

Hamburg School District No. 51

Ashley County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2020



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ASHLEY 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

Hamburg School District No. 51 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 Hamburg School District No. 51 (the "District"), as of and for the year ended June 30, 2020, 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, 2020, 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, 2020, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
February 1, 2021
EDSD00820

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

Hamburg School District No. 51 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 Hamburg School District No. 51 (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 1, 2021. 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, 2020, 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



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

Little Rock, Arkansas
February 1, 2021

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

Hamburg School District No. 51 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Hamburg School District No. 51'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, 2020. 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, 2020.

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



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

Little Rock, Arkansas
February 1, 2021

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2020

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 2,756,639		\$ 6,815,281	\$ 86,412
Investments			683,533	564,704
Accounts receivable		\$ 395,328		
Due from other funds	307,638			
Deposit with paying agent			381,002	
TOTAL ASSETS	\$ 3,064,277	\$ 395,328	\$ 7,879,816	\$ 651,116
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 83,557	\$ 10,207	\$ 214,179	
Due student groups				\$ 72,652
Due to other funds		307,638		
Total Liabilities	83,557	317,845	214,179	72,652
Fund Balances:				
Nonspendable				564,704
Restricted	75,349	77,483	6,863,937	13,760
Assigned	123,122		801,700	
Unassigned	2,782,249			
Total Fund Balances	2,980,720	77,483	7,665,637	578,464
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,064,277	\$ 395,328	\$ 7,879,816	\$ 651,116

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

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 3,872,564		
State assistance	11,096,908	\$ 6,920	
Federal assistance	25,070	2,416,027	\$ 29,829
Activity revenues	203,902		
Meal sales		162,198	
Investment income	6,710		19,105
Other revenues	134,660	33,880	
TOTAL REVENUES	15,339,814	2,619,025	48,934
EXPENDITURES			
Regular programs	6,209,114	21,308	
Special education	540,264	445,424	
Career education programs	697,319		
Compensatory education programs	119,213	358,053	
Other instructional programs	684,072		
Student support services	611,225	83,477	
Instructional staff support services	826,015	524,347	
General administration support services	301,430	56,381	
School administration support services	1,105,954	127	
Central services support services	427,460	2,615	
Operation and maintenance of plant services	1,523,200	3,351	
Student transportation services	1,134,229	11,567	
Other support services	23,401		
Food services operations	38,306	1,078,392	
Community services operations	41,762	4,437	
Facilities acquisition and construction services	58,583		2,831,719
Activity expenditures	223,044		
Debt Service:			
Principal retirement	96,648		425,000
Interest and fiscal charges	14,997		453,146
Net debt issuance costs			17,924
TOTAL EXPENDITURES	14,676,236	2,589,479	3,727,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	663,578	29,546	(3,678,855)
OTHER FINANCING SOURCES (USES)			
Transfers in		33,742	1,041,598
Transfers out	(1,075,340)		
Compensation for loss of capital assets	61,689		
Proceeds from construction bond issue			7,495,000
Value of installment contract	220,028		
TOTAL OTHER FINANCING SOURCES (USES)	(793,623)	33,742	8,536,598
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(130,045)	63,288	4,857,743
FUND BALANCES - JULY 1	3,110,765	14,195	2,807,894
FUND BALANCES - JUNE 30	\$ 2,980,720	\$ 77,483	\$ 7,665,637

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

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY 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, 2020

