

# **Buffalo Island Central School District No. 40**

**Craighead County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**June 30, 2019**



BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD COUNTY, ARKANSAS  
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# 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

Buffalo Island Central School District No. 40 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 Buffalo Island Central School District No. 40 (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 March 2, 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  
March 2, 2020  
EDSD07819

# 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

Buffalo Island Central School District No. 40 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 Buffalo Island Central School District No. 40 (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 March 2, 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.

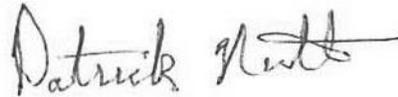
#### **Compliance and Other Matters**

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

A handwritten signature in black ink that reads "Patrick Nutt". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 2, 2020

# Arkansas



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

**Rep. Richard Womack**  
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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

Buffalo Island Central School District No. 40 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on Compliance for Each Major Federal Program**

We have audited the Buffalo Island Central School District No. 40'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**

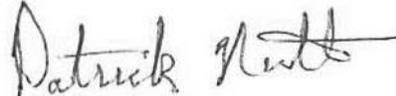
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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

A handwritten signature in black ink, appearing to read "Patrick Nutt", with a stylized flourish at the end.

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 2, 2020

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 995,077		\$ 52,683	\$ 114,966
Investments				281,564
Accounts receivable		\$ 86,231		
Due from other funds	79,074			
<b>TOTAL ASSETS</b>	<b>\$ 1,074,151</b>	<b>\$ 86,231</b>	<b>\$ 52,683</b>	<b>\$ 396,530</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 29,821			\$ 120
Due student groups				61,752
Due to other funds		\$ 79,074		
<b>Total Liabilities</b>	<b>29,821</b>	<b>79,074</b>		<b>61,872</b>
Fund Balances:				
Nonspendable				50,255
Restricted	168,968	7,157	\$ 12,640	284,403
Assigned	34,559		40,043	
Unassigned	840,803			
<b>Total Fund Balances</b>	<b>1,044,330</b>	<b>7,157</b>	<b>52,683</b>	<b>334,658</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,074,151</b>	<b>\$ 86,231</b>	<b>\$ 52,683</b>	<b>\$ 396,530</b>

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

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD 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	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 2,756,640		
State assistance	3,959,712	\$ 2,674	\$ 3,291,636
Federal assistance		773,716	
Activity revenues	189,897		
Meal sales		104,119	
Investment income	5,009		3,499
Other revenues	174,389		36,592
<b>TOTAL REVENUES</b>	<b>7,085,647</b>	<b>880,509</b>	<b>3,331,727</b>
<b>EXPENDITURES</b>			
Regular programs	2,555,617	26,073	759,268
Special education	397,865	180,450	
Career education programs	356,986		
Compensatory education programs	59,414	233,158	
Other instructional programs	332,236	11,628	
Student support services	189,724	26,834	
Instructional staff support services	229,019	225	13,822
General administration support services	245,802	1,931	
School administration support services	456,923		
Central services support services	271,380		7,001
Operation and maintenance of plant services	767,695		280,434
Student transportation services	182,885	238	
Other support services	42,352		
Food services operations	1,480	436,943	
Facilities acquisition and construction services			6,328,140
Activity expenditures	179,566		
Debt Service:			
Principal retirement	134,906		310,000
Interest and fiscal charges	28,514		295,577
<b>TOTAL EXPENDITURES</b>	<b>6,432,364</b>	<b>917,480</b>	<b>7,994,242</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>653,283</b>	<b>(36,971)</b>	<b>(4,662,515)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		38,943	645,620
Transfers out	(684,563)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(684,563)</b>	<b>38,943</b>	<b>645,620</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(31,280)</b>	<b>1,972</b>	<b>(4,016,895)</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,075,610</b>	<b>5,185</b>	<b>4,069,578</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,044,330</b>	<b>\$ 7,157</b>	<b>\$ 52,683</b>

