

# **Camden Fairview School District No. 16**

**Ouachita County, Arkansas**

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

**June 30, 2018**



CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA 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

Camden Fairview School District No.16 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 Camden Fairview School District No.16 (the "District"), as of and for the year ended June 30, 2018, 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, 2018, 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, 2018, 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 11, 2019 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 11, 2019  
EDSD27818

# Arkansas

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



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

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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

Camden Fairview School District No.16 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 Camden Fairview School District No. 16 (the "District"), as of and for the year ended June 30, 2018, and the related notes to financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 11, 2019. 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, 2018, 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 those 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**

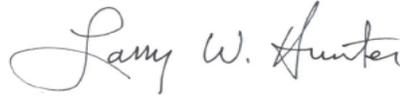
As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements,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

We noted a certain matter that we reported to management of the District in a separate letter dated February 11, 2019.

## 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 cursive script that reads "Larry W. Hunter".

Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 11, 2019

# Arkansas



**Sen. Jason Rapert**  
Senate Chair  
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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

Camden Fairview School District No. 16 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Camden Fairview School District No. 16 (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect of each of the District's major federal programs for the year ended June 30, 2018. 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, 2018.

#### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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.

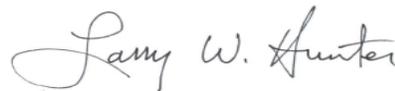
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 and therefore, material weaknesses or significant deficiencies may exist that have not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 11, 2019

# Arkansas

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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Camden Fairview School District No.16 and School Board Members  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

The District discovered, and we verified, cheerleading fees and fundraising proceeds totaling \$3,005 that were reportedly stolen from the Cheerleading Sponsor's locked vehicle on June 7, 2018. According to the police report, there was no sign of forced entry to the vehicle; therefore, the District requested repayment of the funds. The Cheerleading Sponsor subsequently reimbursed \$3,005 to the District.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Larry W. Hunter".

Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 11, 2019

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2018

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 3,664,223	\$ 47,576	\$ 3,287,710	\$ 87,260
Investments				88,468
Accounts receivable	2,664	448,556		1,320
<b>TOTAL ASSETS</b>	<b>\$ 3,666,887</b>	<b>\$ 496,132</b>	<b>\$ 3,287,710</b>	<b>\$ 177,048</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 220,481	\$ 23,351		
Due student groups				\$ 83,099
<b>Total Liabilities</b>	<b>220,481</b>	<b>23,351</b>		<b>83,099</b>
Fund Balances:				
Restricted	113,398	472,781		93,949
Assigned	101,855		\$ 3,287,710	
Unassigned	3,231,153			
<b>Total Fund Balances</b>	<b>3,446,406</b>	<b>472,781</b>	<b>3,287,710</b>	<b>93,949</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,666,887</b>	<b>\$ 496,132</b>	<b>\$ 3,287,710</b>	<b>\$ 177,048</b>

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

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 6,053,482		
State assistance	15,730,812	\$ 10,248	
Federal assistance		4,133,907	
Activity revenues	167,710		
Meal sales		248,673	
Investment income	120,719		
Other revenues	325,638	89	
<b>TOTAL REVENUES</b>	<b>22,398,361</b>	<b>4,392,917</b>	
<b>EXPENDITURES</b>			
Regular programs	7,842,024	53,554	
Special education	964,214	468,909	
Career education programs	663,746	52,335	
Compensatory education programs	212,720	998,679	
Other instructional programs	1,337,089	62,162	
Student support services	1,532,980	521,720	\$ 5,336
Instructional staff support services	1,541,577	404,532	
General administration support services	627,597	68,630	
School administration support services	1,284,457		
Central services support services	570,336	43,030	
Operation and maintenance of plant services	2,751,316	26,431	
Student transportation services	1,209,564	99,213	
Other support services	41,543		
Food services operations	10,360	1,543,462	
Community services operations	2,165	756	
Facilities acquisition and construction services	671,282		100,311
Non-programmed costs		33,000	
Activity expenditures	162,934		
Debt Service:			
Principal retirement	80,876		500,000
Interest and fiscal charges	26,981		302,036
<b>TOTAL EXPENDITURES</b>	<b>21,533,761</b>	<b>4,376,413</b>	<b>907,683</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>864,600</b>	<b>16,504</b>	<b>(907,683)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		1,208	916,036
Transfers out	(917,244)		
Refund to grantor	(5,126)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(922,370)</b>	<b>1,208</b>	<b>916,036</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(57,770)</b>	<b>17,712</b>	<b>8,353</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,504,176</b>	<b>455,069</b>	<b>3,279,357</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,446,406</b>	<b>\$ 472,781</b>	<b>\$ 3,287,710</b>

