
Other revenue	867	27,825	28,692
Gain of sale of Asset	9,849		9,849
Net assets released from restrictions	1,294,553	(1,294,553)	-
Total Revenues	1,605,196	42,082	1,647,278
Expenses			
Salaries	362,687		362,687
Payroll Taxes	28,692		28,692
Employee benefits	142,919		142,919
Travel	49,427		49,427
Indirect costs	241,425		241,425
Other direct costs	114,916		114,916
Depreciation	63,521		63,521
Interest Expense	4,576		4,576
Contract services	734,300		734,300
Total expenses	1,742,463	-	1,742,463
Change in Net Assets	(137,267)	42,082	(95,185)
Beginning Net Assets	1,195,839	2,487,194	3,683,033
Ending Net Assets	\$ 1,058,572	\$ 2,529,276	\$ 3,587,848

The accompanying notes are an integral part of these financial statements.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities	
Change in Net Assets	\$ (95,185)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	63,521
Less Gain on Sale	(9,849)
(Increase) Decrease In Accounts Receivable	2,118
Increase (Decrease) in :	
Accounts Payable	3,993
Accrued Interest	(270)
Accrued Payroll Tax Liability	(1,286)
Net Cash Provided (used) by Operating Activities	<u>(36,958)</u>
Cash Flows from Investing Activities	
Proceeds from sale of equipment	9,849
Equipment purchases	(15,465)
Transfers from (to) restricted cash accts	(17,856)
Loans made to RLF/IRP recipients	(61,250)
Proceeds/collections from RLF/IRP recipients	100,078
Net Cash Provided (Used) by Investing Activities	<u>15,356</u>
Cash Flows from Financing Activities	
Proceeds on loans	-
Principal paid on loans	(58,829)
Net Cash Provided (Used) by Financing Activities	<u>(58,829)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(80,431)
Cash and Cash Equivalents at Beginning of Year	<u>362,268</u>
Cash and Cash Equivalents at End of Year	<u>281,837</u>
Supplemental Disclosure of Cash Flow Information	
Income Taxes Paid	<u>\$ -</u>
Interest Paid	<u>\$ 4,846</u>

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity and Activities

East Arkansas Planning and Development District, Inc. (“District”) was created under the provisions of the Economic Development Act of 1965 and applicable laws of the State of Arkansas. The objective of the District is to develop programs for the long- range economic growth, (which includes adequate land use and transportation planning): improving economic conditions; and to coordinate the over-all economic planning and development in the District among member counties.

The District operates a Revolving Loan Fund (RLF) pursuant to a grant awarded by the United States Department of Commerce, Economic Development Administration (EDA). The goal of the RLF program is to provide distressed area businesses with capital for job creating and/or job retaining economic activities such as: (a) redeveloping and recycling land and facilities in order to put them into productive use: (b) aiding businesses owned and operated by minorities; (c) aiding employers with start-up and/or expansion cost of locally owned businesses; and (d) aiding manufacturing and service companies using new technologies.

In November of 1994, the District entered into an Intermediary Relending Program (IRP) loan agreement with the Rural Development Administration. The purpose of the program is to finance business facilities and community development projects in the District’s rural areas in a manner similar to the RLF program.

Pursuant to Act 870 of 1989 and the applicable laws of the State of Arkansas, the East Arkansas Regional Solid Waste Planning Board, (the Board) was established for the purpose of protecting the public health and environmental quality of East Arkansas by the performance of regional solid waste management planning. In August of 1990, the District and the Board entered into an agreement whereby the District would provide administrative services to the Board. The Board’s funding source is currently derived from grants awarded by the Arkansas Department of Environmental Quality. The District maintains the funds on behalf of the Board and they are accounted as temporarily restricted net assets in the District’s accounting records and financial reports.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Presentation

Financial statement presentation reports information regarding its financial position according to two classes of net assets- Net Assets with Donor Restrictions and Net Assets without Donor Restrictions

Cash Equivalents

Cash and cash equivalents include the District's checking, savings, and certificates of deposit. Restricted cash is not considered to be cash equivalents.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated using experience of prior write-offs and current circumstances surrounding the amounts and notes receivable.