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 4,034,521	\$ 3,872,564	\$ (161,957)			
State assistance	11,101,111	11,096,908	(4,203)	\$ 7,000	\$ 6,920	\$ (80)
Federal assistance	25,070	25,070		2,057,447	2,416,027	358,580
Activity revenues	500	203,902	203,402			
Meal sales				249,500	162,198	(87,302)
Investment income	2,500	6,710	4,210			
Other revenues	183,503	134,660	(48,843)		33,880	33,880
TOTAL REVENUES	15,347,205	15,339,814	(7,391)	2,313,947	2,619,025	305,078
EXPENDITURES						
Regular programs	6,484,037	6,209,114	274,923	1,993	21,308	(19,315)
Special education	534,815	540,264	(5,449)	422,407	445,424	(23,017)
Career education programs	720,034	697,319	22,715			
Compensatory education programs	158,882	119,213	39,669	394,774	358,053	36,721
Other instructional programs	726,914	684,072	42,842			
Student support services	610,123	611,225	(1,102)	50,572	83,477	(32,905)
Instructional staff support services	912,256	826,015	86,241	348,776	524,347	(175,571)
General administration support services	359,514	301,430	58,084	58,638	56,381	2,257
School administration support services	1,131,314	1,105,954	25,360		127	(127)
Central services support services	487,510	427,460	60,050	4,000	2,615	1,385
Operation and maintenance of plant services	1,788,585	1,523,200	265,385	25,700	3,351	22,349
Student transportation services	815,965	1,134,229	(318,264)	11,168	11,567	(399)
Other support services	35,000	23,401	11,599			
Food services operations	25,500	38,306	(12,806)	1,031,100	1,078,392	(47,292)
Community services operations	43,141	41,762	1,379	6,000	4,437	1,563
Facilities acquisition and construction services	30,000	58,583	(28,583)			
Activity expenditures		223,044	(223,044)			
Debt Service:						
Principal retirement	199,837	96,648	103,189			
Interest and fiscal charges	21,683	14,997	6,686			
TOTAL EXPENDITURES	15,085,110	14,676,236	408,874	2,355,128	2,589,479	(234,351)

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY 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, 2020

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 262,095	\$ 663,578	\$ 401,483	\$ (41,181)	\$ 29,546	\$ 70,727
OTHER FINANCING SOURCES (USES)						
Transfers in	18,664,103		(18,664,103)	133,506	33,742	(99,764)
Transfers out	(19,513,681)	(1,075,340)	18,438,341	(103,506)		103,506
Compensation for loss of capital assets		61,689	61,689			
TOTAL OTHER FINANCING SOURCES (USES)	(849,578)	(793,623)	55,955	30,000	33,742	3,742
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(587,483)	(130,045)	457,438	(11,181)	63,288	74,469
FUND BALANCES - JULY 1	3,774,464	3,110,765	(663,699)	18,825	14,195	(4,630)
FUND BALANCES - JUNE 30	\$ 3,186,981	\$ 2,980,720	\$ (206,261)	\$ 7,644	\$ 77,483	\$ 69,839

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

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 Hamburg School District (District). There are no component units.

B. Description of Funds

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

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

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

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

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

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

Fiduciary Fund types include the following:

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

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

C. Measurement Focus and Basis of Accounting

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

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Revenue Recognition Policies

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

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$2,500 for capitalizing equipment. Library holdings are not capitalized.

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

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

F. Property Taxes

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

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2019 calendar year taxes collected by June 30, 2020 and 4 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2020 equaled or exceeded the 4 percent calculation.

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)	\$ 775,647	\$ 775,647
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	10,130,922	10,567,559
Total Deposits	\$ 10,906,569	\$ 11,343,206

The above total deposits include certificates of deposit of \$1,248,237 reported as investments and classified as nonparticipating contracts.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 were comprised of the following:

	Governmental Fund
	Major
Description	Special Revenue
Federal assistance	\$ 395,328

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2020:

A. Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
High School Gym and Cafeteria HVAC	October 27, 2020	\$ 13,219.00
Portland Gym Renovation	November 30, 2020	28,279
Football Field	January 31, 2021	305,000
High School Classroom Addition	April 15, 2021	1,486,840
High School Auditorium	April 15, 2021	2,074,869
Practice Facility	April 15, 2021	263,472
Jr. High Restrooms	April 15, 2021	265,270
Noble Elementary Marilyn Chamber's Building Connection	April 15, 2021	302,299
Noble Elementary Bathrooms	April 15, 2021	1,009,690