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

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA 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, 2018

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)	\$ 5,855,000	\$ 6,053,482	\$ 198,482			
State assistance	15,444,849	15,730,812	285,963	\$ 30,000	\$ 10,248	\$ (19,752)
Federal assistance				4,068,421	4,133,907	65,486
Activity revenues	303,643	167,710	(135,933)			
Meal sales				284,500	248,673	(35,827)
Investment income	60,000	120,719	60,719			
Other revenues	80,500	325,638	245,138		89	89
<b>TOTAL REVENUES</b>	<b>21,743,992</b>	<b>22,398,361</b>	<b>654,369</b>	<b>4,382,921</b>	<b>4,392,917</b>	<b>9,996</b>
<b>EXPENDITURES</b>						
Regular programs	7,829,503	7,842,024	(12,521)	53,481	53,554	(73)
Special education	935,019	964,214	(29,195)	582,126	468,909	113,217
Career education programs	790,136	663,746	126,390	52,335	52,335	
Compensatory education programs	176,205	212,720	(36,515)	1,275,157	998,679	276,478
Other instructional programs	1,334,469	1,337,089	(2,620)	55,693	62,162	(6,469)
Student support services	1,608,782	1,532,980	75,802	489,994	521,720	(31,726)
Instructional staff support services	1,572,580	1,541,577	31,003	312,273	404,532	(92,259)
General administration support services	599,949	627,597	(27,648)	75,561	68,630	6,931
School administration support services	1,278,289	1,284,457	(6,168)			
Central services support services	553,311	570,336	(17,025)	35,000	43,030	(8,030)
Operation and maintenance of plant services	2,949,642	2,751,316	198,326		26,431	(26,431)
Student transportation services	1,432,308	1,209,564	222,744	78,992	99,213	(20,221)
Other support services	73,200	41,543	31,657			
Food services operations	6,000	10,360	(4,360)	1,781,357	1,543,462	237,895
Community services operations		2,165	(2,165)	8,000	756	7,244
Facilities acquisition and construction services	524,967	671,282	(146,315)			
Non-programmed costs				33,000	33,000	
Activity expenditures	429,577	162,934	266,643			
Debt Service:						
Principal retirement	77,926	80,876	(2,950)			
Interest and fiscal charges	29,931	26,981	2,950			
<b>TOTAL EXPENDITURES</b>	<b>22,201,794</b>	<b>21,533,761</b>	<b>668,033</b>	<b>4,832,969</b>	<b>4,376,413</b>	<b>456,556</b>

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA 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, 2018

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (457,802)	\$ 864,600	\$ 1,322,402	\$ (450,048)	\$ 16,504	\$ 466,552
OTHER FINANCING SOURCES (USES)						
Transfers in	28,919,927		(28,919,927)		1,208	1,208
Transfers out	(28,794,741)	(917,244)	27,877,497			
Refund to grantor		(5,126)	(5,126)			
TOTAL OTHER FINANCING SOURCES (USES)	125,186	(922,370)	(1,047,556)		1,208	1,208
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(332,616)	(57,770)	274,846	(450,048)	17,712	467,760
FUND BALANCES - JULY 1	3,650,767	3,504,176	(146,591)	450,048	455,069	5,021
FUND BALANCES - JUNE 30	<u>\$ 3,318,151</u>	<u>\$ 3,446,406</u>	<u>\$ 128,255</u>	<u>\$ 0</u>	<u>\$ 472,781</u>	<u>\$ 472,781</u>

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

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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 Camden Fairview 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.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**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.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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 2017 calendar year taxes collected by June 30, 2018 and 12 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, 2018 equaled or exceeded the 12 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. 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.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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

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.

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)	\$ 253,561	\$ 253,561
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	6,846,026	8,207,584
Total Deposits	\$ 7,099,587	\$ 8,461,145

The above total deposits include certificates of deposit of \$12,818 reported as investments and classified as nonparticipating contracts.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**3. INVESTMENTS**

At June 30, 2018, certain investments of private-purpose trust funds consisted of \$44,198 invested in corporate bonds, \$25,714 invested in municipal bonds, and \$5,738 invested in Federated Trust for U.S. Treasury Obligations.

