

DeWitt School District No. 1

Arkansas County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2019



DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2019

Independent Auditor's Report
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*
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis	C
Notes to Financial Statements	

SCHEDULES

	<u>Schedule</u>
Schedule of Capital Assets (Unaudited)	1
Schedule of Expenditures of Federal Awards	2
Schedule of Findings and Questioned Costs	3
Summary Schedule of Prior Audit Findings	4
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	5

Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

DeWitt School District No. 1 and School Board Members
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the DeWitt School District No. 1 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. This includes determining that the regulatory 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 *Governmental 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 from 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2019, or the changes in financial position for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2020 on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
February 20, 2020
EDSD00219

Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

DeWitt School District No. 1 and School Board Members
Legislative Joint Auditing Committee

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 each major governmental fund and the aggregate remaining fund information of the DeWitt School District No. 1 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 20, 2020. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

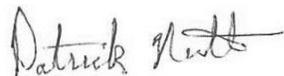
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and 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 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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 20, 2020

Arkansas



Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. DeAnn Vaught
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

DeWitt School District No. 1 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the DeWitt School District No. 1's (the "District") 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 District's major federal programs for the year ended June 30, 2019. The District's major federal 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 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 each of the District's major federal programs 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 District'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 of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District 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 District'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 the 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 the District'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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.

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 20, 2020

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 2,615,040	\$ 58,493	\$ 2,701,600	\$ 104,113
Investments				88,405
Accounts receivable	1,540	89,350		
TOTAL ASSETS	\$ 2,616,580	\$ 147,843	\$ 2,701,600	\$ 192,518
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 329,635	\$ 39,695		
Due student groups				\$ 103,851
Total Liabilities	329,635	39,695		103,851
Fund Balances:				
Restricted	541,769	108,148		88,667
Assigned	90,509		\$ 2,701,600	
Unassigned	1,654,667			
Total Fund Balances	2,286,945	108,148	2,701,600	88,667
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,616,580	\$ 147,843	\$ 2,701,600	\$ 192,518

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

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 6,067,682		
State assistance	5,930,399	\$ 4,644	
Federal assistance	98,604	1,475,683	
Activity revenues	105,943		
Meal sales		175,720	
Investment income	5,932	5,016	\$ 593
Other revenues	84,317	3,500	
TOTAL REVENUES	12,292,877	1,664,563	593
EXPENDITURES			
Regular programs	4,646,302	176,331	
Special education	602,810	297,283	
Career education programs	572,964	895	
Compensatory education programs	66,660	172,149	
Other instructional programs	127,609		
Student support services	330,400	119,099	
Instructional staff support services	962,233	170,273	
General administration support services	404,859	37,737	
School administration support services	697,271		
Central services support services	304,531		
Operation and maintenance of plant services	979,195		121,576
Student transportation services	854,052		
Other support services	17,119		
Food services operations		729,341	
Community services operations	12,550		
Facilities acquisition and construction services	170,075	11,203	7,705
Activity expenditures	84,946		
Debt Service:			
Principal retirement	49,980		360,000
Interest and fiscal charges	11,026		474,648
Net debt issuance costs	4,502		
TOTAL EXPENDITURES	10,899,084	1,714,311	963,929
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,393,793	(49,748)	(963,336)
OTHER FINANCING SOURCES (USES)			
Transfers in			1,453,046
Transfers out	(1,453,046)		
Proceeds from installment contract	171,320		
TOTAL OTHER FINANCING SOURCES (USES)	(1,281,726)		1,453,046
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	112,067	(49,748)	489,710
FUND BALANCES - JULY 1	2,174,878	157,896	2,211,890
FUND BALANCES - JUNE 30	\$ 2,286,945	\$ 108,148	\$ 2,701,600

