

Trumann School District No. 21

Poinsett County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2020



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POINSETT COUNTY, ARKANSAS
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Arkansas



Sen. Ronald Caldwell
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Sen. Gary Stubblefield
Senate Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Trumann School District No. 21 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 Trumann School District No. 21 (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 25, 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 25, 2021
EDSD30120

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

Trumann School District No. 21 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 Trumann School District No. 21 (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 25, 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 25, 2021

Arkansas



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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

Trumann School District No. 21 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Trumann School District No. 21'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 25, 2021

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2020

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 1,625,349	\$ 106,255	\$ 872,236	\$ 34,202
Accounts receivable		180,536		
Deposit with paying agent	55,939	151,243		
TOTAL ASSETS	\$ 1,681,288	\$ 438,034	\$ 872,236	\$ 34,202
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 77,559	\$ 66,125		\$ 256
Due student groups				33,946
Total Liabilities	77,559	66,125		34,202
Fund Balances:				
Nonspendable	55,939	151,243		
Restricted	194,758	220,666	\$ 5,750	
Assigned	209,974		866,486	
Unassigned	1,143,058			
Total Fund Balances	1,603,729	371,909	872,236	
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,681,288	\$ 438,034	\$ 872,236	\$ 34,202

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

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT 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)	\$ 3,865,954		
State assistance	9,752,251	\$ 6,642	
Federal assistance	8,811	2,678,637	
Activity revenues	198,941		
Meal sales		32,054	
Investment income	12,925		\$ 5,541
Other revenues	123,076	2,257	
TOTAL REVENUES	13,961,958	2,719,590	5,541
EXPENDITURES			
Regular programs	5,326,983	853	
Special education	738,530	170,159	
Career education programs	348,731	34,347	
Compensatory education programs	99,978	312,717	
Other instructional programs	264,893	27,121	
Student support services	460,108	158,178	
Instructional staff support services	792,128	490,779	
General administration support services	229,772	108,940	
School administration support services	683,749		
Central services support services	213,310	15,464	
Operation and maintenance of plant services	2,239,493	39,911	
Student transportation services	520,505		
Other support services	81,519	88	
Food services operations		1,076,446	
Community services operations		1,413	
Facilities acquisition and construction services	548,736		12,070
Non-programmed costs		12,181	
Activity expenditures	169,739		
Debt Service:			
Principal retirement	111,224	127,939	510,000
Interest and fiscal charges	5,596	23,304	300,387
Net debt issuance costs			195,422
TOTAL EXPENDITURES	12,834,994	2,599,840	1,017,879
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,126,964	119,750	(1,012,338)
OTHER FINANCING SOURCES (USES)			
Transfers in			1,096,849
Transfers out	(1,096,849)		
Proceeds from refunding bond issue			9,640,000
Payment to refunding bond escrow agent			(9,431,931)
TOTAL OTHER FINANCING SOURCES (USES)	(1,096,849)		1,304,918

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT 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		
	General	Special Revenue	Other Aggregate
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 30,115	\$ 119,750	\$ 292,580
FUND BALANCES - JULY 1	1,573,614	252,159	579,656
FUND BALANCES - JUNE 30	\$ 1,603,729	\$ 371,909	\$ 872,236

