

# **Berryville School District No. 27**

**Carroll County, Arkansas**

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

**June 30, 2020**



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CARROLL 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

Berryville School District No. 27 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 Berryville School District No. 27 (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 January 22, 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  
January 22, 2021  
EDSD03720

# Arkansas

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



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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

### INDEPENDENT AUDITOR'S REPORT

Berryville School District No. 27 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 Berryville School District No. 27 (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 January 22, 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  
January 22, 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

Berryville School District No. 27 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Berryville School District No. 27'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  
January 22, 2021

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2020

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 3,308,348		\$ 967,581	\$ 50,373
Investments				11,170
Accounts receivable		\$ 146,837		
Due from other funds	66,361			
<b>TOTAL ASSETS</b>	<b>\$ 3,374,709</b>	<b>\$ 146,837</b>	<b>\$ 967,581</b>	<b>\$ 61,543</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 13,965	\$ 220	\$ 116,248	\$ 41
Due student groups				44,263
Due to other funds		66,361		
<b>Total Liabilities</b>	<b>13,965</b>	<b>66,581</b>	<b>116,248</b>	<b>44,304</b>
<b>Fund Balances:</b>				
Restricted	482,901	80,256		17,239
Assigned	173,368		851,333	
Unassigned	2,704,475			
<b>Total Fund Balances</b>	<b>3,360,744</b>	<b>80,256</b>	<b>851,333</b>	<b>17,239</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,374,709</b>	<b>\$ 146,837</b>	<b>\$ 967,581</b>	<b>\$ 61,543</b>

The accompanying notes are integral part of these financial statements.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 6,728,361		
State assistance	11,247,316	\$ 7,746	\$ 5,574,136
Federal assistance	22,248	2,233,894	
Activity revenues	368,241		
Meal sales		157,842	
Investment income	33,151		53,056
Other revenues	57,710	1,936	39,000
<b>TOTAL REVENUES</b>	<b>18,457,027</b>	<b>2,401,418</b>	<b>5,666,192</b>
<b>EXPENDITURES</b>			
Regular programs	6,167,111		
Special education	1,263,706	58,343	
Career education programs	456,914		
Compensatory education programs	376,320	241,535	
Other instructional programs	1,396,653	31,083	
Student support services	665,273	347,214	
Instructional staff support services	881,838	589,398	
General administration support services	247,922	49,546	
School administration support services	565,342		
Central services support services	373,099		414,515
Operation and maintenance of plant services	2,225,551		
Student transportation services	708,617	34,552	
Other support services	37,444	3,083	
Food services operations		1,170,751	
Other enterprise operations		2,973	
Facilities acquisition and construction services	42,937		13,047,157
Non-programmed costs			
Activity expenditures	383,573		
Debt Service:			
Principal retirement	2,244		330,000
Interest and fiscal charges	591		732,322
Net debt issuance costs			490,177
<b>TOTAL EXPENDITURES</b>	<b>15,795,135</b>	<b>2,528,478</b>	<b>15,014,171</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,661,892</b>	<b>(127,060)</b>	<b>(9,347,979)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		64,378	2,188,939
Transfers out	(2,253,317)		
Proceeds from refunding bond issues			23,735,000
Payment to refunding bond escrow agents			(23,233,916)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,253,317)</b>	<b>64,378</b>	<b>2,690,023</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>408,575</b>	<b>(62,682)</b>	<b>(6,657,956)</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,952,169</b>	<b>142,938</b>	<b>7,509,289</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,360,744</b>	<b>\$ 80,256</b>	<b>\$ 851,333</b>