Credit Risk- The District does not have a formal investment policy for credit risk and the bonds, in which the District was invested, were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Amount</u>
<u>Corporate Bonds</u>			
Goldman Sachs Group	A3 (Moody's)	1/31/2032	\$ 9,233
Anheuser-Busch Inbev	A3 (Standard and Poor's)	2/1/2026	9,789
Honeywell, Inc.	A (Standard and Poor's)	6/15/2028	6,139
JP Morgan Chase and Company	BBB+ (Standard and Poor's)	5/1/2023	9,767
Wells Fargo and Company	A (Standard and Poor's)	4/22/2026	9,270
Total Corporate Bonds			<u>\$ 44,198</u>
 <u>Municipal Bonds</u>			
Atwater, California School District	AA (Standard and Poor's)	8/1/2034	\$ 10,475
Duluth, Minnesota	AA (Standard and Poor's)	2/1/2030	10,049
University of Arkansas at Fayetteville	Aa2 (Moody's)	11/1/2040	5,190
Total Municipal Bonds			<u>\$ 25,714</u>
 <u>U. S. Treasury Obligations</u>			
Federated Trust for U.S. Treasury Obligations	Aaa-mf (Moody's)	44 days (average)	<u>\$ 5,738</u>

Interest Rate Risk- The District does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair value of investments - Fair value measurements are based on the fair value hierarchy as follows:

- Level 1 - Quoted prices in active markets for identical assets
- Level 2 - Significant other observable inputs
- Level 3 - Significant unobservable inputs

Of the above investments, \$75,650, comprised of corporate bonds, municipal bonds, and U. S. Treasury obligations are classified in Level 2. There are no investments classified in Level 1 or Level 3.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 were comprised of the following:

Description	Governmental Funds		Fiduciary Fund Types
	General	Special Revenue	
State assistance	\$ 2,664		
Federal assistance		\$ 448,556	
Other			\$ 1,320
<b>Totals</b>	<b>\$ 2,664</b>	<b>\$ 448,556</b>	<b>\$ 1,320</b>

**5: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2018:

A. Construction Contract

Project Name	Completion Date	Contract Balance
Roof Project - Intermediate School	July 24, 2018	\$ 333,840

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, 2018	Maturities To June 30, 2018
3/1/12	4/1/33	1.5 - 3.25%	\$ 9,110,000	\$ 9,075,000	\$ 35,000
7/1/13	4/1/23	1 - 2.4%	4,670,000	2,440,000	2,230,000
4/1/15	4/1/25	3.75%	892,541	658,654	233,887
<b>Totals</b>			<b>\$ 14,672,541</b>	<b>\$ 12,173,654</b>	<b>\$ 2,498,887</b>

Changes in Long-term Debt

	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
Bonds payable	\$ 12,015,000		\$ 500,000	\$ 11,515,000
Capital leases	739,530		80,876	658,654
<b>Totals</b>	<b>\$ 12,754,530</b>	<b>\$ 0</b>	<b>\$ 580,876</b>	<b>\$ 12,173,654</b>

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**5: COMMITMENTS (Continued)**

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

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2019	\$ 673,937	\$ 316,494	\$ 990,431
2020	772,115	302,487	1,074,601
2021	790,412	284,739	1,075,151
2022	803,834	265,532	1,069,366
2023	702,386	245,700	948,086
2024-2028	4,125,970	945,288	5,071,258
2029-2033	4,305,000	398,675	4,703,675
Totals	<u>\$ 12,173,654</u>	<u>\$ 2,758,915</u>	<u>\$ 14,932,569</u>

Capital Leases

Capital assets acquired through capital leases consisted of the following at June 30, 2018:

Class of Property	Cost	Accumulated Depreciation	Net Value
Capital Improvements	<u>\$ 892,541</u>	<u>\$ 892,541</u>	<u>\$ 0</u>

The present value of the net minimum lease payments is as follows at June 30, 2018:

Total Minimum Lease Payments	\$ 755,001
Less: Amount Representing Interest	<u>96,347</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 658,654</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.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**6: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2018 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 220,481	\$ 23,351

**7: INTERFUND TRANSFERS**

The District transferred \$916,036 from the general fund to the other aggregate funds for the following: \$802,036 for debt related payments and \$114,000 for future capital projects. Additionally, \$1,208 was transferred from the general fund to the special revenue fund to supplement the District's food services operations.