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

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT 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)	\$ 3,761,000	\$ 3,865,954	\$ 104,954			
State assistance	9,071,484	9,752,251	680,767	\$ 6,000	\$ 6,642	\$ 642
Federal assistance	9,500	8,811	(689)	2,527,012	2,678,637	151,625
Activity revenues		198,941	198,941			
Meal sales				40,673	32,054	(8,619)
Investment income	12,000	12,925	925			
Other revenues	48,000	123,076	75,076		2,257	2,257
TOTAL REVENUES	12,901,984	13,961,958	1,059,974	2,573,685	2,719,590	145,905
EXPENDITURES						
Regular programs	5,399,858	5,326,983	72,875		853	(853)
Special education	751,089	738,530	12,559	258,784	170,159	88,625
Career education programs	352,637	348,731	3,906	34,245	34,347	(102)
Compensatory education programs	114,162	99,978	14,184	527,191	312,717	214,474
Other instructional programs	323,586	264,893	58,693	57,890	27,121	30,769
Student support services	403,011	460,108	(57,097)	235,883	158,178	77,705
Instructional staff support services	809,113	792,128	16,985	365,358	490,779	(125,421)
General administration support services	236,593	229,772	6,821	104,584	108,940	(4,356)
School administration support services	674,922	683,749	(8,827)			
Central services support services	245,760	213,310	32,450	5,991	15,464	(9,473)
Operation and maintenance of plant services	2,024,345	2,239,493	(215,148)	2,000	39,911	(37,911)
Student transportation services	463,986	520,505	(56,519)			
Other support services	90,000	81,519	8,481	302	88	214
Food services operations				962,609	1,076,446	(113,837)
Community services operations				3,500	1,413	2,087
Facilities acquisition and construction services		548,736	(548,736)			
Non-programmed costs				10,000	12,181	(2,181)
Activity expenditures		169,739	(169,739)			
Debt Service:						
Principal retirement	27,033	111,224	(84,191)		127,939	(127,939)
Interest and fiscal charges	3,407	5,596	(2,189)		23,304	(23,304)
TOTAL EXPENDITURES	11,919,502	12,834,994	(915,492)	2,568,337	2,599,840	(31,503)

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT 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	\$ 982,482	\$ 1,126,964	\$ 144,482	\$ 5,348	\$ 119,750	\$ 114,402
OTHER FINANCING SOURCES (USES)						
Transfers in	15,867,794		(15,867,794)	80,159		(80,159)
Transfers out	(16,850,276)	(1,096,849)	15,753,427	(80,159)		80,159
TOTAL OTHER FINANCING SOURCES (USES)	(982,482)	(1,096,849)	(114,367)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	30,115	30,115	5,348	119,750	114,402
FUND BALANCES - JULY 1	1,622,733	1,573,614	(49,119)	39,388	252,159	212,771
FUND BALANCES - JUNE 30	<u>\$ 1,622,733</u>	<u>\$ 1,603,729</u>	<u>\$ (19,004)</u>	<u>\$ 44,736</u>	<u>\$ 371,909</u>	<u>\$ 327,173</u>

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

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Board of Education, a five member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Trumann 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).

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.

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT 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	20-50
Buildings	20-50
Equipment	5-30

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.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

F. Property Taxes (Continued)

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 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.

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

G. Fund Balance Classifications

1. 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.

H. Budget and Budgetary Accounting

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

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

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

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

K. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	2,388,042	3,499,091
Total Deposits	\$ 2,638,042	\$ 3,749,091

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT 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	\$ 180,536

4: COMMITMENTS

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

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

General description of lease and leasing arrangements:

On March 29, 2016, the District executed an operating lease for 16 copiers. The agreement stipulated monthly payments of \$2,630, plus applicable sales and use taxes, for 60 months.

- 1. Future minimum rental payments (aggregate) at June 30, 2020: \$23,668
- 2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2021	\$ 23,668

Rental payments for the operating lease described above were approximately \$31,558 for the year ended June 30, 2020.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT 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:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2020	Maturities To June 30, 2020
<u>Bonds</u>					
5/1/16	6/1/44	1 - 3.15%	\$ 2,580,000	\$ 2,295,000	\$ 285,000
10/1/16	6/1/31	0.85 - 2%	6,810,000	5,215,000	1,595,000
11/1/19	6/1/44	2 - 2.75%	9,640,000	9,640,000	
Total Bonds			<u>19,030,000</u>	<u>17,150,000</u>	<u>1,880,000</u>
<u>Direct Borrowings</u>					
10/20/16	10/20/22	2.99%	332,132	145,607	186,525
5/31/18	7/24/21	4%	709,534	356,844	352,690
5/31/18	7/24/21	4%	22,451	11,291	11,160
5/31/18	7/24/21	4%	44,353	22,306	22,047
Total Direct Borrowings			<u>1,108,470</u>	<u>536,048</u>	<u>572,422</u>
Total Long-Term Debt			<u>\$ 20,138,470</u>	<u>\$ 17,686,048</u>	<u>\$ 2,452,422</u>

Changes in Long-term Debt

	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
Bonds payable	\$ 17,295,000	\$ 9,640,000	\$ 9,785,000 *	\$ 17,150,000
<u>Direct Borrowings</u>				
Installment contracts	<u>775,211</u>		<u>239,163</u>	<u>536,048</u>
Total Long-Term Debt	<u>\$ 18,070,211</u>	<u>\$ 9,640,000</u>	<u>\$ 10,024,163</u>	<u>\$ 17,686,048</u>