Building and equipment

Buildings and equipment are recorded at historical cost. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful service lives using the straight line method. Service lives of buildings are fifty years and equipment service lives (including furniture, office machines, etc.) range from seven to fifteen years.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reported period. Actual results could differ from these estimates.

Functional Expenses

Program service expenses are the direct and indirect costs related to providing services to programs. The District does not conduct any fund raising activities. The District's primary purpose is to develop and administer various programs as described in the nature of activities. The District considers all of its expenses (both direct and indirect) as being primarily for program services.

Allocation of Indirect Cost and Employee Benefits

The District accumulates all indirect cost (supplies, utilities, repairs, etc.) and expenses applicable to employee benefits (payroll taxes, worker's compensation, and employee health insurance). An allocation is made to the various programs based on each program's direct personnel expense.

Income Tax Status

The District is a tax exempt organization under Section 501(c) (4) of the Internal Revenue Code and similar statutes of Arkansas state law.

NOTE B – CASH (UNRESTRICTED AND RESTRICTED)

Cash in restricted funds is restricted by outside agencies and/or agreements. Unrestricted funds are those which the District has complete control and discretion. In some instances, the District is required to hold restricted cash in separate accounts. Cash from restricted funds is not available for general expenditures and is restricted externally or by agreement for specific purposes.

NOTE C – NOTES RECEIVABLE – RLF/IRP

Notes Receivable – RLF/IRP consists of amounts receivable from loans made to various entities, less an allowance for uncollectible amounts. As of June 30, 2020, notes receivable was \$ 973,519. Notes Receivable is presented net of an allowance for uncollectible accounts of \$ 170,299. The allowance is based on management's estimate of anticipated losses. Payments due on loans over 90 days are considered delinquent. At June 30, 2020 notes with payments over 90 days past due were \$ 472,278. These notes are collateralized by real estate, equipment and other property.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE D – PREPAID EXPENSES

Prepaid expenses at June 30, 2020 consist of the following:

Postage deposit	\$ 50
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NOTE E – PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	Cost	Accumulated Depreciation
Real Estate (Building & Lot)	\$ 344,568	\$ 157,395
Equipment (Office/ Autos, etc.)	780,770	594,397
Total	\$ 1,125,338	\$ 751,792

Depreciation for the year ended June 30, 2020 was \$ 63,521 .

NOTE F – COMPENSATED ABSENCES

The District accrues vacation time on the same fiscal year as the accounting fiscal year. The District’s policy is to not substitute pay for annual leave and any vacation time must be used prior to the end of the fiscal year. Sick pay accumulates, but does not vest. Pay for unused sick leave is not granted upon termination.

NOTE G – CONCENTRATION OF CREDIT RISK

The District’s financial instruments that potentially subject the District to concentration of credit risk consist principally of cash and notes receivable.

Notes receivable result from the District’s loan program. Loans are made to qualifying businesses in East Arkansas under provisions of the RLF and IRP programs. The loans are collateralized by first or second mortgages on property and equipment, life insurance policies, and personal guarantees. The amount of the accounting loss the District’s RLF and IRP programs would incur if parties to the financial instruments that make up the concentration failed to perform, and if the collateral proved to be of no value would be approximately \$ 807,854.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE G – CONCENTRATION OF CREDIT RISK

The District maintains bank accounts in an area financial institution located in Jonesboro, Arkansas.

The District’s bank balance of cash deposits and investments are classified in three categories of risk:

- 1) Insured or collateralized with securities held by the Entity or by its agent in the Entity’s name.
- 2) Collateralized with securities held by the pledging financial institution’s trust department or agent in the Entity’s name.
- 3) Uncollateralized

	CATEGORY		
Total	1	2	3
\$ 2,786,539	\$ 500,000	\$ 2,264,582	\$ 21,957

Expenses – Expenses for contract services include \$ 657,806 for waste tire disposal which were paid to two vendors.

