

Waldron School District No. 45

Scott County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2021



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SCOTT COUNTY, ARKANSAS
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Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
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Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Waldron School District No. 45 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 Waldron School District No. 45 (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 *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, 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 March 7, 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
March 7, 2022
EDSD33621

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

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

Waldron School District No. 45 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 Waldron School District No. 45 (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 March 7, 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 style with a large, prominent "M" and "F".

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 7, 2022

Arkansas

Sen. Ronald Caldwell
Senate Chair
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Senate Vice Chair



Rep. Richard Womack
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Waldron School District No. 45 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Waldron School District No. 45'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
March 7, 2022

WALDRON SCHOOL DISTRICT NO. 45
 SCOTT COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2021

Exhibit A

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
ASSETS			
Cash	\$ 1,989,227	\$ 484,683	\$ 1,092,376
Investments	985,000		3,565,000
Accounts receivable	44,398	184,548	
Deposit with paying agent	48,384		971,468
TOTAL ASSETS	\$ 3,067,009	\$ 669,231	\$ 5,628,844
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 85,050	\$ 38,446	\$ 1,595
Fund Balances:			
Restricted	372,466	630,785	971,468
Assigned	148,015		4,655,781
Unassigned	2,461,478		
Total Fund Balances	2,981,959	630,785	5,627,249
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,067,009	\$ 669,231	\$ 5,628,844

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

WALDRON SCHOOL DISTRICT NO. 45
SCOTT 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	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,995,654		
State assistance	9,899,164	\$ 4,832	
Federal assistance	748,422	3,606,097	\$ 71,618
Activity revenues	181,468		
Meal sales		13,187	
Investment income	37,483	227	19,710
Other revenues	258,535	5,842	
TOTAL REVENUES	14,120,726	3,630,185	91,328
EXPENDITURES			
Regular programs	5,544,041	532,152	
Special education	749,230	404,815	
Career education programs	410,411	26,576	
Compensatory education programs	215,552	621,145	
Other instructional programs	452,477	22,197	
Student support services	530,237	128,620	
Instructional staff support services	650,422	104,519	
General administration support services	238,796	103,480	
School administration support services	710,094	39,445	
Central services support services	438,342	137,733	
Operation and maintenance of plant services	1,675,055	316,967	3,946
Student transportation services	634,743	49,034	
Other support services	14,503		
Food services operations	463	989,619	
Community services operations	208,944	17,960	
Facilities acquisition and construction services	2,275		7,588
Non-programmed costs		12,963	
Activity expenditures	198,799		
Debt Service:			
Principal retirement	77,206		10,000
Interest and fiscal charges	19,563		155,985
Net debt issuance costs			164,555
TOTAL EXPENDITURES	12,771,153	3,507,225	342,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,349,573	122,960	(250,746)
OTHER FINANCING SOURCES (USES)			
Transfers in			570,924
Transfers out	(570,924)		
Proceeds from refunding bond issues			8,920,000
Payments to refunding bond escrow agents			(8,748,290)
TOTAL OTHER FINANCING SOURCES (USES)	(570,924)		742,634

WALDRON SCHOOL DISTRICT NO. 45
 SCOTT 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		
	General	Special Revenue	Other Aggregate
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 778,649	\$ 122,960	\$ 491,888
FUND BALANCES - JULY 1, RESTATED	2,203,310	507,825	5,135,361
FUND BALANCES - JUNE 30	\$ 2,981,959	\$ 630,785	\$ 5,627,249

