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MAR 05 2024

COUNTY & PROBATE COURT CLERK

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

ANNUAL REPORT FOR FISCAL YEAR ENDING OCTOBER 31, 2013 FOR
"TRANSPARENCY LAW" UNDER ACT
359 of 2021

Included in this report is a copy of the Auditors report of fiscal year ending October 31, 2013. Details of the current bond issue were reported in previous reports. As of this date, the contract with Hessling Contractors has a balance remaining of just over \$150,000.00.

Information about the formation and original approval of the District can be found in the first report under this law filed in November 2009.

Delinquences in the District, as reported by the Tax Collector in Craighead County are:

Regular levy of benefits (tax): In 2023, \$225.00, total, balance \$36,018.00

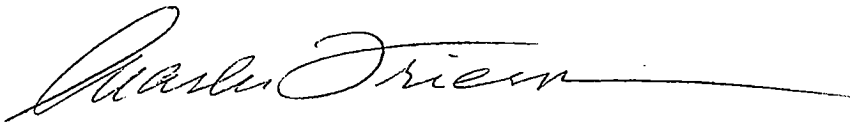
Flat tax: for 2023 was \$148.00; total balance \$44,097.00

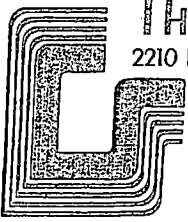
Total tax collections (regular and flat) were \$572,706.00

At the annual meeting in January, Shannon Davis was re-elected Chairman, and Charles Frierson, Secretary. There were no changes in the Board during the year.

Report prepared February 20, 2024.

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





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A PROFESSIONAL ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBER OF THE PRIVATE COMPANIES SECTION OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the District Commissioners
Cache River Drainage District
of Craighead, Lawrence, and Jackson Counties Arkansas
Jonesboro, Arkansas

Opinion

We have audited the accompanying financial statements of Cache River Drainage District of Craighead, Lawrence, and Jackson Counties Arkansas, which comprise the statement of assets, liabilities, and net assets (modified cash basis) as of October 31, 2023, 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 Cache River Drainage District of Craighead, Lawrence, and Jackson Counties Arkansas as of October 31, 2023, 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 Counties 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cache River Drainage District of Craighead, Lawrence, and Jackson Counties Arkansas's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Counties 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 Counties 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 related matters that we identified during the audit.

Thomas, Speight & Noble, CPAs

Thomas, Speight & Noble, CPAs

Jonesboro, Arkansas

December 31, 2023

Cache River Drainage District
of Craighead, Lawrence, and Jackson Counties Arkansas
Statement of Assets, Liabilities, and Net Assets (Modified Cash Basis)
October 31, 2023

ASSETS

Current Assets

Cash	\$ 820,372
Total Current Assets	<u>820,372</u>

TOTAL ASSETS \$ 820,372

LIABILITIES AND NET ASSETS

Long-term Liabilities

Bond Payable	\$ 2,939,405
Total Long-term Liabilities	<u>2,939,405</u>

TOTAL LIABILITIES 2,939,405

NET ASSETS

Without donor restrictions (2,119,033)

Total net assets (2,119,033)

TOTAL LIABILITIES & NET ASSETS \$ 820,372

Cache River Drainage District
 of Craighead, Lawrence, and Jackson Counties Arkansas
 Statement of Cash Receipts, Disbursements, and Changes in Net Assets
 (Modified Cash Basis)
 Year Ended October 31, 2023

Cash Receipts	
Tax collections	\$ 572,706
Interest income	3,361
Total cash receipts	576,067
 Cash Disbursements	
Legal fees	3,336
Filing Fees	110
Levy and ditch maintenance	1,841,614
Public notice	567
Meetings	200
Interest expense	16,015
Accounting fees	800
Total cash disbursements	1,862,642
 Excess of Cash Receipts over Cash Disbursements	 (1,286,575)
 Net assets, beginning of year	 (832,458)
 Net assets - end of year	 \$(2,119,033)

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

Cache River Drainage District
Of Craighead, Lawrence, and Jackson Counties Arkansas

Notes to Financial Statements (Modified Cash Basis)

October 31, 2023

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Cache River Drainage District of Craighead, Lawrence, and Jackson Counties 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 31, 2023, 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 Counties Arkansas

Notes to Financial Statements (Modified Cash Basis)

October 31, 2023

Note 3 – Bond Payable (Continued)

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.