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

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 6,006,658	\$ 6,067,682	\$ 61,024			
State assistance	5,630,220	5,930,399	300,179	\$ 4,700	\$ 4,644	\$ (56)
Federal assistance	98,769	98,604	(165)	1,632,169	1,475,683	(156,486)
Activity revenues	290,184	105,943	(184,241)			
Meal sales				155,000	175,720	20,720
Investment income	2,500	5,932	3,432	200	5,016	4,816
Other revenues	3,400	84,317	80,917		3,500	3,500
TOTAL REVENUES	12,031,731	12,292,877	261,146	1,792,069	1,664,563	(127,506)
EXPENDITURES						
Regular programs	4,783,344	4,646,302	137,042	125,570	176,331	(50,761)
Special education	857,851	602,810	255,041	325,249	297,283	27,966
Career education programs	603,186	572,964	30,222	5,000	895	4,105
Compensatory education programs	67,855	66,660	1,195	144,431	172,149	(27,718)
Other instructional programs	128,974	127,609	1,365			
Student support services	320,301	330,400	(10,099)	205,448	119,099	86,349
Instructional staff support services	831,101	962,233	(131,132)	282,235	170,273	111,962
General administration support services	407,876	404,859	3,017	41,027	37,737	3,290
School administration support services	694,864	697,271	(2,407)			
Central services support services	257,343	304,531	(47,188)			
Operation and maintenance of plant services	1,009,447	979,195	30,252			
Student transportation services	772,170	854,052	(81,882)			
Other support services	13,000	17,119	(4,119)			
Food services operations				671,457	729,341	(57,884)
Community services operations	2,772	12,550	(9,778)			
Facilities acquisition and construction services		170,075	(170,075)		11,203	(11,203)
Activity expenditures	277,509	84,946	192,563			
Debt Service:						
Principal retirement	49,979	49,980	(1)			
Interest and fiscal charges	11,027	11,026	1			
Net debt issuance costs		4,502	(4,502)			
TOTAL EXPENDITURES	11,088,599	10,899,084	189,515	1,800,417	1,714,311	86,106

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 943,132	\$ 1,393,793	\$ 450,661	\$ (8,348)	\$ (49,748)	\$ (41,400)
OTHER FINANCING SOURCES (USES)						
Transfers in	14,231,554		(14,231,554)	26,117		(26,117)
Transfers out	(15,066,199)	(1,453,046)	13,613,153	(26,117)		26,117
Proceeds from installment contract		171,320	171,320			
TOTAL OTHER FINANCING SOURCES (USES)	(834,645)	(1,281,726)	(447,081)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	108,487	112,067	3,580	(8,348)	(49,748)	(41,400)
FUND BALANCES - JULY 1	2,423,374	2,174,878	(248,496)	134,303	157,896	23,593
FUND BALANCES - JUNE 30	<u>\$ 2,531,861</u>	<u>\$ 2,286,945</u>	<u>\$ (244,916)</u>	<u>\$ 125,955</u>	<u>\$ 108,148</u>	<u>\$ (17,807)</u>

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

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the DeWitt School District (District). There are no component units.

B. Description of Funds

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue.

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

Other governmental funds, presented in the aggregate, consist of the following:

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Fund types include the following:

Agency Funds – Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Private-purpose Trust Funds – Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to financial statements.

D. Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see Note 1 F below).

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Property Taxes

Property taxes are levied (tax rates are established) in November of each year based on property assessment (real and personal) that occurred within a specific period of time beginning January 1 of the same year. Property taxes are collectible beginning the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2018 calendar year taxes collected by June 30, 2019 and 8 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2019 equaled or exceeded the 8 percent calculation.

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes (Continued)

Amendment no. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark. Code Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

G. Fund Balance Classifications

1. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

H. Budget and Budgetary Accounting

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

I. Stabilization Arrangements

The District's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise

J. Minimum Fund Balance Policies

The District's Board of Education has not formally adopted a minimum fund balance policy.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 694,623	\$ 695,577
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	4,873,028	4,993,432
Total Deposits	\$ 5,567,651	\$ 5,689,009

The above total deposits include certificates of deposit of \$88,405 reported as investments and classified as nonparticipating contracts.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Federal assistance		\$ 89,350
Other	\$ 1,540	
Totals	\$ 1,540	\$ 89,350

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2019:

- A. Operating Lease (noncapital lease with initial noncancellable lease terms in excess of one year)

General description of lease and leasing arrangements:

On April 4, 2017, the District executed a lease for 18 copies. The stipulations of the agreement require 36 monthly payments of \$3,159.

