

# **Warren School District No. 1**

**Bradley County, Arkansas**

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

**June 30, 2021**



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BRADLEY COUNTY, ARKANSAS  
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# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
House Vice Chair

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

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

### INDEPENDENT AUDITOR'S REPORT

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Warren School District No. 1 (the "District"), as of and for the year ended June 30, 2021, 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. 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 *Government 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, 2021, 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, 2021, 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.

**Emphasis of Matter**

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

**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 April 25, 2022 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  
April 25, 2022  
EDSD03321

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Warren School District No. 1 (the "District"), as of and for the year ended June 30, 2021, 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 April 25, 2022. 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, 2021, 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) as a basis for designing 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 financial statements. 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 "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 25, 2022

# Arkansas

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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

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

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

We have audited the Warren School District No. 1's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. 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, 2021.

#### **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



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 25, 2022



WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2021

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 2,531,917		\$ 17,444,440	\$ 82,160
Investments	371,754		6,229	18,486
Accounts receivable		\$ 726,082		
Due from other funds	106,486			
<b>TOTAL ASSETS</b>	<b>\$ 3,010,157</b>	<b>\$ 726,082</b>	<b>\$ 17,450,669</b>	<b>\$ 100,646</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 28,781	\$ 8,824	\$ 3,400	
Due to other funds		106,486		
<b>Total Liabilities</b>	<b>28,781</b>	<b>115,310</b>	<b>3,400</b>	
Fund Balances:				
Nonspendable			6,229	\$ 18,486
Restricted	573,154	610,772	13,289,398	82,160
Assigned	225,694		4,151,642	
Unassigned	2,182,528			
<b>Total Fund Balances</b>	<b>2,981,376</b>	<b>610,772</b>	<b>17,447,269</b>	<b>100,646</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,010,157</b>	<b>\$ 726,082</b>	<b>\$ 17,450,669</b>	<b>\$ 100,646</b>

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

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 3,512,546		
State assistance	12,127,349	\$ 6,848	
Federal assistance	10,038	3,316,731	
Activity revenues	178,868		
Meal sales		127,781	
Investment income	102,231		
Other revenues	194,569	6,515	
<b>TOTAL REVENUES</b>	<b>16,125,601</b>	<b>3,457,875</b>	
<b>EXPENDITURES</b>			
Regular programs	5,536,257	691,215	
Special education	691,314	336,595	
Career education programs	746,647	23,931	
Compensatory education programs	66,589	566,037	
Other instructional programs	509,654	88,307	
Student support services	909,301	183,101	
Instructional staff support services	1,372,622	241,028	
General administration support services	313,102	40,034	
School administration support services	1,071,527	54,123	
Central services support services	447,588	33,762	
Operation and maintenance of plant services	1,511,044	72,389	
Student transportation services	508,071	37,636	
Other support services	10,388		
Food services operations	145,474	1,101,145	
Community services operations		1,510	
Facilities acquisition and construction services	89,371		\$ 813,721
Non-programmed costs		1,709	
Activity expenditures	169,176		
Debt Service:			
Principal retirement	434,295		550,000
Interest and fiscal charges	42,772		57,443
Net debt issuance costs			63,744
<b>TOTAL EXPENDITURES</b>	<b>14,575,192</b>	<b>3,472,522</b>	<b>1,484,908</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,550,409</b>	<b>(14,647)</b>	<b>(1,484,908)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		18,300	1,845,795
Transfers out	(1,864,095)		
Value of installment contracts	461,554		
Payment to refunding bond escrow agent			(4,048,136)
Proceeds from refunding and construction bond issue			18,215,000
Early retirement of debt	(56,604)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,459,145)</b>	<b>18,300</b>	<b>16,012,659</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>91,264</b>	<b>3,653</b>	<b>14,527,751</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,890,112</b>	<b>607,119</b>	<b>2,919,518</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,981,376</b>	<b>\$ 610,772</b>	<b>\$ 17,447,269</b>

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

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY 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, 2021