**8: RETIREMENT PLANS**

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](http://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, 2018 were \$2,078,343, 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, 2017 (actuarial valuation date and measurement date) was \$20,604,416.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**8: RETIREMENT PLANS (Continued)**

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, 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 Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at [www.apers.org](http://www.apers.org).

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% 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 for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2018 were \$2,807, 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, 2017 (actuarial valuation date and measurement date) was \$44,295.

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

ADDITIONS	
Interest	<u>\$ 3,155</u>
DEDUCTIONS	
Scholarships	900
Unrealized loss	2,020
Fees	<u>918</u>
TOTAL DEDUCTIONS	<u>3,838</u>
CHANGE IN FUND BALANCE	(683)
FUND BALANCE - JULY 1	<u>94,632</u>
FUND BALANCE - JUNE 30	<u><u>\$ 93,949</u></u>

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$13,780,000 issued from March 1, 2012 through July 1, 2013. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$14,177,567, payable through April 1, 2033. Principal and interest paid for the current year and total property taxes pledged for debt service were \$800,564 and \$1,602,392, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 49.96 percent.

**11: 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 buildings, contents, vehicles, 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.

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.

**12: 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 \$460,942 for the year ended June 30, 2018.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Educational programs - national school lunch state categorical funding	\$ 26,195		
English-language learners	214		
Child nutrition programs		\$ 376,958	
Medical services		90,491	
Special education programs	1,536		
Secondary career centers	84,918		
Other purposes	535	5,332	
Total Restricted	<u>113,398</u>	<u>472,781</u>	
Assigned to:			
Capital projects			\$3,287,710
Student activities	61,964		
Other purposes	39,891		
Total Assigned	<u>101,855</u>		<u>3,287,710</u>
Unassigned	<u>3,231,153</u>		
Totals	<u>\$3,446,406</u>	<u>\$ 472,781</u>	<u>\$3,287,710</u>

**14: SUBSEQUENT EVENT**

On July 9, 2018, the District entered into a contract for the Camden Fairview Stadium Turf project in the amount of \$376,360.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (Unaudited)

Schedule 1

	Balance June 30, 2018
<i>Nondepreciable capital assets:</i>	
Land	\$ 1,028,539
<i>Depreciable capital assets:</i>	
Buildings	31,240,781
Improvements/infrastructure	590,348
Equipment	8,542,222
Total depreciable capital assets	40,373,351
Less accumulated depreciation for:	
Buildings	19,106,669
Improvements/infrastructure	486,510
Equipment	6,546,252
Total accumulated depreciation	26,139,431
Total depreciable capital assets, net	14,233,920
Capital assets, net	\$ 15,262,459

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2018

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	5204		\$ 348,263
National School Lunch Program (Note 3)	10.555			14,964
Arkansas Department of Education - National School Lunch Program	10.555	5204		893,313
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	5204000		97,105
Total for National School Lunch Program				<u>1,005,382</u>
Total U. S. Department of Agriculture				<u>1,353,645</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>1,353,645</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	5204		635,766
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u>635,766</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.4414A			62,939
Total U. S. Department of Defense				<u>62,939</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	5204		1,443,277
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048	5204		52,335
Arkansas Department of Education - Rural Education	84.358	5204		88,973
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	5204		187,584
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	5204		26,295
Total U. S. Department of Education				<u>1,798,464</u>
<b>TOTAL OTHER PROGRAMS</b>				<u>1,861,403</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 0</u>	<u>\$ 3,850,814</u>

The accompanying notes are an integral part of this schedule.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

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 Camden Fairview School District No. 16 (District) under programs of the federal government for the year ended June 30, 2018. 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 Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2018, the District received Medicaid funding of \$124,946 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2018

Schedule 3

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

FINANCIAL STATEMENTS

Types of auditor's reports issued: GAAP basis of reporting - adverse  
 Regulatory basis opinion units - unmodified

Internal control over financial reporting:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

FEDERAL AWARDS

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	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)?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
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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 Grants to Local Educational Agencies

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

\$ 750,000

Auditee qualified as low-risk auditee?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
OUACHITA COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

SIGNIFICANT DEFICIENCY

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER - CFDA NUMBERS 10.553 AND 10.555  
PASS-THROUGH NUMBER 5204  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2018

2018-001. Program Income

Criteria or specific requirement: The U. S. Department of Agriculture requires program income be use to operate and improve the District's food services operations.