- 1. Future minimum rental payments (aggregate) at June 30, 2019: \$31,593
- 2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2020	\$ 31,593

Rental payments for the operating lease described above were approximately \$34,753 for the year ended June 30, 2019.

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4: COMMITMENTS (Continued)

B. Long-term Debt Issued and Outstanding

The District is presently paying on the following long-term debt:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2019</u>	<u>Maturities To June 30, 2019</u>
<u>Bonds</u>					
11/1/14	6/1/44	3 - 3.75%	\$ 14,390,000	\$ 13,790,000	\$ 600,000
<u>Direct Borrowings</u>					
4/16/10	4/16/20	5%	280,375	34,665	245,710
6/20/18	6/30/28	4.02%	204,485	187,501	16,984
3/26/19	3/26/24	3.88%	171,320	171,320	
Total Direct Borrowings			<u>656,180</u>	<u>393,486</u>	<u>262,694</u>
Total Long-Term Debt			<u>\$ 15,046,180</u>	<u>\$ 14,183,486</u>	<u>\$ 862,694</u>

Changes in Long-term Debt

	<u>Balance July 01, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
Bonds payable	\$ 14,150,000		\$ 360,000	\$ 13,790,000
<u>Direct Borrowings</u>				
Capital leases	272,146		49,980	222,166
Installment contracts		\$ 171,320		171,320
Total Direct Borrowings	<u>272,146</u>	<u>171,320</u>	<u>49,980</u>	<u>393,486</u>
Total Long-Term Debt	<u>\$ 14,422,146</u>	<u>\$ 171,320</u>	<u>\$ 409,980</u>	<u>\$ 14,183,486</u>

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4: COMMITMENTS (Continued)

B. Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 365,000	\$ 466,681	\$ 831,681	\$ 84,021	\$ 15,010	\$ 99,031
2021	375,000	455,731	830,731	51,315	11,746	63,061
2022	390,000	444,481	834,481	53,352	9,709	63,061
2023	400,000	432,781	832,781	37,521	6,527	44,048
2024	415,000	420,781	835,781	57,671	5,390	63,061
2025-2029	2,260,000	1,910,107	4,170,107	109,606	9,547	119,153
2030-2034	2,645,000	1,535,738	4,180,738			
2035-2039	3,140,000	1,053,169	4,193,169			
2040-2044	3,800,000	437,875	4,237,875			
Totals	<u>\$ 13,790,000</u>	<u>\$ 7,157,344</u>	<u>\$ 20,947,344</u>	<u>\$ 393,486</u>	<u>\$ 57,929</u>	<u>\$ 451,415</u>

Capital Leases

Capital assets acquired through capital leases consisted of the following at June 30, 2019:

Class of Property	Cost	Accumulated Depreciation	Net Value
Administration building	\$ 280,028	\$ 52,872	\$ 227,156
Superintendent's residence	204,485	7,574	196,911
Total	<u>\$ 484,513</u>	<u>\$ 60,446</u>	<u>\$ 424,067</u>

The present value of the net minimum lease payments is as follows at June 30, 2019:

Total Minimum Lease Payments	\$ 261,289
Less: Amount Representing Interest	<u>39,123</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 222,166</u>

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Arkansas Department of Education (ADE). Depending on the date of the bond issue, ADE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

5: ACCOUNTS PAYABLE

Accounts payable at June 30, 2019 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 329,635	\$ 39,695

6: INTERFUND TRANSFERS

The District transferred \$1,453,046 from the general fund to the other aggregate funds for the following: \$834,648 for debt related payments and \$618,398 for future capital expenditures.