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

WALDRON SCHOOL DISTRICT NO. 45

SCOTT COUNTY, ARKANSAS

Exhibit C

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

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 2,914,514	\$ 2,995,654	\$ 81,140			
State assistance	9,407,049	9,899,164	492,115	\$ 60,000	\$ 4,832	\$ (55,168)
Federal assistance	562,000	748,422	186,422	2,579,483	3,606,097	1,026,614
Activity revenues	210,000	181,468	(28,532)			
Meal sales				140,500	13,187	(127,313)
Investment income	75,000	37,483	(37,517)	1,000	227	(773)
Other revenues	290,219	258,535	(31,684)	6,200	5,842	(358)
TOTAL REVENUES	13,458,782	14,120,726	661,944	2,787,183	3,630,185	843,002
EXPENDITURES						
Regular programs	5,858,439	5,544,041	314,398	101,546	532,152	(430,606)
Special education	750,657	749,230	1,427	398,029	404,815	(6,786)
Career education programs	451,400	410,411	40,989		26,576	(26,576)
Compensatory education programs	274,872	215,552	59,320	691,814	621,145	70,669
Other instructional programs	471,867	452,477	19,390	11,697	22,197	(10,500)
Student support services	543,810	530,237	13,573	187,761	128,620	59,141
Instructional staff support services	700,335	650,422	49,913	107,950	104,519	3,431
General administration support services	222,252	238,796	(16,544)	76,935	103,480	(26,545)
School administration support services	724,231	710,094	14,137		39,445	(39,445)
Central services support services	419,410	438,342	(18,932)	67,592	137,733	(70,141)
Operation and maintenance of plant services	1,477,886	1,675,055	(197,169)	220,002	316,967	(96,965)
Student transportation services	609,394	634,743	(25,349)	25,000	49,034	(24,034)
Other support services	30,751	14,503	16,248			
Food services operations	32,000	463	31,537	1,077,798	989,619	88,179
Community services operations	189,573	208,944	(19,371)	10,000	17,960	(7,960)
Facilities acquisition and construction services		2,275	(2,275)			
Non-programmed costs				17,069	12,963	4,106
Activity expenditures	233,100	198,799	34,301			
Debt Service:						
Principal retirement	77,300	77,206	94			
Interest and fiscal charges	20,000	19,563	437			
TOTAL EXPENDITURES	13,087,277	12,771,153	316,124	2,993,193	3,507,225	(514,032)

WALDRON SCHOOL DISTRICT NO. 45
SCOTT 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	\$ 371,505	\$ 1,349,573	\$ 978,068	\$ (206,010)	\$ 122,960	\$ 328,970
OTHER FINANCING SOURCES (USES)						
Transfers in	16,529,412		(16,529,412)	543,996		(543,996)
Transfers out	(16,678,475)	(570,924)	16,107,551	(543,996)		543,996
TOTAL OTHER FINANCING SOURCES (USES)	(149,063)	(570,924)	(421,861)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	222,442	778,649	556,207	(206,010)	122,960	328,970
FUND BALANCES - JULY 1 RESTATED	2,240,642	2,203,310	(37,332)	465,591	507,825	42,234
FUND BALANCES - JUNE 30	<u>\$ 2,463,084</u>	<u>\$ 2,981,959</u>	<u>\$ 518,875</u>	<u>\$ 259,581</u>	<u>\$ 630,785</u>	<u>\$ 371,204</u>

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

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a five 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 Waldron 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.

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.

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.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT 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 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:

<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.

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.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance Classifications

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

H. Budget and Budgetary Accounting

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

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

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

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.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Classification Policies and Procedures (Continued)

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)	\$ 750,000	\$ 750,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	7,366,286	7,614,644
Total Deposits	\$ 8,116,286	\$ 8,364,644

The above total deposits include certificates of deposit of \$4,550,000 reported as investments and classified as nonparticipating contracts.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

3: ACCOUNTS RECEIVABLE

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 11,178	
Federal assistance	4,277	\$ 181,889
Other	28,943	2,659
Totals	\$ 44,398	\$ 184,548

4: COMMITMENTS

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

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

General description of leases and leasing arrangements:

Two Thomas buses leased from Midwest Bus Sales for terms of 36 months with annual payments of \$28,200, commencing on November 14, 2018. Four Thomas buses leased from Midwest Bus Sales for terms of 36 months with annual payments of \$62,800, commencing on April 12, 2021.

1. Future minimum rental payments (aggregate) at June 30, 2021: \$125,600
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2022	\$ 62,800
2023	62,800
Total	\$ 125,600

Rental payments for the operating leases described above were approximately \$91,000 for the year ended June 30, 2021.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS (Continued)

B. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
10/21/10	10/1/27	4.65%	\$ 1,635,000	\$ 1,635,000	
8/1/20	6/1/38	.5 - 1.5%	7,575,000	7,570,000	\$ 5,000
8/20/20	6/1/33	.5 - 1.3%	1,345,000	1,340,000	5,000
Total Bonds			<u>10,555,000</u>	<u>10,545,000</u>	<u>10,000</u>
<u>Direct Borrowings</u>					
7/18/17	7/18/27	3.14%	<u>824,990</u>	<u>564,973</u>	<u>260,017</u>
Total Long-Term Debt			<u>\$ 11,379,990</u>	<u>\$ 11,109,973</u>	<u>\$ 270,017</u>