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020</u>	<u>Maturities To June 30, 2020</u>
<u>Bonds</u>					
5/24/11	4/1/26	5%	\$ 635,000	\$ 635,000	
3/1/13	2/1/38	1.25 - 2.85%	2,765,000	2,490,000	\$ 275,000
3/15/13	2/1/39	1.25 - 2.9%	2,855,000	2,635,000	220,000
3/12/19	4/1/39	3 - 3.3%	5,895,000	5,685,000	210,000
8/28/19	2/1/49	3%	7,495,000	7,495,000	
Total Bonds			<u>19,645,000</u>	<u>18,940,000</u>	<u>705,000</u>
<u>Direct Borrowings</u>					
8/23/16	8/23/21	5.50%	10,272	2,656	7,616
5/28/19	5/28/24	6.50%	65,180	52,834	12,346
5/4/16	5/4/23	3.14%	582,400	265,099	317,301
9/5/19	8/21/24	2.99%	220,028	220,028	
Total Direct Borrowings			<u>877,880</u>	<u>540,617</u>	<u>337,263</u>
Total Long-Term Debt			<u>\$ 20,522,880</u>	<u>\$ 19,480,617</u>	<u>\$ 1,042,263</u>

Changes in Long-term Debt

	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
Bonds payable	\$ 11,870,000	\$ 7,495,000	\$ 425,000	\$ 18,940,000
<u>Direct Borrowings</u>				
Postdated warrant	348,140		83,041	265,099
Capital lease	4,799		2,143	2,656
Installment contracts	64,298	220,028	11,464	272,862
Total Direct Borrowings	<u>417,237</u>	<u>220,028</u>	<u>96,648</u>	<u>540,617</u>
Total Long-Term Debt	<u>\$ 12,287,237</u>	<u>\$ 7,715,028</u>	<u>\$ 521,648</u>	<u>\$ 19,480,617</u>

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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
2021	\$ 565,000	\$ 560,721	\$ 1,125,721	\$ 141,775	\$ 17,904	\$ 159,679
2022	590,000	546,796	1,136,796	144,417	13,300	157,717
2023	600,000	531,511	1,131,511	148,966	8,358	157,324
2024	610,000	515,976	1,125,976	58,842	3,234	62,076
2025	630,000	499,842	1,129,842	46,617	1,417	48,034
2026-2030	4,360,000	2,092,975	6,452,975			
2031-2035	4,340,000	1,491,200	5,831,200			
2036-2040	3,770,000	703,288	4,473,288			
2041-2045	1,600,000	428,250	2,028,250			
2046-2049	1,875,000	172,350	2,047,350			
Totals	<u>\$ 18,940,000</u>	<u>\$ 7,542,909</u>	<u>\$ 26,482,909</u>	<u>\$ 540,617</u>	<u>\$ 44,213</u>	<u>\$ 584,830</u>

Capital Lease

Capital assets acquired through a capital lease consisted of the following at June 30, 2020:

Class of Property	Cost	Accumulated Depreciation	Net Value
Copiers	<u>\$ 10,272</u>	<u>\$ 3,938</u>	<u>\$ 6,334</u>

The present value of the net minimum lease payments is as follows at June 30, 2020:

Total Minimum Lease Payments	\$ 2,747
Less: Amount Representing Interest	<u>91</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 2,656</u>

Qualified School Construction Bonds

On May 24, 2011, the District obtained funding of \$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 15 years. This amount plus interest earned will be used to retire the debt when due.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

4: COMMITMENTS (Continued)

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 AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2020 were comprised of the following:

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	\$ 31,301	\$ 10,207	\$ 214,179
Payroll payables	52,256		
Totals	\$ 83,557	\$ 10,207	\$ 214,179

6: INTERFUND TRANSFERS

The District transferred \$1,041,598 from the general fund to the other aggregate funds for the following: debt related payments of \$880,998 and excess net legal balance funds of \$160,600, required to be utilized for designated capital projects. Additionally, \$33,742 was transferred from the general fund to the special revenue fund to supplement the District's food service operations.

7: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

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

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.25% 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 14.25% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2020 were \$1,423,819 equal to the required contributions.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

7: RETIREMENT PLAN (Continued)

Arkansas Teacher Retirement System (Continued)

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, 2019 (actuarial valuation date and measurement date) was \$13,653,539.