7: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at www.artrs.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2019 were \$998,750, equal to the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2018 (actuarial valuation date and measurement date) was \$8,439,354.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

8: PRIVATE-PURPOSE TRUST FUNDS

A. Changes in Private-Purpose Trust Funds

ADDITIONS	
Donations	\$ 250
Interest	441
	691
DEDUCTIONS	
Scholarships	2,408
	(1,717)
CHANGE IN FUND BALANCE	
	(1,717)
FUND BALANCE - JULY 1	90,384
FUND BALANCE - JUNE 30	\$ 88,667

B. Expendable Private-Purpose Trust Funds

The Bill Conine Scholarship Fund was established in 1997. Mr. Conine has requested that the Superintendent, High School Principal, High School Guidance Counselor, and one board member evaluate and select one student per year from the Gillett Campus of the DeWitt School District planning to attend Phillips Community College of the University of Arkansas. Mr. Conine determines the amount of the scholarship annually. The fund had a balance of \$86,325 at June 30, 2019. The District had two additional scholarship funds totaling \$2,342 at June 30, 2019.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$14,390,000 issued on November 1, 2014. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$20,947,344, payable through June 1, 2044. Principal and interest paid for the current year and total property taxes pledged for debt service were \$833,125 and \$2,075,786, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 40.14 percent.

10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for board liability, student accidents, and business trip accidental death.

The District participates in the Arkansas School Boards Association – Workers’ Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers’ compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

10: RISK MANAGEMENT (Continued)

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

The District participates in the Arkansas Public School Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

11: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$222,266 for the year ended June 30, 2019.

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

12: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 4,215		
Educational programs - national school lunch state categorical funding	13,070		
English-language learners	1,147		
Professional development	11,262		
Child nutrition programs		\$ 17,532	
Medical services		72,323	
Special education programs	320	9,323	
Isolated special needs transportation	213,200		
Juvenile detention program	230,260		
Other purposes	68,295	8,970	
Total Restricted	<u>541,769</u>	<u>108,148</u>	
Assigned to:			
Capital projects			\$2,701,600
Student activities	90,509		
Total Assigned	<u>90,509</u>		<u>2,701,600</u>
Unassigned	<u>1,654,667</u>		
Totals	<u>\$2,286,945</u>	<u>\$ 108,148</u>	<u>\$2,701,600</u>

13: SUBSEQUENT EVENT

On September 1, 2019, the District issued \$13,850,000 in refunding bonds, maturing June 1, 2021 through 2044, with interest rates of 3 percent, to refund the bond issue dated November 1, 2014. The interest rates of the bonds refunded were 3 to 3.75 percent. The bonds refunded were fully called on December 1, 2019. The issuance of these bonds will result in a savings of \$893,982 to the District over the life of the bonds.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

Schedule 1

	Balance June 30, 2019
<i>Nondepreciable capital assets:</i>	
Land	\$ 209,570
<i>Depreciable capital assets:</i>	
Buildings	18,909,289
Improvements/infrastructure	2,307,842
Equipment	3,058,827
Total depreciable capital assets	24,275,958
Less accumulated depreciation for:	
Buildings	4,567,966
Improvements/infrastructure	907,007
Equipment	1,898,493
Total accumulated depreciation	7,373,466
Total depreciable capital assets, net	16,902,492
Capital assets, net	\$ 17,112,062

DEWITT SCHOOL DISTRICT NO. 1
ARKANSAS COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0101		\$ 117,339
Arkansas Department of Education - National School Lunch Program	10.555	0101		369,868
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	0101000		31,076
Total for National School Lunch Program				<u>400,944</u>
Total U. S. Department of Agriculture				<u>518,283</u>
TOTAL CHILD NUTRITION CLUSTER				<u>518,283</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	0101		317,517
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>317,517</u>
OTHER PROGRAMS				
<u>National Endowment for the Arts</u>				
Department of Arkansas Heritage-Arkansas Arts Council - Promotion of the Arts - Partnership Agreements	45.025	0101		150
Total National Endowment for the Arts				<u>150</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	0101		293,597
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	0101		59,839
Arkansas Department of Education - Preschool Development Grants	84.419	0101		183,647
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	0101		26,120
Total U. S. Department of Education				<u>563,203</u>
TOTAL OTHER PROGRAMS				<u>563,353</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 1,399,153

