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FEB 23 2023

COUNTY & PROBATE COURT CLERK

CACHE RIVER DRAINAGE DISTRICT OF CRAIGHEAD, JACKSON AND  
LAWRENCE COUNTIES

ANNUAL REPORT FOR FISCAL YEAR ENDING OCTOBER 31, 2022 FOR  
"TRANSPARENCY" LAW UNDER ACT 359 OF 2021

Included with this report is a copy of the Auditors report of October 31, 2022. It includes expenses of the Bond Issue, and a draw down for performance of the contract described in this District's first Report, in the amount of \$1,077,509. Invoices from the contractor, Hessling Brothers, are reviewed and approved by the Board, and by a civil engineer from Associated Engineering of Jonesboro.

The bond issue is funded by First Security Bank of Jonesboro, and all income is now placed in accounts in that bank.

There were no changes in the Board of Commissioners during the year.

At the Annual Meeting of the District on January 13, 2022, Shannon Davis was re-elected Chairman, and Charles Frierson Secretary for the year.

Notices of this meeting , and for quarterly meetings, have been published in newspapers in each of the three counties.

As of January 3, 2023, There were tax delinquencies of \$28,387.67 in Cache River's regular account, and \$27,724.63 in the Flat Tax account.

There were no other changes or major activities of the District during this fiscal year.

Report prepared January 26, 2023

I, Charles Frierson, Secretary of the District, affirm that the above is true and correct to the best of my information and belief



See Exhibit "A" attached.

EXHIBIT "A"

CRAIGHEAD COUNTY  
Annual Taxpayer Transparency Improvement District Report\*

Name of recorded district Cache River Drainage District of Craighead, Jackson, and Lawrence Counties, Arkansas

1. Formation Date October 16, 1916

2. Formation Statute General Drainage Law, now AR Statute 21-901 thru 21-924

3. Description of district's boundaries (Attachment: map of district)

No boundary map has been found in legal files or courthouse records. Attached is a map of the two ditches involved, through the three counties.

District's commissioners, directors, or officers (name, phone number, address, email, term of Office )

a. Shannon Davis, 870-926-5050, P.O. Box 483, Bono, AR 72416, shannondavisfarms@gmail.com,

Term ends 12/31/2026

b. Maurice Watkins, 870-219-8722, 1412 CR 118, Bono, AR 72416, mmjj1967@yahoo.com, Term ends 12/31/2029

c. Joe Christian, 870-972-8154, 5116 Woodsprings Rd, Jonesboro, AR 72404, jlag@suddenlink.net,

Term ends 12/31/2022

d. Charles Frierson Secretary, 870-932-6643, 530 Southwest Drive, Jonesboro, AR 72401, cdfrierson3@hotmail.com

,annual election done by the board

e. \_\_\_\_\_

f. \_\_\_\_\_

Vacancies on the district board or commission

one \_\_\_\_\_

6. Annual Meeting

First Thursday after January 1st	9:30	Cash Community Building, Cash, AR
Date	Time	Location

7. General description of district's current and future maintenance and repairs

Maintain drainage through the two ditches in the three counties. Current maintenance now underway for entire  
Lengths. Once completed in 2023, general maintenance will continue.

8. Contracts (identity of parties to contracts and district's obligations)

a. Contract for clearing and cleanout totaling \$3,625,982.40 by Hessling Construction Inc (870-740-1613, 17328  
County Road 632, Dexter, MO 63841

- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

Current Indebtedness or Bond Indebtedness (with reason for indebtedness and payout or maturity date)

a. Bond issued through First Security Bank (1341 Red Wolf Blvd, Jonesboro, AR 72401) for \$4,000,000. Interest  
of 3.25 % due only for 2022 and 2023, then 15-year amount until 2036. Reason: the contract listed above.

- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_

Total existing delinquent assessments 62 totaling \$13,538.64

Responsible Delinquent Collector Craighead County Tax Collector 870-933-4560

District Assessor (name, phone number, address, email)

None

12. Payee for distribution from County Treasurer (name, phone number, email)

Charles Frierson, 870-932-6643, cdfrierson3@hotmail.com

13. Explanation of statutory penalties, interest, and cost

A penalty of 25% shall be added to any levies that are not paid by the maturity date with 6% interest for 60 days and the cost of court proceedings. See Arkansas Code §14-121-426

14. Method used to calculate assessments (flat fee; per acre; per structure; etc.)

Continued levy of benefits set by assessment when the district was formed.

New flat tax per acre \$4.50

5. Statement itemizing the income and expenditures of the district for the most recent fiscal year (Attachment: balance sheet/bank statement)

fiscal year ending October 31, 2021. See attached copy of accounting EXHIBIT "A"

Completed By:

CHARLES FRIERSON  
Print Name

870 932 6643  
Phone Number

*Charles Frierson*  
Signature

5-26-21  
Date

\*Required by Arkansas Code Act 359 of 2021

Form provided by: Wes Eddington  
Craighead County Collector

EXHIBIT "A"

FILED

DEC 27 2022

LESLI PENNY

COUNTY & PROBATE COURT CLERK

CACHE RIVER DRAINAGE DISTRICT OF CRAIGHEAD,  
LAWRENCE AND JACKSON COUNTY, ARKANSAS

AUDITORS' REPORT AND  
FINANCIAL STATEMENTS

OCTOBER 31, 2022

dls

despain luther short & company

901 Windover Road | Jonesboro, AR 72401 | 870-932-5401 | 870-972-1141

**INDEPENDENT AUDITORS' REPORT**

District Commissioners  
Cache River Drainage District of Craighead,  
Lawrence, and Jackson County, Arkansas  
Jonesboro, Arkansas