8: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS

ADDITIONS	
Interest	<u>\$ 13,112</u>
DEDUCTIONS	
Scholarships	<u>11,892</u>
CHANGE IN FUND BALANCE	1,220
FUND BALANCE - JULY 1	<u>577,244</u>
FUND BALANCE - JUNE 30	<u><u>\$ 578,464</u></u>

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$19,645,000 issued from May 24, 2011 through August 28, 2019. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$26,482,909, payable through February 1, 2049. Principal and interest paid for the current year and total property taxes pledged for debt service were \$875,816 and \$1,421,574, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 61.61 percent.

10: DONOR RESTRICTED ENDOWMENT

The District received restricted funds held for the Chapman Family Memorial Scholarship Fund. The instructions of the last will and testament of A.B. Chapman stipulated the principal balance is restricted as an endowment fund with the income thereof to be used to provide postsecondary education scholarships for worthy and/or needy graduating seniors. The endowment balance of \$564,704 is comprised of investments (certificate of deposit).

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, accidental death and dismemberment and student accident.

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.

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

11: RISK MANAGEMENT (Continued)

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

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

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

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 \$337,434 for the year ended June 30, 2020.

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	\$ 7,360		
Enhanced student achievement funding	804		
English-language learners	12,190		
Professional development	14,889		
Capital projects			\$6,482,935
Debt service			381,002
Medical services		\$ 70,547	
Special education programs	1,009	6,936	
Other purposes	39,097		
Total Restricted	<u>75,349</u>	<u>77,483</u>	<u>6,863,937</u>
Assigned to:			
Capital projects			801,700
Student activities	123,122		
Total Assigned	<u>123,122</u>		<u>801,700</u>
Unassigned	<u>2,782,249</u>		
Totals	<u>\$2,980,720</u>	<u>\$ 77,483</u>	<u>\$7,665,637</u>

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

14: RESPONSE TO COVID-19

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). A mandatory, two week, statewide closure for all schools was announced on March 15, 2020 by the Governor. On April 6, 2020, the Governor announced that on-site instruction for all Arkansas public schools would be discontinued until the 2020-2021 school year and school districts would continue alternative methods of instruction (AMI) through the remainder of the 2019-2020 school year.

15. COMPENSATION FOR LOSS OF CAPITAL ASSETS

During the year ended June 30, 2020, the District received insurance proceeds of \$61,689 due to wind damage (\$1,685), hail damage (\$52,958), and vehicle damage sustained in an accident (\$7,046).

16: SUBSEQUENT EVENT

On July 23, 2020, the District issued refunding bonds of \$5,320,000 with interest rates of .60 to 1.75 percent to refund bond issues dated March 1, 2013 and March 15, 2013. The District will save \$447,524 over the life of the bond issue.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

Schedule 1

	Balance June 30, 2020
Nondepreciable capital assets:	
Land	\$ 402,511
Construction in progress	2,827,352
Total nondepreciable capital assets	3,229,863
Depreciable capital assets:	
Buildings	23,352,124
Improvements/infrastructure	2,537,511
Equipment	3,657,989
Total depreciable capital assets	29,547,624
Less accumulated depreciation for:	
Buildings	8,551,920
Improvements/infrastructure	714,545
Equipment	2,701,376
Total accumulated depreciation	11,967,841
Total depreciable capital assets, net	17,579,783
Capital assets, net	\$ 20,809,646

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0203		\$ 176,543
Arkansas Department of Education - COVID-19 - School Breakfast Program	10.553	0203		<u>33,827</u>
Total for School Breakfast Program				<u>210,370</u>
National School Lunch Program (Note 3)	10.555			27,977
Arkansas Department of Education - National School Lunch Program	10.555	0203		481,169
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	0203000		56,387
Arkansas Department of Education - COVID-19 - National School Lunch Program	10.555	0203		<u>64,582</u>
Total for National School Lunch Program				<u>630,115</u>
Total U. S. Department of Agriculture				<u>840,485</u>
TOTAL CHILD NUTRITION CLUSTER				<u>840,485</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	0203		419,111
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>419,111</u>
OTHER PROGRAMS				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	0203		511,662
Arkansas Department of Education - Migrant Education - State Grant Program	84.011	0203		39,704
Arkansas Department of Education - Rural Education	84.358	0203		28,694
Arkansas Department of Education - English Language Acquisition State Grants	84.365	0203		14,017
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	0203		68,209
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	0203		41,455
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	0203		<u>216,660</u>
Total U. S. Department of Education				<u>920,401</u>
<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	0203		<u>10,000</u>
Total U. S. Department of Health and Human Services				<u>10,000</u>
TOTAL OTHER PROGRAMS				<u>930,401</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 2,189,997</u>