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)	\$ 3,051,000	\$ 3,512,546	\$ 461,546			
State assistance	11,659,115	12,127,349	468,234	\$ 6,600	\$ 6,848	\$ 248
Federal assistance	10,170	10,038	(132)	2,919,313	3,316,731	397,418
Activity revenues		178,868	178,868			
Meal sales	4,000		(4,000)	143,550	127,781	(15,769)
Investment income	93,500	102,231	8,731			
Other revenues	123,310	194,569	71,259		6,515	6,515
<b>TOTAL REVENUES</b>	<b>14,941,095</b>	<b>16,125,601</b>	<b>1,184,506</b>	<b>3,069,463</b>	<b>3,457,875</b>	<b>388,412</b>
<b>EXPENDITURES</b>						
Regular programs	5,770,635	5,536,257	234,378	126,513	691,215	(564,702)
Special education	717,579	691,314	26,265	461,315	336,595	124,720
Career education programs	813,292	746,647	66,645		23,931	(23,931)
Compensatory education programs	69,466	66,589	2,877	714,528	566,037	148,491
Other instructional programs	496,031	509,654	(13,623)	109,506	88,307	21,199
Student support services	917,584	909,301	8,283	489,811	183,101	306,710
Instructional staff support services	933,473	1,372,622	(439,149)	321,339	241,028	80,311
General administration support services	329,574	313,102	16,472	74,928	40,034	34,894
School administration support services	1,071,139	1,071,527	(388)	68,500	54,123	14,377
Central services support services	469,204	447,588	21,616	42,500	33,762	8,738
Operation and maintenance of plant services	1,621,569	1,511,044	110,525	184,588	72,389	112,199
Student transportation services	566,426	508,071	58,355	17,509	37,636	(20,127)
Other support services	45,400	10,388	35,012			
Food services operations	120,000	145,474	(25,474)	1,121,713	1,101,145	20,568
Community services operations				7,501	1,510	5,991
Facilities acquisition and construction services	146,195	89,371	56,824			
Non-programmed costs				1,709	1,709	
Activity expenditures		169,176	(169,176)			
Debt Service:						
Principal retirement	346,482	434,295	(87,813)			
Interest and fiscal charges	32,316	42,772	(10,456)			
<b>TOTAL EXPENDITURES</b>	<b>14,466,365</b>	<b>14,575,192</b>	<b>(108,827)</b>	<b>3,741,960</b>	<b>3,472,522</b>	<b>269,438</b>

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY 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, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 474,730	\$ 1,550,409	\$ 1,075,679	\$ (672,497)	\$ (14,647)	\$ 657,850
OTHER FINANCING SOURCES (USES)						
Transfers in	17,151,254		(17,151,254)	235,911	18,300	(217,611)
Transfers out	(17,902,183)	(1,864,095)	16,038,088	(115,911)		115,911
Value of installment contracts		461,554	461,554			
Early retirement of debt		(56,604)	(56,604)			
TOTAL OTHER FINANCING SOURCES (USES)	(750,929)	(1,459,145)	(708,216)	120,000	18,300	(101,700)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(276,199)	91,264	367,463	(552,497)	3,653	556,150
FUND BALANCES - JULY 1	3,000,430	2,890,112	(110,318)	553,144	607,119	53,975
FUND BALANCES - JUNE 30	\$ 2,724,231	\$ 2,981,376	\$ 257,145	\$ 647	\$ 610,772	\$ 610,125

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

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 Warren 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.

Permanent Fund – The Permanent Fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Fiduciary Fund types include the following:

Private-purpose Funds – Private-purpose funds are used to report all other 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) 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.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 and other requirements 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. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. 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 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	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.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**F. Property Taxes (Continued)**

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

**G. 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.

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.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

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.