Condition: The District discovered unaccounted for cash totaling \$27,542 in the Food Service Fund during the period July 1, 2013 through June 30, 2018. Improper entries were made in the computer system in an apparent attempt to conceal the unaccounted for cash. We examined the District's calculation of unaccounted for funds on a test basis, and the calculation appeared to be materially accurate. Food Service Manager Rebecca Dorris was custodian of the unaccounted for funds. Dorris's employment was terminated, and she subsequently pled guilty to felony theft of property charges on November 8, 2018. Dorris was sentenced to 120 months probation and ordered to pay restitution of \$27,542.

Cause: Lack of management oversight and internal controls over meal sales.

Effect or potential effect: Misappropriation of meal sales of \$27,542.

Context: Examination of daily lunch forms, bank statements, and food service software-generated reports.

Recommendation: The District should establish and maintain internal controls that will properly account for meal sales.

Views of responsible officials: The employee responsible for the unaccounted for funds was terminated from employment by the District. She has been ordered by the Court to pay restitution of \$27,542. We purchased a new eTrition software that is web based. The software will enable us to monitor each cafeteria sale, to ensure that we are receiving the correct deposits on a daily basis from each cafeteria.

# *CAMDEN FAIRVIEW PUBLIC SCHOOLS*

OFFICE OF THE SUPERINTENDENT  
625 Clifton  
Camden, Arkansas 71701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2018

Schedule 4

### **FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – CFDA NUMBER 84.010

2017 – Finding 2017-001: Allowable Cost/Cost Principles

Condition: Unallowable costs paid from the Title I program totaling \$4,148 were detected for the audit year. These expenditures were for field trips that should have been recorded in the District's general fund.

Current Status: The District has reimbursed the Title I program for the unallowable cost.

2017 – Finding 2017-002: Allowable Cost/Cost Principles

Condition: The District claimed indirect costs in excess of the allowable amount by \$889 for the Title I program.

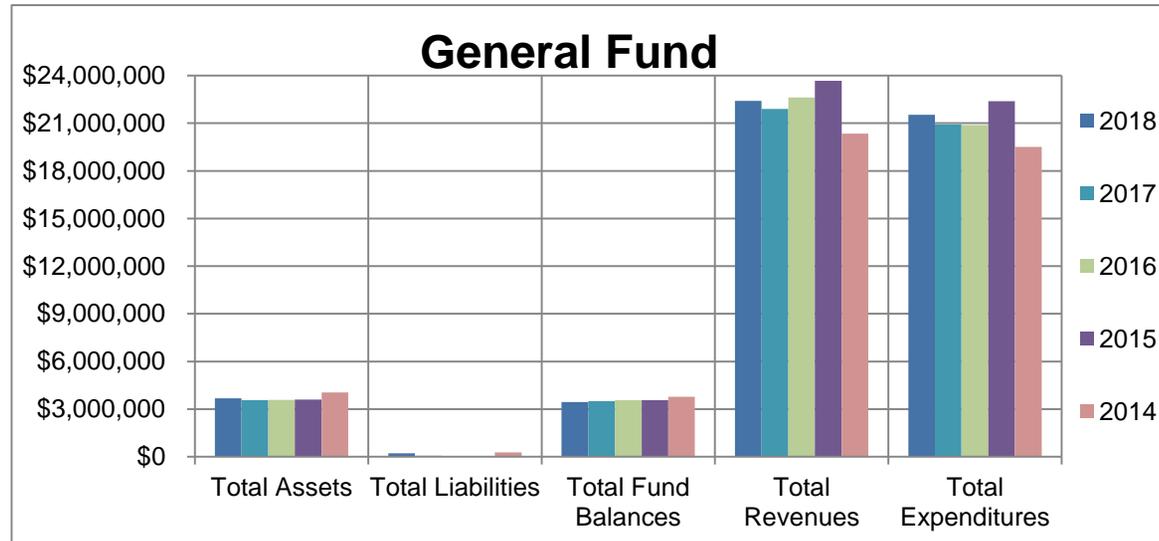
Current Status: The District has reimbursed the Title I program for the excess indirect cost.