The accompanying notes are an integral part of this schedule.

HAMBURG SCHOOL DISTRICT NO. 51
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 Hamburg School District No. 51 (District) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2020, the District received Medicaid funding of \$79,383 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2020

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:

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

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>
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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.



HAMBURG SCHOOL DISTRICT
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Hamburg, Arkansas 71646
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Tracy Streeter, Superintendent
tstreeter@hdsdlions.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED June 30, 2020

FINANCIAL STATEMENT OF FINDINGS

There were no findings in the prior audit.

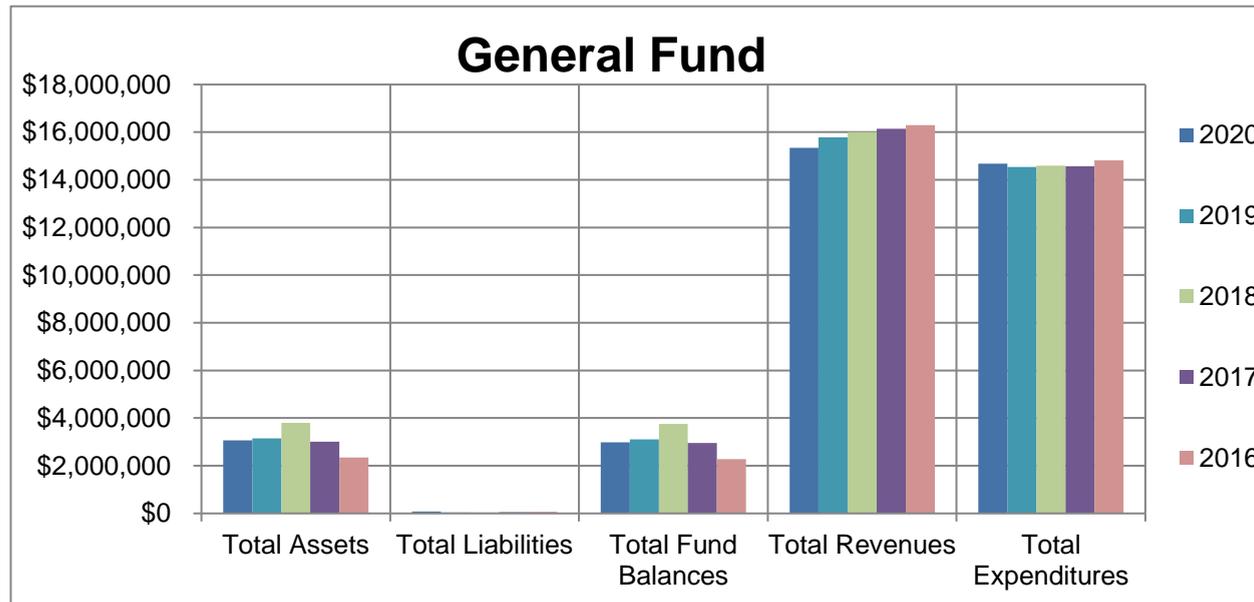
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