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

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 6,200,000	\$ 6,728,361	\$ 528,361			
State assistance	10,844,621	11,247,316	402,695	\$ 7,500	\$ 7,746	\$ 246
Federal assistance		22,248	22,248	2,709,268	2,233,894	(475,374)
Activity revenues		368,241	368,241			
Meal sales				150,000	157,842	7,842
Investment income	35,000	33,151	(1,849)			
Other revenues	180,000	57,710	(122,290)		1,936	1,936
<b>TOTAL REVENUES</b>	<b>17,259,621</b>	<b>18,457,027</b>	<b>1,197,406</b>	<b>2,866,768</b>	<b>2,401,418</b>	<b>(465,350)</b>
<b>EXPENDITURES</b>						
Regular programs	6,136,616	6,167,111	(30,495)			
Special education	1,379,570	1,263,706	115,864	176,831	58,343	118,488
Career education programs	436,065	456,914	(20,849)	4,527		4,527
Adult/continuing education program						
Compensatory education programs	292,569	376,320	(83,751)	511,154	241,535	269,619
Other instructional programs	1,516,436	1,396,653	119,783	43,379	31,083	12,296
Student support services	720,506	665,273	55,233	426,128	347,214	78,914
Instructional staff support services	1,151,480	881,838	269,642	966,436	589,398	377,038
General administration support services	418,641	247,922	170,719	50,112	49,546	566
School administration support services	576,198	565,342	10,856			
Central services support services	383,859	373,099	10,760			
Operation and maintenance of plant services	1,992,161	2,225,551	(233,390)	113,052		113,052
Student transportation services	764,076	708,617	55,459	40,750	34,552	6,198
Other support services	35,000	37,444	(2,444)		3,083	(3,083)
Food services operations				1,066,550	1,170,751	(104,201)
Other enterprise operations					2,973	(2,973)
Community services operations				11,550		11,550
Facilities acquisition and construction services	20,000	42,937	(22,937)			
Activity expenditures		383,573	(383,573)			
Debt Service:						
Principal retirement		2,244	(2,244)			
Interest and fiscal charges		591	(591)			
<b>TOTAL EXPENDITURES</b>	<b>15,823,177</b>	<b>15,795,135</b>	<b>28,042</b>	<b>3,410,469</b>	<b>2,528,478</b>	<b>881,991</b>

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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	\$ 1,436,444	\$ 2,661,892	\$ 1,225,448	\$ (543,701)	\$ (127,060)	\$ 416,641
OTHER FINANCING SOURCES (USES)						
Transfers in	21,396,982		(21,396,982)	556,318	64,378	(491,940)
Transfers out	(23,126,256)	(2,253,317)	20,872,939	(64,955)		64,955
TOTAL OTHER FINANCING SOURCES (USES)	(1,729,274)	(2,253,317)	(524,043)	491,363	64,378	(426,985)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(292,830)	408,575	701,405	(52,338)	(62,682)	(10,344)
FUND BALANCES - JULY 1	3,435,514	2,952,169	(483,345)	52,347	142,938	90,591
FUND BALANCES - JUNE 30	<u>\$ 3,142,684</u>	<u>\$ 3,360,744</u>	<u>\$ 218,060</u>	<u>\$ 9</u>	<u>\$ 80,256</u>	<u>\$ 80,247</u>

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

BERRYVILLE SCHOOL DISTRICT NO. 27  
CARROLL 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 Berryville 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.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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 \$1,000 for capitalizing equipment. Library holdings are not capitalized.

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

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

BERRYVILLE SCHOOL DISTRICT NO. 27  
CARROLL 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. 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.

**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.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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)	\$ 306,107	\$ 306,107
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	4,031,119	4,532,175
Total Deposits	\$ 4,337,226	\$ 4,838,282

The above total deposits do not include cash of \$246 which was held in the Madison County Treasury. The above total deposits include certificates of deposit of \$11,170 reported as investments and classified as nonparticipating contracts.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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
Description	Major Special Revenue
Federal assistance	\$ 146,837

**4: COMMITMENTS**

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

A. Construction Contract

Project Name	Estimated Completion Date	Contract Balance
Berryville High School	March 31, 2021	\$ 267,445

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

General description of lease and leasing arrangements:

On November 10, 2018, the District executed a non-cancellable lease agreement for 52 copiers with Professional Business Systems. The original terms of the lease were 50 months with lease payments of \$9,434 per month plus sales and property tax, with an annual evaluation not to exceed a 5% adjustment. The base lease payment at June 30, 2020 had increased to \$10,464 per month plus applicable sales and property taxes.