**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)	\$ 750,048	\$ 750,048
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	19,684,328	20,092,580
Uninsured and uncollateralized	20,610	20,610
Total Deposits	\$ 20,454,986	\$ 20,863,238



WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)**

The above total deposits include certificates of deposit of \$396,469 reported as investments and classified as nonparticipating contracts.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District has established a deposit policy addressing custodial credit risk. However, at June 30, 2021, \$20,610 of the District's bank balance of \$20,863,238 was exposed to custodial risk as follows:

Uninsured and uncollateralized \$20,610

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 were comprised of the following:

	Governmental Fund
	Major
	Special Revenue
Description	
Federal assistance	\$ 726,082

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2021:

A. Construction Contract

Project Name	Estimated Completion Date	Contract Balance
New Elementary and New Gym	December 7, 2022	\$ 29,812,877

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

General description of lease and leasing arrangements:

On March 1, 2017, the District executed a 60 month noncancellable lease agreement for 12 copiers with Cannon Financials Services, Inc. The lease payments are \$1,933 plus tax per month.

1. Future minimum rental payments (aggregate) at June 30, 2021: \$15,466
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2022	\$ 15,466

Rental payments for the operating lease described above were approximately \$23,198 for the year ended June 30, 2021.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

C. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
5/4/21	2/1/51	2-5%	\$ 18,215,000	\$ 18,215,000	
<u>Direct Borrowings</u>					
7/20/16	7/20/21	4.50%	600,000	360,000	\$ 240,000
8/18/16	8/18/23	3.25%	340,750	130,610	210,140
7/2/18	7/2/23	6.36%	5,054	2,215	2,839
6/20/19	7/8/22	2.86%	258,983	129,622	129,361
10/23/19	10/23/22	3.60%	92,100	61,109	30,991
3/4/20	3/4/23	3.60%	183,495	123,524	59,971
7/1/20	7/1/23	2.39%	175,775	130,262	45,513
7/1/20	7/1/23	2.39%	285,779	211,784	73,995
			1,941,936	1,149,126	792,810
Total Long-Term Debt			\$ 20,156,936	\$ 19,364,126	\$ 792,810

Changes in Long-term Debt

	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds payable	\$ 4,590,000	\$ 18,215,000	\$ 4,590,000 *	\$ 18,215,000
<u>Direct Borrowings</u>				
Installment contracts	1,178,471	461,554	490,899 **	1,149,126
Total Long-Term Debt	\$ 5,768,471	\$ 18,676,554	\$ 5,080,899	\$ 19,364,126

\* Includes \$4,040,000 of early retirement of debt - See Note 6

\*\* Includes \$56,604 of early retirement of an installment contract dated April 15, 2019 with an original maturity date of April 15, 2022.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

C. 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
2022	\$ 150,000	\$ 335,280	\$ 485,280	\$ 630,191	\$ 26,512	\$ 656,703
2023	410,000	444,563	854,563	375,246	14,699	389,945
2024	435,000	424,063	859,063	143,689	3,228	146,917
2025	455,000	402,313	857,313			
2026	475,000	379,563	854,563			
2027-2031	2,615,000	1,665,812	4,280,812			
2032-2036	2,910,000	1,376,962	4,286,962			
2037-2041	3,210,000	1,074,362	4,284,362			
2042-2046	3,565,000	718,162	4,283,162			
2047-2051	3,990,000	288,681	4,278,681			
Totals	<u>\$ 18,215,000</u>	<u>\$ 7,109,761</u>	<u>\$ 25,324,761</u>	<u>\$ 1,149,126</u>	<u>\$ 44,439</u>	<u>\$ 1,193,565</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 Division of Elementary and Secondary Education (DESE). Depending on the date of the bond issue, DESE 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**

Accounts payable at June 30, 2021 were comprised of the following:

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	<u>\$ 28,781</u>	<u>\$ 8,824</u>	<u>\$ 3,400</u>

**6: DEBT REFUNDING**

On May 4, 2021, the District issued refunding and construction bonds of \$18,215,000 with interest rates of 2 to 5 percent to refund \$4,040,000 of outstanding bonds dated July 28, 2016. The interest rates of the bonds refunded were 1 to 1.65 percent. Net bond proceeds of \$4,048,136 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on June 4, 2021. The remaining proceeds of \$14,103,120 (after payment of \$63,744 net bond issuance costs) will be paid to the District for deposit into the construction fund to be used for constructing and equipping a new elementary school and multipurpose gymnasium. Any remaining funds may be used for other capital projects and equipment purchases. The bond issue restructured and extended the debt obligations of the District from fiscal year 2028 to fiscal year 2051.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**7: INTERFUND TRANSFERS**

The District transferred \$1,845,795 from the general fund to the other aggregate funds for the following: \$607,443 for debt related payments and \$1,238,352 for current and future capital expenditures. Additionally, the District transferred \$18,300 from the general fund to the special revenue fund to supplement the child nutrition program.