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

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 2,640,071	\$ 2,756,640	\$ 116,569			
State assistance	4,022,076	3,959,712	(62,364)		\$ 2,674	\$ 2,674
Federal assistance				\$ 764,267	773,716	9,449
Activity revenues		189,897	189,897			
Meal sales				92,400	104,119	11,719
Investment income		5,009	5,009			
Other revenues	123,000	174,389	51,389	62,246		(62,246)
<b>TOTAL REVENUES</b>	<b>6,785,147</b>	<b>7,085,647</b>	<b>300,500</b>	<b>918,913</b>	<b>880,509</b>	<b>(38,404)</b>
<b>EXPENDITURES</b>						
Regular programs	2,578,710	2,555,617	23,093	30,208	26,073	4,135
Special education	402,669	397,865	4,804	164,531	180,450	(15,919)
Career education programs	355,618	356,986	(1,368)	11,309		11,309
Compensatory education programs	59,650	59,414	236	229,306	233,158	(3,852)
Other instructional programs	286,089	332,236	(46,147)	11,906	11,628	278
Student support services	181,255	189,724	(8,469)	42,090	26,834	15,256
Instructional staff support services	210,367	229,019	(18,652)	16,500	225	16,275
General administration support services	245,045	245,802	(757)	1,951	1,931	20
School administration support services	474,709	456,923	17,786			
Central services support services	254,475	271,380	(16,905)			
Operation and maintenance of plant services	709,937	767,695	(57,758)			
Student transportation services	186,246	182,885	3,361		238	(238)
Other support services	35,000	42,352	(7,352)			
Food services operations	1,000	1,480	(480)	427,400	436,943	(9,543)
Activity expenditures		179,566	(179,566)			
Debt Service:						
Principal retirement	82,687	134,906	(52,219)			
Interest and fiscal charges	6,431	28,514	(22,083)			
<b>TOTAL EXPENDITURES</b>	<b>6,069,888</b>	<b>6,432,364</b>	<b>(362,476)</b>	<b>935,201</b>	<b>917,480</b>	<b>17,721</b>

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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	\$ 715,259	\$ 653,283	\$ (61,976)	\$ (16,288)	\$ (36,971)	\$ (20,683)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,489,273		(8,489,273)	20,000	38,943	18,943
Transfers out	(9,187,109)	(684,563)	8,502,546			
TOTAL OTHER FINANCING SOURCES (USES)	(697,836)	(684,563)	13,273	20,000	38,943	18,943
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17,423	(31,280)	(48,703)	3,712	1,972	(1,740)
FUND BALANCES - JULY 1	1,472,530	1,075,610	(396,920)	1,906	5,185	3,279
FUND BALANCES - JUNE 30	\$ 1,489,953	\$ 1,044,330	\$ (445,623)	\$ 5,618	\$ 7,157	\$ 1,539

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

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD 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 Buffalo Island Central 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.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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:

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	10-20
Buildings	20-50
Equipment	5-30

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.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Property Taxes (Continued)

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.

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. Interfund Receivables and Payables

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

H. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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.
4. 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.

I. 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.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

I. Budget and Budgetary Accounting (Continued)

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.

J. 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.

K. Minimum Fund Balance Policies

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

L. 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.

M. Encumbrances

The District does not utilize encumbrance accounting.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

**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)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	944,290	1,783,457
Total Deposits	\$ 1,444,290	\$ 2,283,457

The above total deposits include certificates of deposit of \$281,564 reported as investments and classified as nonparticipating contracts.

**3: ACCOUNTS RECEIVABLE**

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

	Governmental Funds
Description	Major Special Revenue
Federal assistance	\$ 86,231

**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 September 1, 2016, the District executed an operating lease for multiple copiers. This agreement stipulated monthly payments of \$2,568 for 36 months.

1. Future minimum rental payments (aggregate) at June 30, 2019: \$5,136
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2020	\$ 5,136

Rental payments for the operating lease described above were approximately \$30,816 for the year ended June 30, 2019.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2019	Maturities To June 30, 2019
<u>Bonds</u>					
10/1/12	6/1/27	1-2.25%	\$ 685,000	\$ 400,000	\$ 285,000
5/1/16	6/1/27	1-1.875%	2,245,000	1,675,000	570,000
11/1/16	2/1/46	1.15-3.125%	7,600,000	7,570,000	30,000
2/1/17	2/1/46	2.1-3.625%	1,575,000	1,535,000	40,000
Total Bonds			<u>12,105,000</u>	<u>11,180,000</u>	<u>925,000</u>
<u>Direct Borrowings</u>					
8/18/15	8/18/19	2.35%	102,052	13,295	88,757
8/2/16	8/2/21	3.06%	111,356	57,791	53,565
11/30/17	11/30/22	3.25%	113,799	81,564	32,235
11/30/17	11/30/27	3.85%	611,906	534,313	77,593
Total Direct Borrowings			<u>939,113</u>	<u>686,963</u>	<u>252,150</u>
Total Long-Term Debt			<u>\$ 13,044,113</u>	<u>\$ 11,866,963</u>	<u>\$ 1,177,150</u>