1. Future minimum rental payments (aggregate) at June 30, 2020: \$313,920
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2021	\$ 125,568
2022	125,568
2023	62,784
Total	\$ 313,920

Rental payments for the operating lease described above were approximately \$132,981 for the year ended June 30, 2020.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**4: COMMITMENTS (Continued)**

C. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2020</u>	<u>Maturities To June 30, 2020</u>
<u>Bonds</u>					
12/1/11	2/1/36	1.5 - 3.625%	\$ 3,405,000	\$ 2,840,000	\$ 565,000
11/1/19	2/1/36	1.5 - 2.250%	9,575,000	9,475,000	100,000
3/1/20	2/1/47	2.0 - 2.625%	14,160,000	14,160,000	
Total Long-Term Debt			<u>\$ 27,140,000</u>	<u>\$ 26,475,000</u>	<u>\$ 665,000</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	\$ 26,115,000	\$ 23,735,000	\$ 23,375,000	\$ 26,475,000
<u>Direct Borrowings</u>				
Capital lease	2,244		2,244	
Total Direct Borrowings	<u>2,244</u>		<u>2,244</u>	
Total Long-Term Debt	<u>\$ 26,117,244</u>	<u>\$ 23,735,000</u>	<u>\$ 23,377,244</u>	<u>\$ 26,475,000</u>

\* Includes \$23,045,000 early retirement of debt – See Note 6.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**4: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2021	\$ 635,000	\$ 602,911	\$ 1,237,911
2022	655,000	621,731	1,276,731
2023	665,000	608,269	1,273,269
2024	675,000	594,244	1,269,244
2025	705,000	580,019	1,285,019
2026-2030	4,375,000	2,642,444	7,017,444
2031-2035	5,015,000	2,109,150	7,124,150
2036-2040	5,260,000	1,482,325	6,742,325
2041-2045	5,885,000	809,894	6,694,894
2046-2047	2,605,000	103,163	2,708,163
Totals	<u>\$ 26,475,000</u>	<u>\$ 10,154,149</u>	<u>\$ 36,629,149</u>

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Division of Elementary and Secondary Education (DESE). Depending on the date of the bond issue, DESE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

Description	Governmental Funds			Fiduciary Fund Types
	Major			
	General	Special Revenue	Other Aggregate	
Vendor payables	\$ 13,472	\$ 220	\$ 116,248	\$ 41
Payroll withholdings and matching	493			
Totals	<u>\$ 13,965</u>	<u>\$ 220</u>	<u>\$ 116,248</u>	<u>\$ 41</u>

BERRYVILLE SCHOOL DISTRICT NO. 27  
CARROLL COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**6: DEBT REFUNDINGS**

On November 1, 2019, the District issued refunding bonds of \$9,575,000 with interest rates of 1.5 to 2.25 percent to refund \$9,320,000 of outstanding bonds dated February 1, 2012. The interest rates of the bonds refunded were 1.125 to 3.5 percent. Net bond proceeds of \$9,415,683 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on December 9, 2019. The remaining proceeds of \$4,528 (after payment of \$154,789 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$514,750 to the District over the life of the bonds.

On March 1, 2020, the District issued refunding bonds of \$14,160,000 with interest rates of 2 to 2.625 percent to refund \$9,820,000 and \$3,905,000 of outstanding bonds dated March 1, 2018 and November 1, 2017, respectively. The interest rates of the bonds refunded were 2 to 3.5 percent. Net bond proceeds of \$13,818,233 were remitted to escrow agents to provide all future debt service payments for the bonds refunded. These bonds were called on April 6, 2020. The remaining proceeds of \$6,379 (after payment of \$335,388 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$1,894,966 to the District over the life of the bonds.