**8: RELATED-PARTY TRANSACTIONS**

The District maintained a bank balance of \$270,658 with the Warren Bank and Trust at June 30, 2021. A member of the District's Board of Education is a member of this bank's Board of Directors. The Arkansas Division of Elementary and Secondary Education approved the resolution to conduct business with this bank.

**9: 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 6.50% 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 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were \$1,327,439, equal to the required contributions.

Additionally, the Division of Elementary and Secondary Education (DESE) paid retirement contributions to ATRS for certain employees of the District's Southeast Arkansas Community Based Education Center, a secondary area center for career and technical education. The DESE's contributions for the year ended June 30, 2021 were \$73,791, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary 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, 2020 (actuarial valuation date and measurement date) was \$16,189,637.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**9: 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, 2021 were \$1,287, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary 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, 2020 (actuarial valuation date and measurement date) was \$12,333.

**10: CHANGES IN PRIVATE-PURPOSE FUNDS**

ADDITIONS	
Interest	\$ 801
DEDUCTIONS	
Scholarships	8,000
Teacher award	318
TOTAL DEDUCTIONS	8,318
CHANGE IN FUND BALANCE	(7,517)
FUND BALANCE - JULY 1	108,163
FUND BALANCE - JUNE 30	\$ 100,646

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**11: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$18,215,000 issued on May 4, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$25,324,761, payable through February 1, 2051. Principal and interest paid for the current year and total property taxes pledged for debt service were \$606,713 and \$1,106,693, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 54.82 percent.

**12: 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 one vehicle, board liability, accidental death and dismemberment, 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.

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

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

**13: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$329,954 for the year ended June 30, 2021.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Nonspendable:			
Permanent fund principal			\$ 6,229
Restricted for:			
Alternative learning environment	\$ 86		
Enhanced student achievement funding	154,863		
English-language learners	66,059		
Capital projects			13,289,398
Child nutrition programs		\$ 12,514	
Medical services		562,987	
Special education programs	107,006		
Secondary area career center	143,664		
Other purposes	101,476	35,271	
Total Restricted	<u>573,154</u>	<u>610,772</u>	<u>13,289,398</u>
Assigned to:			
Capital projects			4,151,642
Student activities	224,256		
Other purposes	1,438		
Total Assigned	<u>225,694</u>		<u>4,151,642</u>
Unassigned	<u>2,182,528</u>		
Totals	<u>\$2,981,376</u>	<u>\$ 610,772</u>	<u>\$ 17,447,269</u>

**15: SUBSEQUENT EVENTS**

The District's High School building sustained extensive damage from a fire on March 30, 2022. As of the report date, the final amount of insurance proceeds had not yet been determined; however, damages are expected to be in excess of \$2,000,000.

On March 31, 2022, the District issued construction bonds of \$5,145,000 with interest rates of 1.4 to 2.6 percent. The proceeds will be utilized to construct, renovate, and equip existing school facilities.

WARREN SCHOOL DISTRICT NO. 1  
 BRADLEY COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 331,922
Depreciable capital assets:	
Buildings	13,809,989
Improvements/infrastructure	3,857,448
Equipment	6,420,811
Total depreciable capital assets	24,088,248
Less accumulated depreciation for:	
Buildings	6,423,850
Improvements/infrastructure	1,546,387
Equipment	4,514,798
Total accumulated depreciation	12,485,035
Total depreciable capital assets, net	11,603,213
Capital assets, net	\$ 11,935,135



WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing 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	0602		\$ 271,928
National School Lunch Program (Note 3)	10.555			16,701
Arkansas Department of Education - National School Lunch Program	10.555	0602		444,090
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	0602000		23,057
Total for National School Lunch Program				483,848
Total U. S. Department of Agriculture				755,776
<b>TOTAL CHILD NUTRITION CLUSTER</b>				755,776
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	0602		259,229
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	0602		33,824
Total U. S. Department of Education				293,053
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				293,053
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	0602		20,327
Total U. S. Department of Agriculture				20,327
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR17			64,771
Total U. S. Department of Defense				64,771
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	0602		15,516
Total U.S. Department of the Treasury				15,516
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	0602		1,142,001
Total Education Stabilization Fund				1,142,001
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	0602		570,174
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	0602		38,673
Arkansas Department of Education - Rural Education	84.358B	0602		15,974
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	0602		9,139
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	0602		71,684
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	0602		44,597
Total U. S. Department of Education				1,892,242

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	0602		\$ 9,993
Total U. S. Department of Health and Human Services				<u>9,993</u>
TOTAL OTHER PROGRAMS				<u>2,002,849</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 3,051,678</u>

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Warren School District No. 1 (District) under programs of the federal government for the year ended June 30, 2021. 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 Assistance Listing Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2021, the District received Medicaid funding of \$77,232 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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:

<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 type="checkbox"/>	yes	<input checked="" 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 type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
84.027A and 84.173A 84.425D	Special Education Cluster (IDEA) COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$	750,000
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Auditee qualified as low-risk auditee?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



**WARREN**

**SCHOOL DISTRICT**

*Office of the Superintendent*

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408 Cherry Street • P.O. Box 1210 • Warren, Arkansas 71671

Phone: (870) 226-8500 • Fax: (870) 226-8531

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

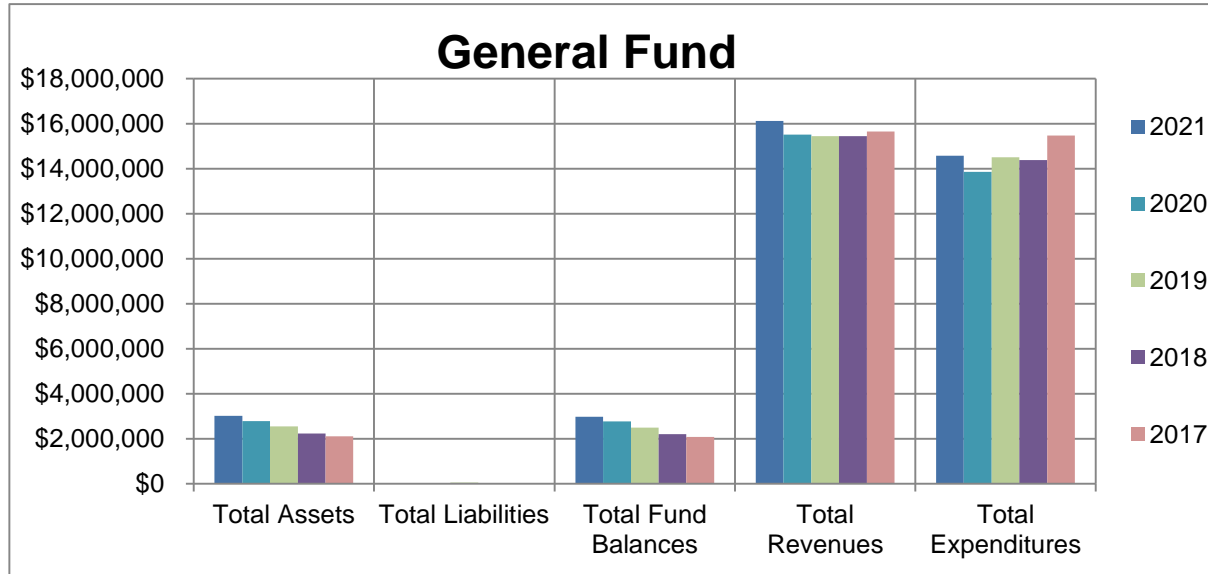
There were no findings in the prior audit.