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of DeWitt School District No. 1 (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 4: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 5: During the year ended June 30, 2019, the District received Medicaid funding of \$22,762 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse
 Regulatory basis - unmodified

Internal control over financial reporting:

● Material weakness(es) identified? yes no

● Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

● Material weakness(es) identified? yes no

● Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555 84.010	Child Nutrition Cluster Title I Grant to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

DEWITT SCHOOL DISTRICT

•Excellence in Education•

Mr. Nick Hill, Superintendent

BOARD OF DIRECTORS

Drew Whiting, President
Brad Koen, Vice-President
Shawanna Wansley, Secretary
Kenneth Graves
Johnny Lockley
Matthew Green
Alison West



Clay Ashcraft
DeWitt High School Principal
Bobbie Steeland
DeWitt Elementary Principal
Jonathan Eggerman
Gillett Elementary Principal
Rachel Mitchell
DeWitt Middle School Principal

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENT FINDINGS

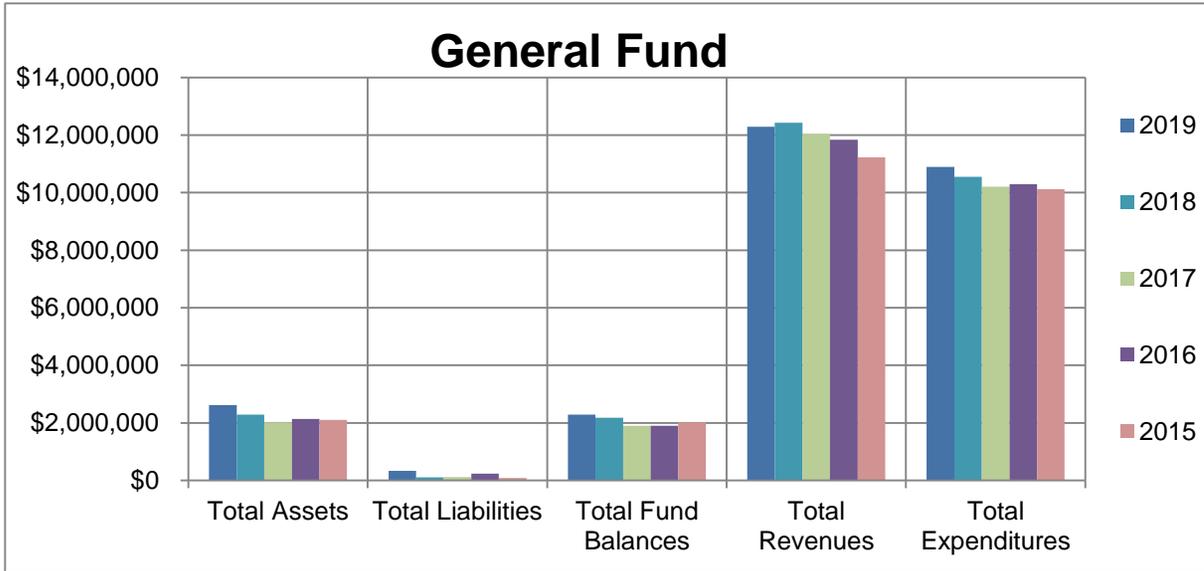
There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