Changes in Long-term Debt

	Balance July 01, 2018	Issued	Retired	Balance June 30, 2019
Bonds payable	\$ 11,490,000		\$ 310,000	\$ 11,180,000
<u>Direct Borrowings</u>				
Installment contracts	821,869		134,906	686,963
Total Long-Term Debt	<u>\$ 12,311,869</u>	<u>\$ 0</u>	<u>\$ 444,906</u>	<u>\$ 11,866,963</u>

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD 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	\$ 310,000	\$ 289,767	\$ 599,767	\$ 112,508	\$ 24,278	\$ 136,786
2021	315,000	285,405	600,405	102,752	20,583	123,335
2022	320,000	280,628	600,628	94,324	16,917	111,241
2023	325,000	275,531	600,531	73,048	13,677	86,725
2024	325,000	270,104	595,104	63,190	11,116	74,306
2025-2029	1,745,000	1,256,399	3,001,399	241,141	18,922	260,063
2030-2034	1,950,000	1,058,525	3,008,525			
2035-2039	2,210,000	781,196	2,991,196			
2040-2044	2,550,000	424,113	2,974,113			
2044-2046	1,130,000	54,531	1,184,531			
Totals	<u>\$ 11,180,000</u>	<u>\$ 4,976,199</u>	<u>\$ 16,156,199</u>	<u>\$ 686,963</u>	<u>\$ 105,493</u>	<u>\$ 792,456</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.

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

Description	Governmental Funds	
	Major	Fiduciary Fund Types
	General	
Vendor payables	\$ 20,450	\$ 120
Payroll withholdings and matching	9,371	
Totals	<u>\$ 29,821</u>	<u>\$ 120</u>

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**6: INTERFUND TRANSFERS**

The District transferred \$645,620 from the general fund to the other aggregate funds for debt related payments of \$605,577 and future capital projects of \$40,043. Additionally, the District transferred \$38,943 from the general fund to the special revenue fund to supplement its food service operations.

**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.arts.gov](http://www.arts.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 \$576,354, 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 \$4,949,526.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

**8: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS**

ADDITIONS	
Donations	\$ 21,740
Interest	<u>4,452</u>
 TOTAL ADDITIONS	 <u>26,192</u>
 DEDUCTIONS	
Scholarships	<u>27,282</u>
 CHANGE IN FUND BALANCE	 (1,090)
 FUND BALANCE - JULY 1	 <u>335,748</u>
 FUND BALANCE - JUNE 30	 <u>\$ 334,658</u>

**9: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$12,105,000 issued from October 1, 2012 through February 1, 2017. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$16,156,199, payable through February 1, 2046. Principal and interest paid for the current year and total property taxes pledged for debt service were \$603,532 and \$1,033,740, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 58.38 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 school board liability and student accidents.

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.

Additionally, the District participates in the Arkansas School Boards Association – Risk Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984 pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings, contents, vehicles, and builders’ risk.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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.

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 \$138,353 for the year ended June 30, 2019.

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

Description	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 4,001		
Educational programs - national school lunch state categorical funding	3,341		
English-language learners	8		
Capital projects			\$ 12,640
Medical services		\$ 7,157	
Special education programs	226		
Preschool programs	122,918		
Other purposes	38,474		
Total Restricted	168,968	7,157	12,640
Assigned to:			
Capital projects			40,043
Student activities	34,559		
Total Assigned	34,559		40,043
Unassigned	840,803		
Totals	\$ 1,044,330	\$ 7,157	\$ 52,683

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**13: SUBSEQUENT EVENTS**

On July 1, 2019, the District entered into a lease purchase agreement of \$76,214 for the purchase of technology equipment.

On August 29, 2019, the District entered into a lease purchase agreement of \$94,095 for the purchase of a bus.

On October 1, 2019, the District issued refunding bonds of \$1,610,000 to refund the February 1, 2017 bond issue.