**7: INTERFUND TRANSFERS**

The District transferred \$64,378 to the special revenue fund to supplement food service operations. Additionally, the District transferred \$2,188,939 from the general fund to the other aggregate funds for debt related payments of \$1,030,502 and future capital projects of \$1,158,437.

**8: RETIREMENT PLANS**

Arkansas Teacher Retirement System

Plan Description

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

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.25% 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 \$1,547,583, 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, 2019 (actuarial valuation date and measurement date) was \$14,273,084.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**8: RETIREMENT PLANS (Continued)**

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at [www.apers.org](http://www.apers.org).

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2020 were \$1,276, 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, 2019 (actuarial valuation date and measurement date) was \$11,200.

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

ADDITIONS		
Donations	\$	6,675
Interest		81
 TOTAL ADDITIONS		 6,756
 DEDUCTIONS		
Scholarships		3,000
 TOTAL DEDUCTIONS		 3,000
 CHANGE IN FUND BALANCE		 3,756
 FUND BALANCE - JULY 1		 13,483
 FUND BALANCE - JUNE 30	\$	 17,239

BERRYVILLE SCHOOL DISTRICT NO. 27  
CARROLL COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$27,140,000 issued from December 1, 2011 to March 1, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$36,629,149, payable through February 1, 2047. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,060,381 and \$2,770,502, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 38.27 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.

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 \$386,509 for the year ended June 30, 2020.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 6,867		
Enhanced student achievement funding	243,772		
English-language learners	30,990		
Professional development	26,746		
Medical services		\$ 75,721	
Special education programs	156,473		
Other purposes	18,053	4,535	
Total Restricted	<u>482,901</u>	<u>80,256</u>	
Assigned to:			
Capital projects			\$ 851,333
Student activities	173,368		
Total Assigned	<u>173,368</u>		<u>851,333</u>
Unassigned	<u>2,704,475</u>		
Totals	<u>\$3,360,744</u>	<u>\$ 80,256</u>	<u>\$ 851,333</u>

**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: SUBSEQUENT EVENT**

On January 1, 2021, the District issued refunding bonds of \$2,645,000 to refund the December 1, 2011 bond issue.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2020  
 (Unaudited)

Schedule 1

	Balance June 30, 2020
Nondepreciable capital assets:	
Land	\$ 520,244
Construction in progress	16,070,126
Total nondepreciable capital assets	16,590,370
Depreciable capital assets:	
Buildings	36,208,327
Improvements/infrastructure	981,468
Equipment	5,935,652
Total depreciable capital assets	43,125,447
Less accumulated depreciation for:	
Buildings	10,191,296
Improvements/infrastructure	574,093
Equipment	4,278,606
Total accumulated depreciation	15,043,995
Total depreciable capital assets, net	28,081,452
Capital assets, net	\$ 44,671,822

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0801		\$ 170,657
Arkansas Department of Education - COVID-19 - School Breakfast Program	10.553	0801		1,078
Total for School Breakfast Program				<u>171,735</u>
Arkansas Department of Education - National School Lunch Program	10.555	0801		507,485
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	0801000		97,788
Arkansas Department of Education - COVID-19 - National School Lunch Program	10.555	0801		64,075
Total for National School Lunch Program				<u>669,348</u>
Total U. S. Department of Agriculture				<u>841,083</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>841,083</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	0801		371,563
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u>371,563</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	0801		513,924
Arkansas Department of Education - Migrant Education - State Grant Program	84.011	0801		117,494
Arkansas Department of Education - Rural Education Total for Rural Education	84.358	0801		33,114
Arkansas Department of Education - English Language Acquisition State Grants	84.365	0801		31,083
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	0801		85,280
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	0801		45,908
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	0801		3,537
Total U. S. Department of Education				<u>830,340</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	0801		9,992
Total U. S. Department of Health and Human Services				<u>9,992</u>
<b>TOTAL OTHER PROGRAMS</b>				<u>840,332</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 0</u>	<u>\$ 2,052,978</u>

The accompanying notes are an integral part of this schedule.