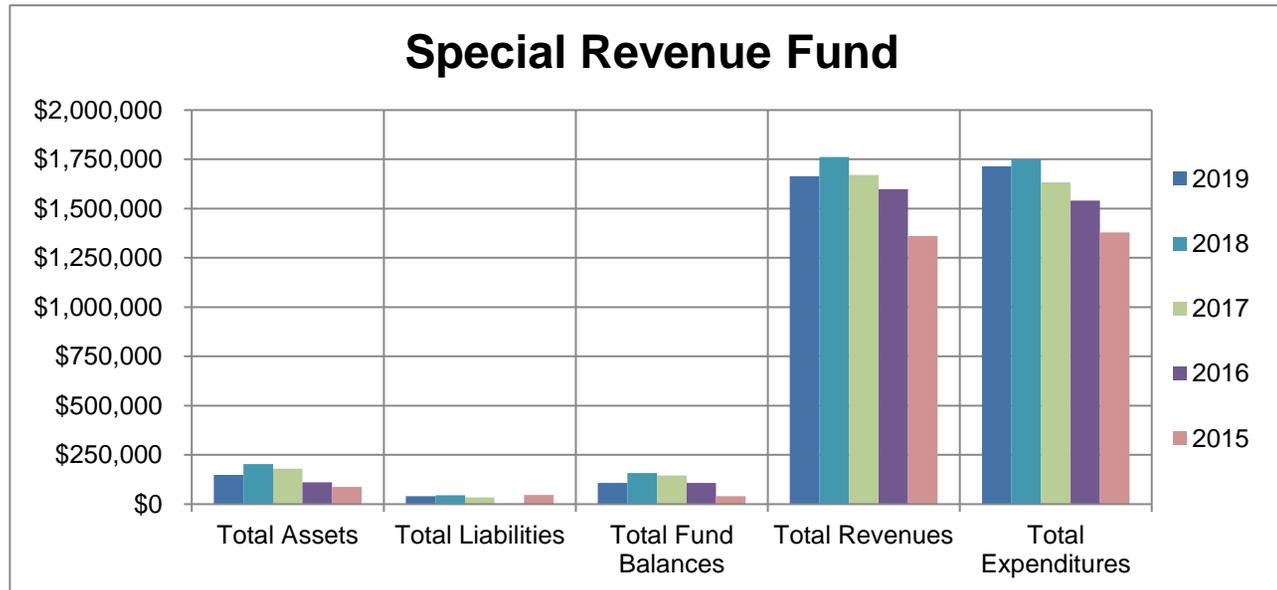
DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

<u>General Fund</u>	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 2,616,580	\$ 2,281,308	\$ 2,019,233	\$ 2,134,563	\$ 2,100,324
Total Liabilities	329,635	106,430	117,040	240,210	86,782
Total Fund Balances	2,286,945	2,174,878	1,902,193	1,894,353	2,013,542
Total Revenues	12,292,877	12,432,635	12,038,220	11,843,354	11,229,783
Total Expenditures	10,899,084	10,554,336	10,206,618	10,293,595	10,122,621
Total Other Financing Sources (Uses)	(1,281,726)	(1,605,614)	(1,823,762)	(1,668,948)	(1,090,995)



DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 147,843	\$ 203,101	\$ 180,371	\$ 111,507	\$ 88,047
Total Liabilities	39,695	45,205	34,407	3,081	47,409
Total Fund Balances	108,148	157,896	145,964	108,426	40,638
Total Revenues	1,664,563	1,761,243	1,670,486	1,598,164	1,361,118
Total Expenditures	1,714,311	1,749,311	1,632,948	1,539,945	1,378,820
Total Other Financing Sources (Uses)				9,569	24,846



DEWITT SCHOOL DISTRICT NO. 1
 ARKANSAS COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 2,701,600	\$ 2,211,890	\$ 1,632,365	\$ 3,328,942	\$ 8,742,585
Total Liabilities				379,506	234,573
Total Fund Balances	2,701,600	2,211,890	1,632,365	2,949,436	8,508,012
Total Revenues	593	367	209,838	1,164,219	81,404
Total Expenditures	963,929	1,323,195	3,345,043	8,382,174	1,155,015
Total Other Financing Sources (Uses)	1,453,046	1,902,353	1,818,134	1,659,379	9,166,508