**14. JAMES GORDAN BLANKENSHIP ENDOWMENT**

During the year ended June 30, 2002, the District received donations of \$255 to endow the James Gordan Blankenship Scholarship. An additional \$50,000 was received from the estate of James Gordan Blankenship on October 9, 2002, for this endowment. Interest earnings are utilized for scholarships. The endowment funds are maintained in a certificate of deposit.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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	\$ 1,328,022
<i>Depreciable capital assets:</i>	
Buildings	24,762,913
Improvements/infrastructure	383,113
Equipment	2,168,590
Total depreciable capital assets	27,314,616
Less accumulated depreciation for:	
Buildings	2,608,126
Improvements/infrastructure	197,474
Equipment	1,426,810
Total accumulated depreciation	4,232,410
Total depreciable capital assets, net	23,082,206
Capital assets, net	\$ 24,410,228

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	1605		\$ 70,985
National School Lunch Program (Note 3)	10.555			11,997
Arkansas Department of Education - National School Lunch Program	10.555	1605		192,935
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	1605000		15,291
Total for National School Lunch Program				<u>220,223</u>
Total U. S. Department of Agriculture				<u>291,208</u>
TOTAL CHILD NUTRITION CLUSTER				<u>291,208</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	1605		188,732
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>188,732</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	1605		166,011
Arkansas Department of Education - Migrant Education - State Grant Program	84.011	1605		69,315
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	1605		23,609
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	1605		11,628
Total U. S. Department of Education				<u>270,563</u>
TOTAL OTHER PROGRAMS				<u>270,563</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	<u>\$ 750,503</u>

The accompanying notes are an integral part of this schedule.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
CRAIGHEAD COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

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 Buffalo Island Central School District No. 40 (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 U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2019, the District received Medicaid funding of \$14,343 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD 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 84.027	Child Nutrition Cluster Special Education Cluster (IDEA)

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.

# BUFFALO ISLAND CENTRAL SCHOOLS

*SUCCEED TODAY, CONQUER TOMORROW*

P.O. BOX 730 • 870-486-5411 • ADMINISTRATION FAX 870-912-0016  
HIGH SCHOOL FAX 870-912-0017 • ELEMENTARY FAX 870-912-0184  
MONETTE, ARKANSAS 72447

Schedule 4

## 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**

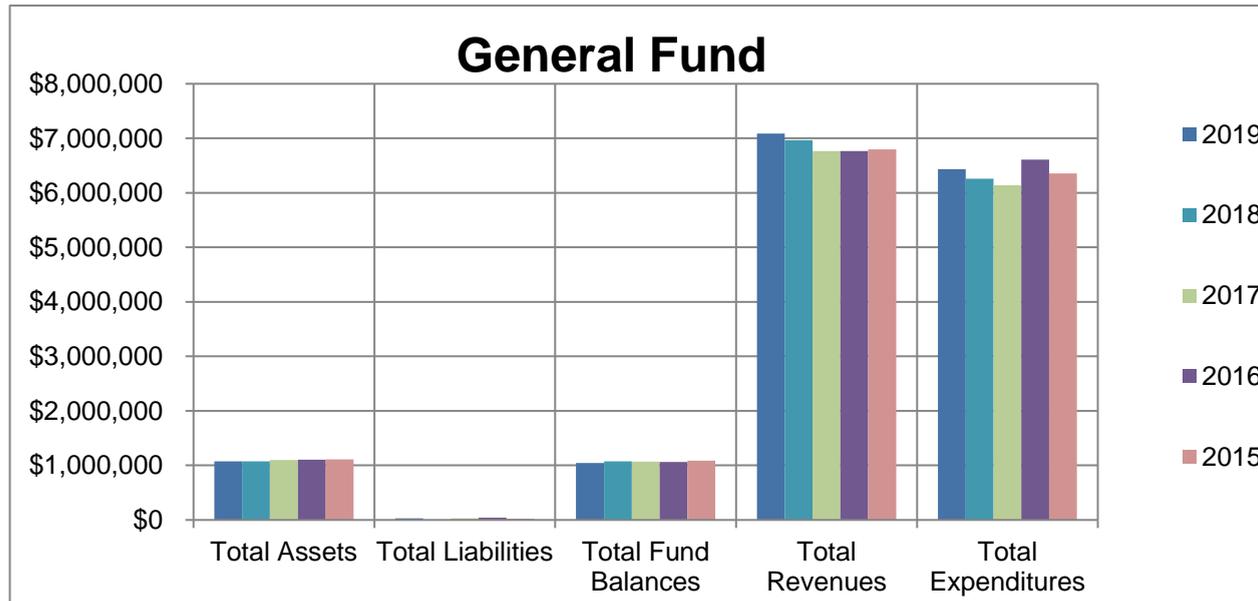
There were no findings in the prior audit.