*An Equal Opportunity Employer*

CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (Unaudited)

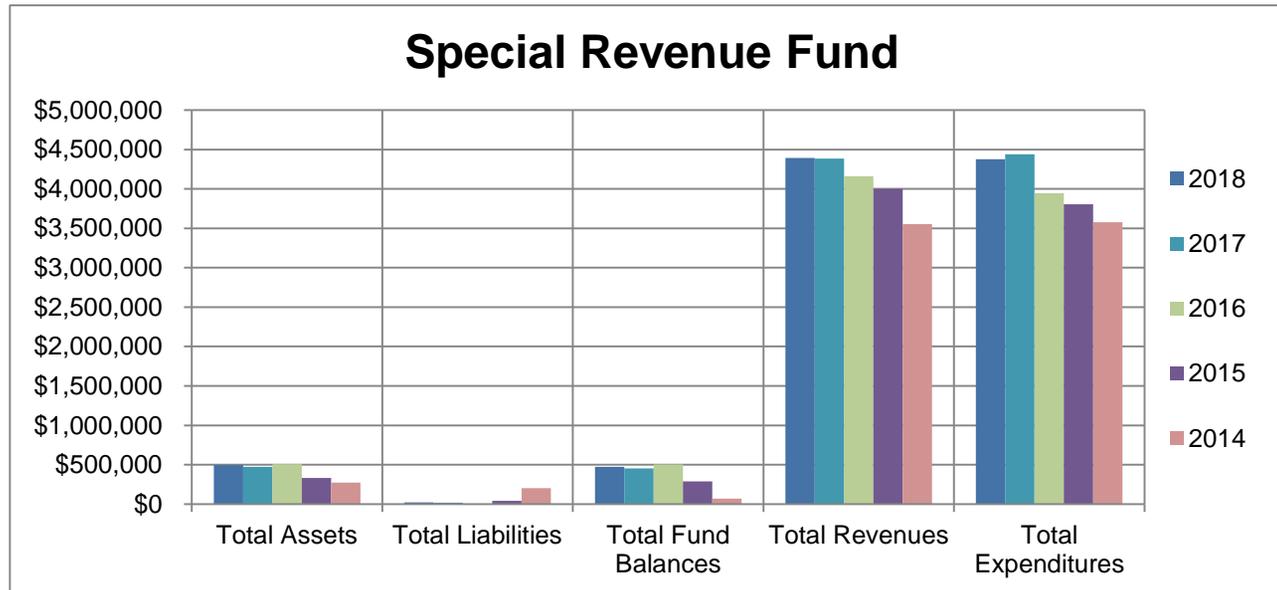
Schedule 5

<u>General Fund</u>	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets	\$ 3,666,887	\$ 3,563,129	\$ 3,573,492	\$ 3,600,134	\$ 4,045,942
Total Liabilities	220,481	58,953	15,517	41,936	276,485
Total Fund Balances	3,446,406	3,504,176	3,557,975	3,558,198	3,769,457
Total Revenues	22,398,361	21,898,850	22,621,602	23,675,733	20,336,378
Total Expenditures	21,533,761	20,937,293	20,881,853	22,380,119	19,504,107
Total Other Financing Sources (Uses)	(922,370)	(1,015,356)	(1,739,972)	(1,506,873)	198,261



CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets	\$ 496,132	\$ 475,039	\$ 509,746	\$ 333,355	\$ 275,137
Total Liabilities	23,351	19,970	3,249	43,032	204,918
Total Fund Balances	472,781	455,069	506,497	290,323	70,219
Total Revenues	4,392,917	4,385,974	4,160,234	4,000,516	3,553,438
Total Expenditures	4,376,413	4,438,788	3,945,654	3,804,297	3,577,261
Total Other Financing Sources (Uses)	1,208	1,386	1,594	23,885	1,219



CAMDEN FAIRVIEW SCHOOL DISTRICT NO. 16  
 OUACHITA COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets	\$ 3,287,710	\$ 3,279,357	\$ 3,213,228	\$ 2,688,227	\$ 1,775,776
Total Liabilities			135,869		1,155,102
Total Fund Balances	3,287,710	3,279,357	3,077,359	2,688,227	620,674
Total Revenues		117,070		641,744	630,903
Total Expenditures	907,683	829,560	1,349,246	1,903,860	1,867,996
Total Other Financing Sources (Uses)	916,036	914,488	1,738,378	3,329,669	1,020,254