**OPINION**

We have audited the accompanying financial statements of the Cache River Drainage District of Craighead, Lawrence and Jackson County, Arkansas, which comprise the statement of assets, liabilities, and net assets (modified cash basis) as of October 31, 2022, and the related statement of cash receipts, disbursements, and changes in net assets (modified cash basis) for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Cache River Drainage District of Craighead, Lawrence and Jackson County, Arkansas, as of October 31, 2022, and its cash receipts, disbursements, and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

**BASIS FOR OPINION**

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

**BASIS OF ACCOUNTING**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

*Deppin, Luther, Sheri  
& Company, CPAs, PA*

Jonesboro, Arkansas  
December 16, 2022

CACHE RIVER DRAINAGE DISTRICT OF CRAIGHEAD,  
LAWRENCE AND JACKSON, COUNTY ARKANSAS

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
(MODIFIED CASH BASIS)

OCTOBER 31, 2022

ASSETS

CURRENT ASSETS

CASH

\$ 252,542

TOTAL CURRENT ASSETS

\$ 252,542

LIABILITIES AND NET ASSETS

LIABILITIES

BOND PAYABLE

\$ 1,085,000

NET ASSETS

(832,458)

TOTAL LIABILITIES AND NET ASSETS

\$ 252,542

SEE NOTES TO FINANCIAL STATEMENTS



CACHE RIVER DRAINAGE DISTRICT OF CRAIGHEAD,  
LAWRENCE AND JACKSON, COUNTY ARKANSAS

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN NET ASSETS  
(MODIFIED CASH BASIS)

YEAR ENDED OCTOBER 31, 2022

<b>CASH RECEIPTS</b>	
TAX COLLECTIONS	\$ 193,550
INTEREST INCOME	340
	<u>193,890</u>
<b>CASH DISBURSEMENTS</b>	
LEGAL FEES	3,658
FILING FEES	90
COMMISSIONER FEES	420
PUBLIC NOTICE	111
OFFICE SUPPLIES	340
BOND PROCUREMENT EXPENSES	25,000
ENGINEERING FEES	7,043
LEVY AND DITCH MAINTENANCE WORK	1,077,509
ACCOUNTING FEES	600
	<u>1,114,771</u>
<b>EXCESS OF CASH RECEIPTS OVER CASH DISBURSEMENTS</b>	<b>(920,881)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>88,423</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ (832,458)</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

CACHE RIVER DRAINAGE DISTRICT OF CRAIGHEAD,  
LAWRENCE AND JACKSON COUNTY, ARKANSAS

NOTES TO FINANCIAL STATEMENTS  
(MODIFIED CASH BASIS)

OCTOBER 31, 2022

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION**

Cache River Drainage District of Craighead, Lawrence, and Jackson County, Arkansas (the District) is a governmental district formed to manage and supervise activities related to the drainage ditches within its district.

**BASIS OF ACCOUNTING**

The District's accounts are maintained on a modified cash basis, and the financial statements reflect only cash received and disbursed. On the modified cash basis, expenditures for certificates of deposit are not treated as expenses but shown as current assets on the statement of assets, liabilities, and net assets. The financial statements are not intended to present the financial position or results of operations in conformity with generally accepted accounting principles.

**INCOME TAXES**

The District is a non-taxable governmental entity.

**NOTE 2: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 16, 2022, the date which the financial statements were available to be issued.

**NOTE 3: BOND PAYABLE**

The District issued an Arkansas Improvement Bond on December 6, 2021, as pursuant of Section 22 of Act No. 279 of the Acts of Arkansas of 1909, as amended, and act No. 203 of the Acts of Arkansas of 1927, as amended.

The District shall be entitled to demand advances under this Bond from time to time for the purpose of paying the costs of the cleaning, deepening and, widening of the District's system of ditches and drains in accordance with the terms of the Loan Instruments, but no more often than monthly, and only after complying with the conditions precedent set forth in the Loan Agreement and the Pledge and Mortgage, up to an aggregate principal balance not to exceed Four Million and 00/100 Dollars (\$4,000,000.00).

The District is to pay all sums advanced to or for the benefit of the District as follows:

- a) On December 6, 2022 and December 6, 2023, a payment of accrued interest only calculated on principal advanced and outstanding; and
- b) On December 6, 2024 and on each December 6 thereafter until Maturity, a payment to amortize the Bond over a 15 year period; with a final payment on the Maturity date of December 6, 2036.

CACHE RIVER DRAINAGE DISTRICT OF CRAIGHEAD,  
LAWRENCE AND JACKSON COUNTY, ARKANSAS

NOTES TO FINANCIAL STATEMENTS  
(MODIFIED CASH BASIS)

OCTOBER 31, 2022

NOTE 3: BOND PAYABLE (Cont.)

The interest rate is as follows:

- a) From December 6, 2021, until December 5, 2028, is 3.25% per annum;
- b) From December 6, 2028, until December 5, 2031, rate equal to the Wall Street Journal prime rate announced on December 5, 2028;
- c) From December 6, 2031, until December 5, 2036, a rate equal to the Wall Street Journal prime rate announced on December 5, 2031.