*"An Equal Opportunity Employer"*

BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Unaudited)

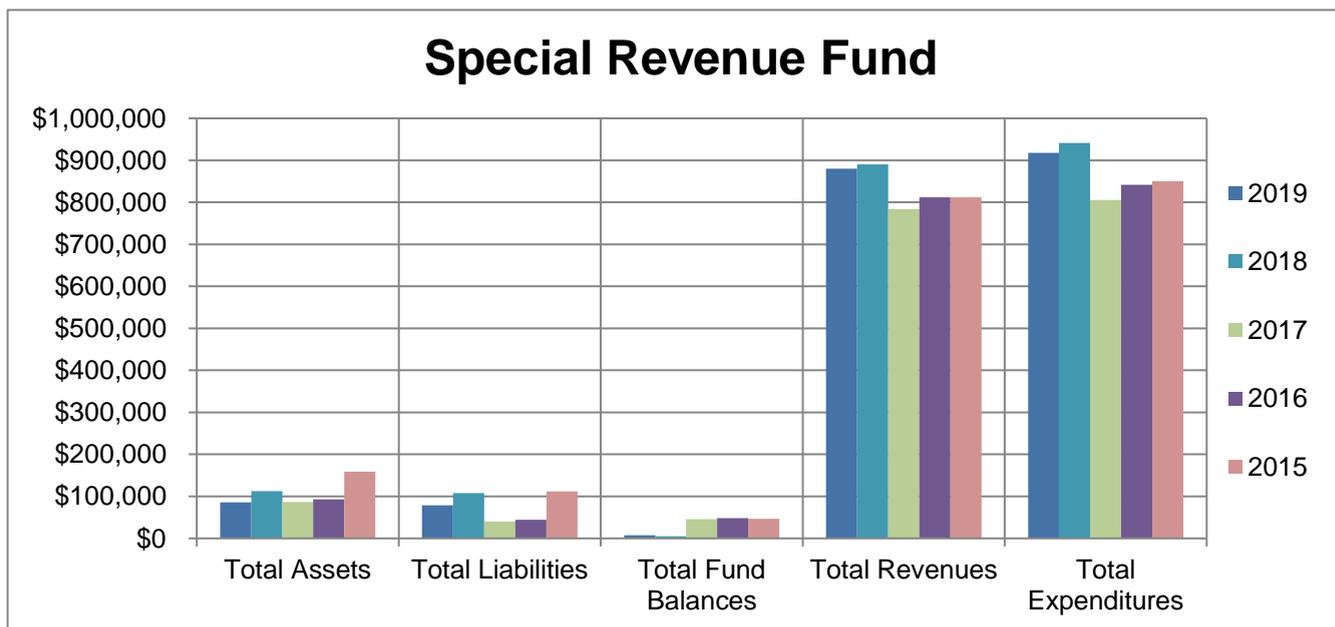
Schedule 5

<b>General Fund</b>	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 1,074,151	\$ 1,077,223	\$ 1,099,054	\$ 1,106,673	\$ 1,112,501
Total Liabilities	29,821	1,613	29,379	44,199	26,329
Total Fund Balances	1,044,330	1,075,610	1,069,675	1,062,474	1,086,172
Total Revenues	7,085,647	6,965,124	6,766,957	6,767,308	6,795,697
Total Expenditures	6,432,364	6,257,677	6,140,804	6,608,703	6,354,355
Total Other Financing Sources (Uses)	(684,563)	(701,512)	(618,952)	(182,303)	(502,745)



BUFFALO ISLAND CENTRAL SCHOOL DISTRICT NO. 40  
 CRAIGHEAD COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (Unaudited)

<b>Special Revenue Fund</b>	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 86,231	\$ 112,896	\$ 86,351	\$ 92,975	\$ 158,631
Total Liabilities	79,074	107,711	40,679	44,487	111,967
Total Fund Balances	7,157	5,185	45,672	48,488	46,664
Total Revenues	880,509	890,410	783,655	812,136	812,294
Total Expenditures	917,480	941,321	805,551	841,502	850,415
Total Other Financing Sources (Uses)	38,943	10,424	19,080	31,190	33,402



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 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	\$ 52,683	\$ 4,265,545	\$ 9,512,364	\$ 395,645	\$ 325,363
Total Liabilities		195,967			
Total Fund Balances	52,683	4,069,578	9,512,364	395,645	325,363
Total Revenues	3,331,727	6,358,350	332,227	148,231	
Total Expenditures	7,994,242	13,217,929	1,101,736	335,051	359,603
Total Other Financing Sources (Uses)	645,620	1,416,793	9,886,228	257,102	469,343