NOTE H – NOTES PAYABLE

At June 30, 2020, notes payable consisted of the following:

1% Note Payable to USDA, secured by Loan program cash accounts, and notes receivable, due in annual installments of \$ 31,828	\$ 154,646
1% Note Payable to USDA, secured by Loan program cash accounts, notes receivable, due in annual installments of \$ 31,828	214,043
	\$ 368,689

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE H – NOTES PAYABLE – (cont'd)

Proceeds from the USDA loans are used to provide for revolving loan funds to eligible recipients for business facilities, and community development projects in the District's area. Terms of the loan agreement require the District to establish a debt reserve for each IRP loan fund. The debt reserve fund will be used to repay USDA if no other funds are available. Payments of \$ 3,184 per year are to be accumulated for each loan until \$ 31, 838 is accumulated.

Funds are also required to fund a bad debt reserve account at \$ 15,000 per year for three years, until \$ 45,000 is accumulated.

Total required reserves as of June 30, 2020 are as follows:

	IRP # 1	IRP # 2	
Debt Reserve	\$ 31,838	\$ 31,838	
Bad Debt Reserve	45,000	45,000	
	\$ 76,838	\$ 76,838	

The District was in compliance with this requirement and had the following amounts in reserve accounts at June 30, 2020:

	IRP # 1	IRP # 2	
Cash	\$ 28,427	\$ 28,299	
Certificate of deposit	51,441	51,196	
	\$ 79,868	\$ 79,495	

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE H – NOTES PAYABLE – (cont'd)

Future payment requirements are summarized as follows:

For years ending June 30,		
2021	\$	63,666
2022		63,666
2023		63,666
2024		63,666
2025		63,666
Thereafter		63,658
Less Interest		<u>(13,299)</u>
		368,689
Less current		<u>(59,980)</u>
	\$	<u><u>308,709</u></u>

NOTE I – COSTS ALLOCATED TO PROGRAMS/ACTIVITIES

During the fiscal year June 30, 2020, the District allocated \$ 241,425 and \$ 142,919 of indirect costs and employment benefits, respectively to the various programs and award funds. See Note A to the financial statements for additional information regarding the allocation of indirect costs and employee benefits.

NOTE J INTEREST EXPENSE

The amount of interest cost incurred and expensed during the fiscal year ended June 30, 2020 was \$ 4,576.

NOTE K – RETIREMENT PLAN

The District has a retirement plan. Any employee who has attained age 21 and has completed one year of service is eligible to participate. For year ended June 30, 2020 total retirement plan expenses were \$ 18,537.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. No events were noted that require disclosure.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE M – INCOME TAXES

Accounting Standards Codification (ASC) Topic 740, Income Taxes, requires an entity to recognize a liability for taxes to the extent of any unrelated business income as defined by IRS regulations. The Organization believes that it has not engaged in any unrelated business income activities as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such there were no liabilities recorded for uncertain tax positions as of June 30, 2020.

The Organization is subject to routine audits by taxing jurisdictions: however, there are currently no audits for any tax periods in process. The Organization’s Federal Exempt Organization’s Business Income Tax Return for the years ended June 30, 2020, 2019, and 2018 are subject to examination by the IRS.

NOTE N – RESTRICTED CASH

Waste Tire Operating	\$ 475,572
Recycling	252,114
E - Waste	584,358
Revolving Loan Fund	1,033,294
IRP Loan Reserve	56,727
IRP Certificates of Deposit	102,637
	<u>\$ 2,504,702</u>

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PROGRAM TITLE/DESCRIPTION	FEDERAL CFDA NUMBER	Program Expenses
<u>U.S. DEPT. OF COMMERCE</u>		
Major Program		
Disaster Resiliency	11.307	\$ 35,953
Non Major Program		
EDA Technical Assistance	11.302	35,000
<u>DELTA REGIONAL AUTHORITY:</u>		
Non Major Program		
Delta Regional Development	90.200	24,000
U.S. Environmental Protection Agency		
Non Major Program		
Brownfield Assessment	66.818	<u>6,707</u>
		<u>\$ 101,660</u>
Other Notes Receivable considered to be Federal Assistance:		
Major Grant Award		
EDA Revolving Loan Funds	11.307	<u>\$ 2,072,253</u>
Total		<u>\$ 2,173,913</u>
The amount deemed federal assistance for RLF is determined as follows:		