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	\$ 10,315,000	\$ 8,920,000	\$ 8,690,000 *	\$ 10,545,000
<u>Direct Borrowings</u>				
Installment contract	<u>642,179</u>		<u>77,206</u>	<u>564,973</u>
Total Long-Term Debt	<u>\$ 10,957,179</u>	<u>\$ 8,920,000</u>	<u>\$ 8,767,206</u>	<u>\$ 11,109,973</u>

* Includes \$8,680,000 early retirement of debt – See Note 6.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS (Continued)

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

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 500,000	\$ 172,765	\$ 672,765	\$ 79,649	\$ 17,120	\$ 96,769
2023	510,000	170,265	680,265	82,170	14,599	96,769
2024	505,000	167,460	672,460	84,770	11,999	96,769
2025	520,000	164,380	684,380	87,453	9,316	96,769
2026	535,000	160,740	695,740	90,220	6,549	96,769
2027-2031	4,385,000	460,434	4,845,434	140,711	4,441	145,152
2032-2036	2,590,000	182,172	2,772,172			
2037-2038	1,000,000	22,575	1,022,575			
Totals	<u>\$ 10,545,000</u>	<u>\$ 1,500,791</u>	<u>\$ 12,045,791</u>	<u>\$ 564,973</u>	<u>\$ 64,024</u>	<u>\$ 628,997</u>

Qualified School Construction Bonds

On October 21, 2010, the District obtained funding of \$1,635,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

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>\$ 85,050</u>	<u>\$ 38,446</u>	<u>\$ 1,595</u>

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

6: DEBT REFUNDINGS

On August 1, 2020, the District issued refunding bonds of \$7,575,000 with interest rates of .5 to 1.5 percent to refund \$4,815,000 and \$2,570,000 of outstanding bonds dated May 1, 2016 and May 15, 2016, respectively. The interest rates of the bonds refunded were 1 to 2.75 and 1 to 2.625 percent, respectively. Net bond proceeds of \$7,439,836 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on September 21, 2020. The remaining proceeds of \$4,712 (after payment of \$130,452 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$430,756 to the District over the life of the bonds.

On August 20, 2020, the District issued refunding bonds of \$1,345,000 with interest rates of .5 to 1.3 percent to refund \$1,295,000 of outstanding bonds dated October 1, 2011. The interest rates of the bonds refunded were 1 to 3.5 percent. Net bond proceeds of \$1,308,454 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on September 21, 2020. The remaining proceeds of \$2,443 (after payment of \$34,103 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$156,428 to the District over the life of the bonds.

7: INTERFUND TRANSFERS

The District transferred \$570,924 from the general fund to the other aggregate funds for debt related payments of \$162,923 and future capital projects of \$408,001.

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.

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 \$1,394,092, 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 \$16,511,265.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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.

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 \$569, 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 \$3,664.

9: PRIOR YEAR RESTATEMENT

The general fund beginning fund balance was increased by \$20,526, due to the reclassification of custodial fund activity accounts, previously reported as a fiduciary fund types.

10: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$10,555,000 issued from October 21, 2010 to August 20, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$12,045,791, payable through June 1, 2038. Principal and interest paid for the current year and total property taxes pledged for debt service were \$165,985 and \$891,964, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 18.61 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 board liability and student accidents.

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

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

11: RISK MANAGEMENT (Continued)

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

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 Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$365,552 for the year ended June 30, 2021.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 7,413		
Arkansas better chance program	109,327		
Enhanced student achievement funding	148,504		
English-language learners	16,194		
Professional development	45,724		
Child nutrition programs		\$ 272,265	
Debt service			\$ 971,468
Medical services		283,736	
Special education programs	25,828	10,966	
Other purposes	19,476	63,818	
Total Restricted	372,466	630,785	971,468
Assigned to:			
Capital projects			4,655,781
Student activities	142,276		
Other purposes	5,739		
Total Assigned	148,015		4,655,781
Unassigned	2,461,478		
Totals	\$2,981,959	\$ 630,785	\$5,627,249