BERRYVILLE SCHOOL DISTRICT NO. 27  
CARROLL 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 Berryville School District No. 27 (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 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, 2020, the District received Medicaid funding of \$96,885 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL 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

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.

# Berryville Public Schools

902 W. Trimble  
Berryville, AR 72616

Owen Powell, Superintendent

Phone: 870-480-4669

Fax: 870-480-6824

Schedule 4

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

### FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. Department of Agriculture  
Passed Through Arkansas Department of Education  
Child Nutrition Cluster – CFDA Numbers 10.553 and 10.555

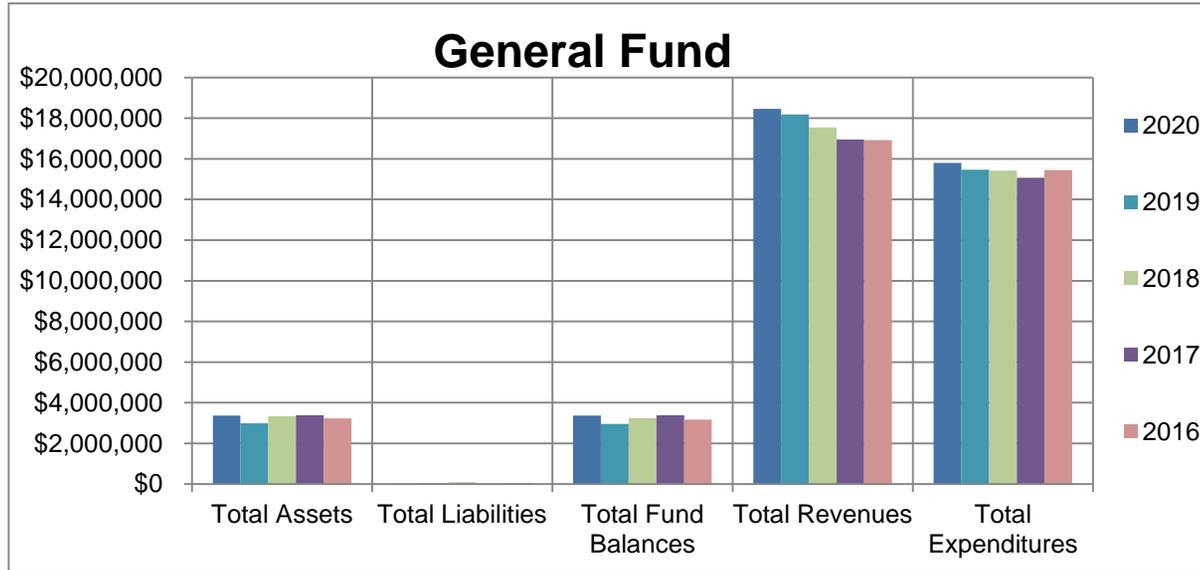
#### **2019 - Finding 2019-001: Procurement and Suspension and Debarment**

**Condition:** The District did not solicit bids on the purchase of food supplies at a cost of \$64,432, as required by Arkansas Code Ann. § 6-21-304

**Current Status:** Corrective action was taken.

BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020  
 (Unaudited)