*Our Mission ~ Personalized Learning*

WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS

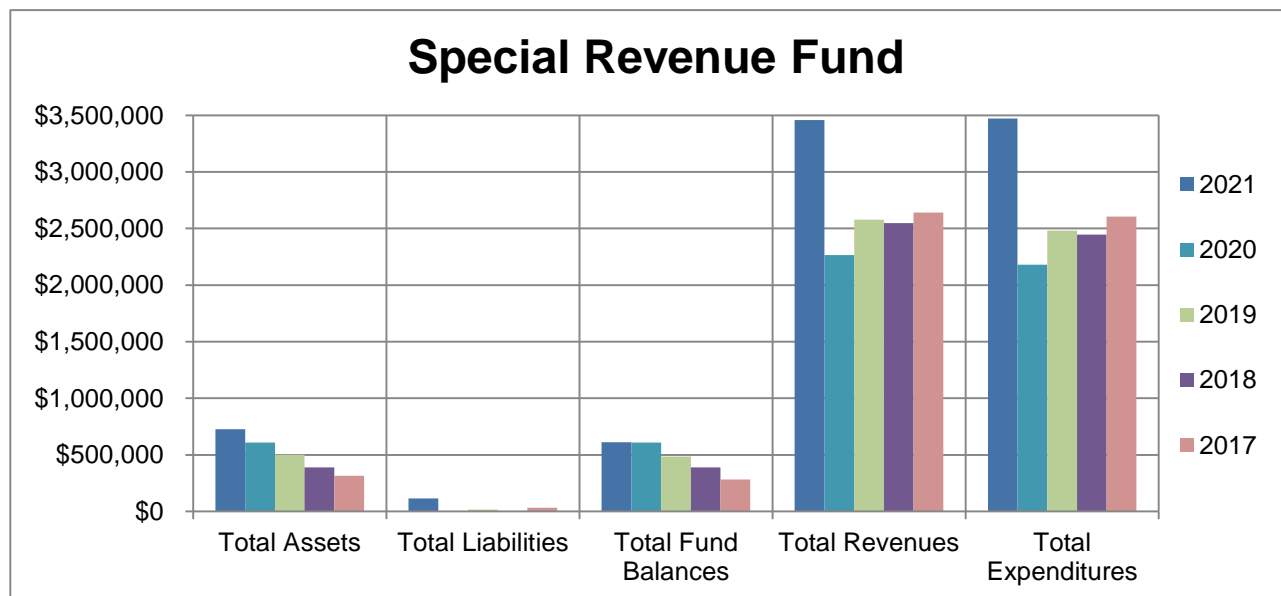
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

<b>General Fund</b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 3,010,157	\$ 2,776,097	\$ 2,543,984	\$ 2,225,125	\$ 2,111,477
Total Liabilities	28,781	14,753	49,071	24,814	29,431
Total Fund Balances	2,981,376	2,761,344	2,494,913	2,200,311	2,082,046
Total Revenues	16,125,601	15,519,218	15,437,608	15,437,721	15,643,910
Total Expenditures	14,575,192	13,854,755	14,509,035	14,378,091	15,476,620
Total Other Financing Sources (Uses)	(1,459,145)	(1,398,032)	(633,971)	(941,365)	53,922



WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 726,082	\$ 607,119	\$ 500,604	\$ 387,852	\$ 315,597
Total Liabilities	115,310		16,870		32,276
Total Fund Balances	610,772	607,119	483,734	387,852	283,321
Total Revenues	3,457,875	2,266,243	2,578,293	2,548,566	2,641,129
Total Expenditures	3,472,522	2,179,358	2,482,411	2,447,392	2,606,851
Total Other Financing Sources (Uses)	18,300	36,500		3,357	(24,754)



WARREN SCHOOL DISTRICT NO. 1  
BRADLEY COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

<b>Other Aggregate Funds</b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 17,450,669	\$ 2,919,518	\$ 2,228,154	\$ 1,943,023	\$ 1,834,749
Total Liabilities	3,400		3,135		
Total Fund Balances	17,447,269	2,919,518	2,225,019	1,943,023	1,834,749
Total Revenues				123,863	324,498
Total Expenditures	1,484,908	942,628	838,340	1,135,979	1,375,704
Total Other Financing Sources (Uses)	16,012,659	1,637,127	1,120,336	1,120,390	974,755