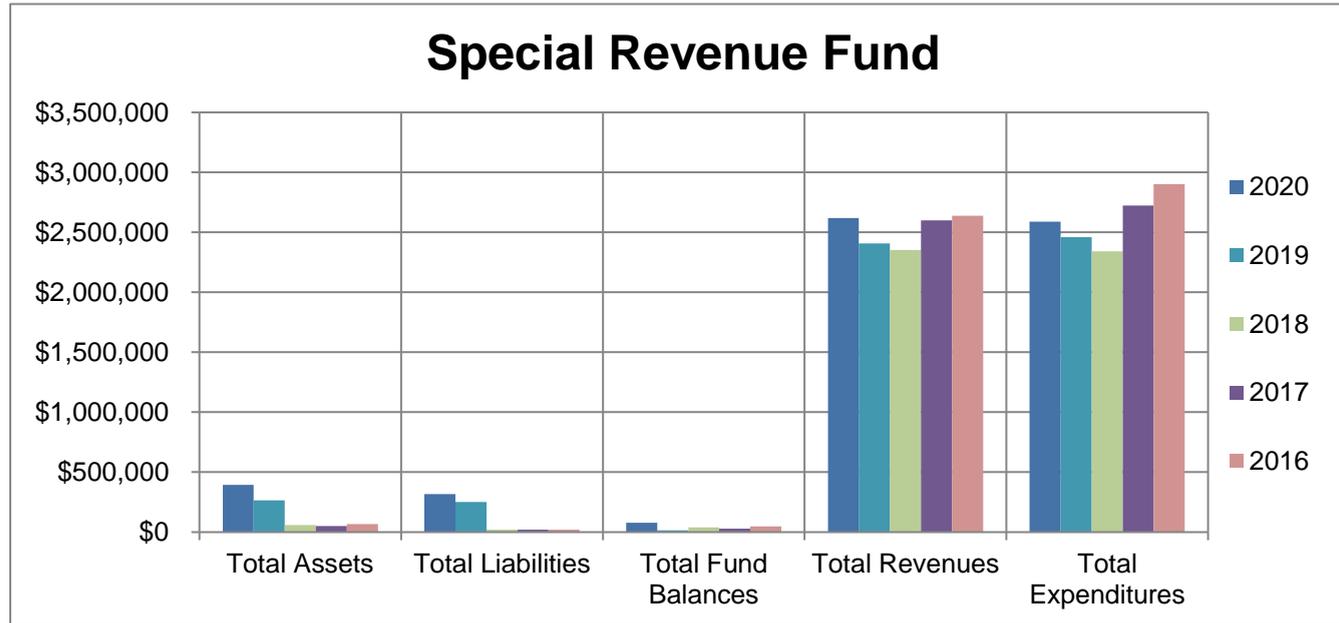
General Fund	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 3,064,277	\$ 3,152,472	\$ 3,797,281	\$ 3,012,476	\$ 2,350,879
Total Liabilities	83,557	41,707	37,121	51,424	72,634
Total Fund Balances	2,980,720	3,110,765	3,760,160	2,961,052	2,278,245
Total Revenues	15,339,814	15,791,258	16,012,303	16,147,413	16,289,504
Total Expenditures	14,676,236	14,542,769	14,596,119	14,563,252	14,822,463
Total Other Financing Sources (Uses)	(793,623)	(1,897,884)	(617,076)	(901,354)	(974,721)



HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

Special Revenue Fund	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 395,328	\$ 266,315	\$ 59,448	\$ 50,286	\$ 68,605
Total Liabilities	317,845	252,120	20,665	21,704	20,645
Total Fund Balances	77,483	14,195	38,783	28,582	47,960
Total Revenues	2,619,025	2,406,245	2,351,528	2,598,462	2,639,159
Total Expenditures	2,589,479	2,459,417	2,341,327	2,722,600	2,903,003
Total Other Financing Sources (Uses)	33,742	28,584		104,760	160,646



HAMBURG SCHOOL DISTRICT NO. 51
 ASHLEY COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

Other Aggregate Funds	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 7,879,816	\$ 2,807,894	\$ 1,299,656	\$ 1,447,085	\$ 1,654,821
Total Liabilities	214,179				
Total Fund Balances	7,665,637	2,807,894	1,299,656	1,447,085	1,654,821
Total Revenues	48,934	42,081	477,862	258,083	65,200
Total Expenditures	3,727,789	656,611	1,386,613	1,272,685	907,635
Total Other Financing Sources (Uses)	8,536,598	2,122,765	761,325	806,866	1,396,475