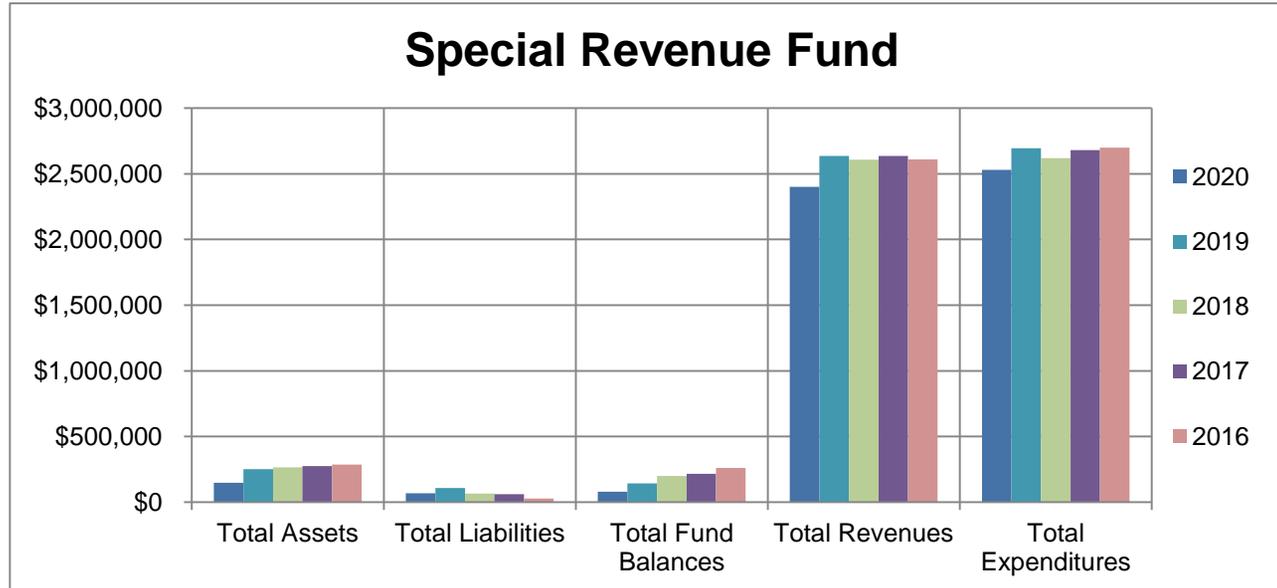
<b>General Fund</b>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 3,374,709	\$ 2,990,227	\$ 3,334,229	\$ 3,384,182	\$ 3,226,543
Total Liabilities	13,965	38,058	91,357	4,546	54,184
Total Fund Balances	3,360,744	2,952,169	3,242,872	3,379,636	3,172,359
Total Revenues	18,457,027	18,178,742	17,550,894	16,954,085	16,931,984
Total Expenditures	15,795,135	15,473,404	15,414,512	15,077,386	15,445,708
Total Other Financing Sources (Uses)	(2,253,317)	(2,996,041)	(2,273,146)	(1,669,422)	(1,547,042)



BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS

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

<b><u>Special Revenue Fund</u></b>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 146,837	\$ 251,746	\$ 265,264	\$ 275,420	\$ 286,751
Total Liabilities	66,581	108,808	64,805	60,076	27,360
Total Fund Balances	80,256	142,938	200,459	215,344	259,391
Total Revenues	2,401,418	2,635,963	2,606,634	2,635,369	2,610,549
Total Expenditures	2,528,478	2,693,484	2,619,859	2,679,416	2,698,068
Total Other Financing Sources (Uses)	64,378		(1,660)		



BERRYVILLE SCHOOL DISTRICT NO. 27  
 CARROLL COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2020  
 (Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 967,581	\$ 7,509,289	\$ 15,032,796	\$ 2,491,658	\$ 1,343,684
Total Liabilities	116,248		1,259,757		
Total Fund Balances	851,333	7,509,289	13,773,039	2,491,658	1,343,684
Total Revenues	5,666,192	3,530,354	339,927		
Total Expenditures	15,014,171	12,790,145	5,170,825	521,448	1,307,260
Total Other Financing Sources (Uses)	2,690,023	2,996,041	16,112,279	1,669,422	1,547,042