Notes Receivable RFL at 06/30/20	\$ 978,153
Cash RLF Funds	1,033,294
Administrative Expenses paid	<u>60,806</u>
	<u>\$ 2,072,253</u>

Loans:	CFDA#	Balance 6/30/2019	Additions Reductions	Balance 6/30/2020
USDA IRP Program	10.767	\$ 184,118	\$ (29,472)	\$ 154,646
USDA IRP Program	10.767	243,400	(29,357)	214,043
		<u>\$ 427,518</u>	<u>\$ (58,829)</u>	<u>\$ 368,689</u>

Basis of Presentation:

The schedule of expenditures of federal awards includes federal grant and loan activity of East Arkansas Planning and Development District, Inc. and is presented on the accrual basis of accounting. This information 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*, Audits of States, Local Governments, and Non-Profit Organizations. The Entity did not elect to use the 10% de minimis indirect cost rate.

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR YEAR ENDED JUNE 30, 2020

STATE GRANTOR/ PROGRAM TITLE

Department of Finance and Administration Office of Administration Services- Act 118	<u>\$ 43,112</u>
Department of Environmental Quality	
Waste Tire Grant (Operating)	669,211
E- Waste Grants	127,502
Recycling	<u>177,457</u>
	<u>974,170</u>
Total State Financial Assistance	<u><u>\$ 1,017,282</u></u>

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF INDIRECT COSTS ALLOCATED
FOR YEAR ENDED JUNE 30, 2020

Indirect cost:		
Travel	\$	10,347
Printing		652
Supplies		5,650
Advertising		131
Miscellaneous		7,527
Dues and registration		11,823
Accounting and auditing fees		27,305
Insurance - general		6,803
Postage		618
Repairs and maintenance		15,917
Telephone		10,481
Board travel and expense		4,260
Utilities		4,991
Equipment lease		4,064
Salaries		105,153
Payroll taxes		7,815
System upgrade		17,888
Total Indirect cost	<u>\$</u>	<u>241,425</u>
Indirect cost allocated	<u>\$</u>	<u>(241,425)</u>

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYEE BENEFITS ALLOCATED
FOR YEAR ENDED JUNE 30, 2020

EMPLOYEE BENEFITS	
Retirement	\$ 18,537
Group medical insurance	<u>124,382</u>
EMPLOYEE BENEFITS ALLOCATED	<u><u>\$ 142,919</u></u>

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SUPPLEMENTAL INFORMATION
COMBINING SCHEDULE OF ACTIVITIES- WITH DONOR RESTRICTIONS
FOR YEAR ENDED JUNE 30, 2020

REVENUES	<u>EDA</u>	<u>DRA</u>	<u>Solid Waste Admin</u>	<u>Tire Operating</u>	<u>Recycling</u>	<u>E - Waste</u>
Grants and Contracts:						
Federal	\$ 35,000	\$ 24,000	\$ -	\$ -	\$ -	\$ -
State			-	669,211	177,457	127,502
Program Revenue		-	247,799			-
Other Revenue			15,965	1,213	1,310	2,764
Released from restriction	<u>(35,000)</u>	<u>(24,000)</u>	<u>(171,966)</u>	<u>(781,905)</u>	<u>(156,245)</u>	<u>(64,631)</u>
Total	<u>-</u>	<u>-</u>	<u>91,798</u>	<u>(111,481)</u>	<u>22,522</u>	<u>65,635</u>
 EXPENSES						
Salaries						-
Employee Benefits						-
Travel						-
Indirect Costs						-
Other Direct costs						-
Contract services						-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Changes in Net Assets	-	-	91,798	(111,481)	22,522	65,635
Beginning Net Assets	<u>(273,074)</u>	<u>65,449</u>	<u>920,164</u>	<u>(345,313)</u>	<u>646,730</u>	<u>57,517</u>
Ending Net Assets	<u>\$ (273,074)</u>	<u>\$ 65,449</u>	<u>\$ 1,011,962</u>	<u>\$ (456,794)</u>	<u>\$ 669,252</u>	<u>\$ 123,152</u>

EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SUPPLEMENTAL INFORMATION
COMBINING SCHEDULE OF ACTIVITIES- WITH DONOR RESTRICTIONS - (cont'd)
FOR YEAR ENDED JUNE 30, 2020

	Revolving Loan	IRP #1 Loan Fund	IRP # 2 Loan Fund	Total
REVENUES				
Grants and Contracts:				
Federal	\$ -	\$ -	\$ -	\$ 59,000
State	-	-	-	974,170
Program Revenue	27,841	-	-	275,640
Other Revenue	6,365	104	104	27,825
Released from restriction	(60,806)	-	-	(1,294,553)
Total	<u>(26,600)</u>	<u>104</u>	<u>104</u>	<u>42,082</u>
EXPENSES				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Travel	-	-	-	-
Indirect Costs	-	-	-	-
Other Direct costs	-	-	-	-
Contract services	-	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Assets	(26,600)	104	104	42,082
Beginning Net Assets	1,818,604	(306,106)	(96,777)	2,487,194
Ending Net Assets	<u>\$ 1,792,004</u>	<u>\$ (306,002)</u>	<u>\$ (96,673)</u>	<u>\$ 2,529,276</u>

MEYER & WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
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WYNNE, AR 72396

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

To the Board of Directors
East Arkansas Planning and Development District, Inc.
Jonesboro, AR

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of East Arkansas Planning and Development District, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered East Arkansas Planning and Development District, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the East Arkansas Planning and Development District, Inc.'s internal control .

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether East Arkansas Planning and Development District, Inc.'s 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, Arkansas 72396

November 16, 2020

MEYER & WARD, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1045
WYNNE, AR 72396

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
East Arkansas Planning and Development District, Inc.
Jonesboro, Arkansas

Report on Compliance for Each Major Federal Program

We have audited East Arkansas Planning and Development District, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Entity's major federal programs for the year ended June 30, 2020. East Arkansas Planning and Development District, Inc.'s major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on East Arkansas Planning and Development District, Inc.'s compliance based on our audit of the types of compliance required 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 East Arkansas Planning and Development District, Inc.'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 each major federal program. However, our audit does not provide a legal determination on East Arkansas Planning and Development District, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, East Arkansas Planning and Development District, Inc. complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each on re applicable to each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of East Arkansas Planning and Development District, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above.

In planning and performing our audit of compliance, we considered East Arkansas Planning and Development District, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of East Arkansas Planning and Development District, Inc.'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 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 the 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 significant deficiencies or material weaknesses. 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.

Meyer & Ward

Meyer & Ward, P. A.
Certified Public Accountants
Wynne, Arkansas
November 16, 2020

**EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Prior year findings:

There were no prior year findings.

**EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2020

Summary of Audit Results

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the East Arkansas Planning and Development District, Inc.
2. The Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (a) disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards and (b) disclosed no control deficiencies or material weaknesses that are required to be disclosed under Government Auditing Standards.
3. The Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance required by the Uniform Guidance (a) expresses an unqualified opinion that East Arkansas Planning and Development District, Inc. complied, in all material respects, with the requirements (stated in the above report) that are applicable to each of its federal programs and (b) disclosed no internal control deficiencies. No instances of noncompliance were disclosed.
4. Major Programs: the following programs were identified as major programs:

U.S. Department of Commerce, Economic Development Administration
Revolving Loan Fund, CFDA # 11.307
5. The threshold to determine Type A and Type B programs was \$ 750,000.
6. The East Arkansas Planning and Development District, Inc. was determined to be a low risk auditee for the year ended June 30, 2020.

Findings – Financial Statement Audit

No Findings were noted.

Findings Major Federal Awards Programs

No finding was noted

Questioned Costs

No questioned costs were noted.

**EAST ARKANSAS PLANNING AND DEVELOPMENT DISTRICT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2020

FINDINGS – MAJOR FEDERAL AWARD PROGRAM

No Findings Noted