WALDRON SCHOOL DISTRICT NO. 45
 SCOTT COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2021
 (Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 938,927
Depreciable capital assets:	
Buildings	30,851,045
Improvements/infrastructure	6,237,525
Equipment	5,729,055
Total depreciable capital assets	42,817,625
Less accumulated depreciation for:	
Buildings	8,786,086
Improvements/infrastructure	3,118,331
Equipment	4,613,975
Total accumulated depreciation	16,518,392
Total depreciable capital assets, net	26,299,233
Capital assets, net	\$ 27,238,160

WALDRON SCHOOL DISTRICT NO. 45
SCOTT 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
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	6401		\$ 256,386
Arkansas Department of Education - National School Lunch Program	10.555	6401		498,499
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	6401000		54,394
Total for National School Lunch Program				552,893
Total U. S. Department of Agriculture				809,279
TOTAL CHILD NUTRITION CLUSTER				809,279
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	6401		342,505
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	6401		14,305
Total U. S. Department of Education				356,810
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				356,810
OTHER PROGRAMS				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	6401		49,785
Total U. S. Department of Agriculture				49,785
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	6401		127,371
Total U.S. Department of the Treasury				127,371
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	6401		1,201,979
Total Education Stabilization Fund				1,201,979
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	6401		606,632
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	6401		30,015
Indian Education - Grants to Local Educational Agencies	84.060A			9,929
Arkansas Department of Education - Rural Education	84.358B	6401		65,114
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	6401		8,181
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	6401		26,388
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	6401		31,916
Total U. S. Department of Education				1,980,154
TOTAL OTHER PROGRAMS				2,157,310
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 3,323,399

The accompanying notes are an integral part of this schedule.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 Waldron School District No. 45 (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 Arkansas Department of Human Services.
- Note 4: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 5: During the year ended June 30, 2021, the District received Medicaid funding of \$30,775 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT 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
84.010A	Title I Grants to Local Educational Agencies
84.425D	COVID-19 - Education Stabilization Fund

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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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Waldron School District

1560 West 6th Street
Waldron, Arkansas 72958
(479) 637-3179

“Our Children, Our Community, Our Commitment”

Daniel Fielding, Superintendent
Chris Lipham, Middle School Principal

Kim Solomon, High School Principal
Ryan Walker, Elementary Principal

Schedule 4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

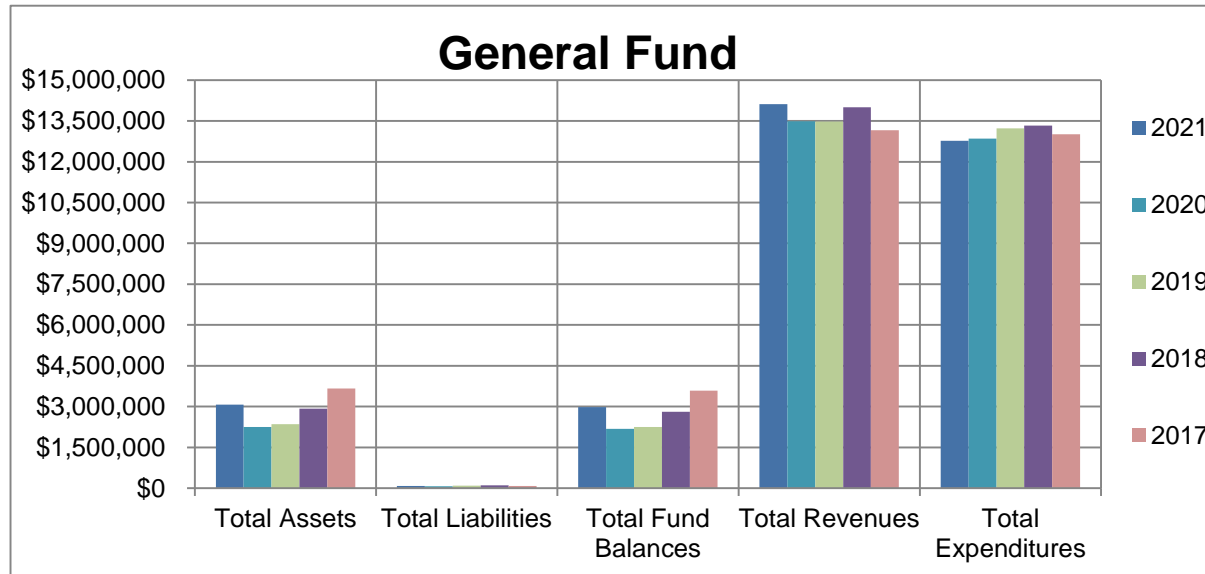
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS

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

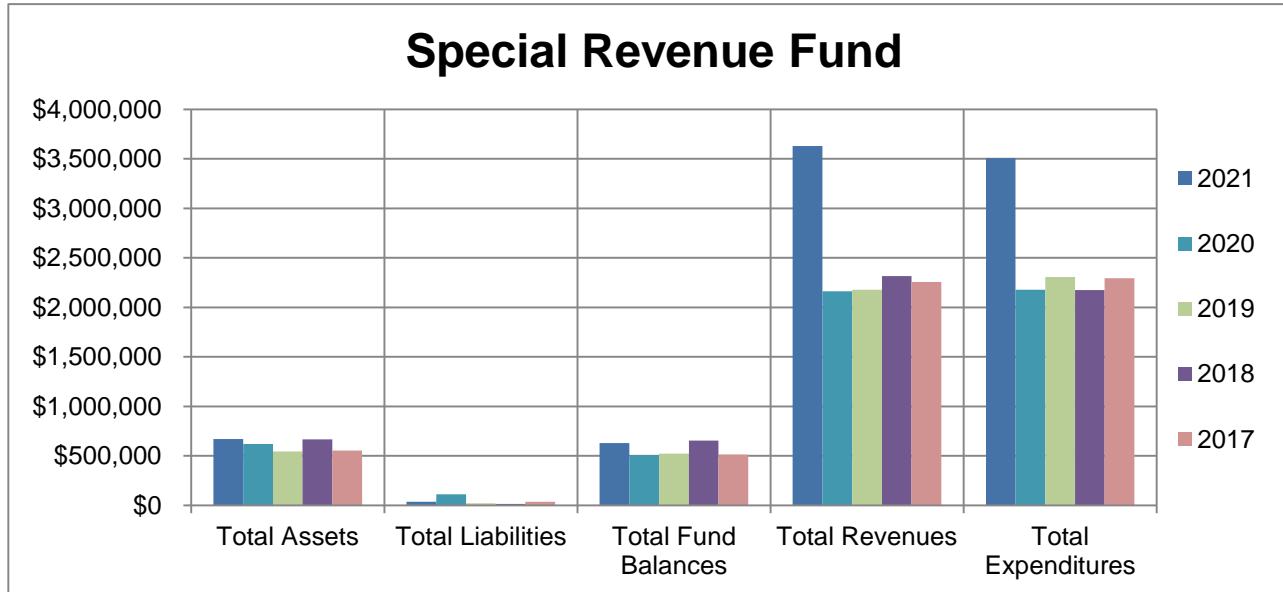
<u>General Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 3,067,009	\$ 2,252,149	\$ 2,345,869	\$ 2,917,352	\$ 3,663,400
Total Liabilities	85,050	69,365	96,072	106,925	80,140
Total Fund Balances	2,981,959	2,182,784	2,249,797	2,810,427	3,583,260
Total Revenues	14,120,726	13,490,462	13,480,899	14,008,764	13,157,176
Total Expenditures	12,771,153	12,851,275	13,222,105	13,334,199	13,013,532
Total Other Financing Sources (Uses)	(570,924)	(706,200)	(819,424)	(1,447,398)	(88,776)



WALDRON SCHOOL DISTRICT NO. 45
SCOTT 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	\$ 669,231	\$ 620,803	\$ 544,577	\$ 667,467	\$ 552,844
Total Liabilities	38,446	112,978	20,187	13,764	38,400
Total Fund Balances	630,785	507,825	524,390	653,703	514,444
Total Revenues	3,630,185	2,161,538	2,178,594	2,316,027	2,258,029
Total Expenditures	3,507,225	2,178,103	2,307,907	2,175,853	2,292,817
Total Other Financing Sources (Uses)				(915)	



WALDRON SCHOOL DISTRICT NO. 45
SCOTT COUNTY, ARKANSAS

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

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 5,628,844	\$ 5,142,155	\$ 5,143,262	\$ 4,961,851	\$ 4,351,261
Total Liabilities	1,595	6,794	48,056		15,817
Total Fund Balances	5,627,249	5,135,361	5,095,206	4,961,851	4,335,444
Total Revenues	91,328	91,593	89,067	84,881	82,949
Total Expenditures	342,074	757,638	870,119	1,685,545	1,008,852
Total Other Financing Sources (Uses)	742,634	706,200	914,407	2,227,071	88,776