* Includes \$9,275,000 early retirement of debt – See Note 6.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT 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	\$ 515,000	\$ 395,846	\$ 910,846	\$ 248,288	\$ 19,773	\$ 268,061
2022	520,000	389,554	909,554	257,768	10,294	268,062
2023	525,000	382,569	907,569	29,992	448	30,440
2024	530,000	375,069	905,069			
2025	540,000	367,044	907,044			
2026-2030	3,150,000	1,676,120	4,826,120			
2031-2035	3,630,000	1,321,481	4,951,481			
2036-2040	4,075,000	855,555	4,930,555			
2041-2044	3,665,000	260,357	3,925,357			
Totals	<u>\$ 17,150,000</u>	<u>\$ 6,023,595</u>	<u>\$ 23,173,595</u>	<u>\$ 536,048</u>	<u>\$ 30,515</u>	<u>\$ 566,563</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
	General	Special Revenue	
Vendor payables	\$ 77,145	\$ 66,125	\$ 256
Payroll withholdings and matching	414		
Totals	<u>\$ 77,559</u>	<u>\$ 66,125</u>	<u>\$ 256</u>

6: DEBT REFUNDING

On November 1, 2019, the District issued refunding bonds of \$9,640,000 with interest rates of 2 to 2.75 percent to refund \$9,275,000 of outstanding bonds dated November 1, 2017. The interest rates of the bonds refunded were 2 to 3.45 percent. Net bond proceeds of \$9,431,931 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on December 1, 2019. The remaining proceeds of \$12,647 (after payment of \$195,422 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$747,510 to the District over the life of the bonds.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7: INTERFUND TRANSFERS

The District transferred \$1,096,849 from the general fund to the other aggregate funds for debt related payments of \$792,199 and to supplement future capital expenditures of \$304,650.

8: 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 \$1,067,950, 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 \$10,710,535.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$19,030,000 issued from May 1, 2016 to November 1, 2019. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$23,173,595, payable through June 1, 2044. Principal and interest paid for the current year and total property taxes pledged for debt service were \$808,230 and \$1,362,098, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 59.34 percent.

10: 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.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

10: RISK MANAGEMENT (Continued)

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

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 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.

11: 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 \$242,000 for the year ended June 30, 2020.

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Nonspendable:			
Deposit with paying agent	\$ 55,939	\$ 151,243	
Restricted for:			
Alternative learning environment	9,151		
Enhanced student achievement funding	45,130		
English-language learners	19,342		
Professional development	35,488		
Capital projects			\$ 5,750
Child nutrition programs		4,890	
Medical services		136,529	
Special education programs	38,639	12,458	
Title I programs		47,206	
Other purposes	47,008	19,583	
Total Restricted	<u>194,758</u>	<u>220,666</u>	<u>5,750</u>
Assigned to:			
Capital projects			866,486
Student activities	120,008		
Technology (E-rate)	76,033		
Other purposes	13,933		
Total Assigned	<u>209,974</u>		<u>866,486</u>
Unassigned	<u>1,143,058</u>		
Totals	<u>\$ 1,603,729</u>	<u>\$ 371,909</u>	<u>\$ 872,236</u>

13: 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.

14: SUBSEQUENT EVENT

On August 1, 2020, the District issued refunding bonds of \$2,385,000 to refund bonds dated May 1, 2016.

TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

Schedule 1

	Balance June 30, 2020
Nondepreciable capital assets:	
Land	\$ 394,034
Depreciable capital assets:	
Buildings	45,354,691
Improvements/infrastructure	8,858,794
Equipment	4,582,013
Total depreciable capital assets	58,795,498
Less accumulated depreciation for:	
Buildings	10,797,216
Improvements/infrastructure	1,874,869
Equipment	2,740,543
Total accumulated depreciation	15,412,628
Total depreciable capital assets, net	43,382,870
Capital assets, net	\$ 43,776,904

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT 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	5605		\$ 212,692
Arkansas Department of Education - COVID-19 - School Breakfast Program	10.553	5605		97,057
Total for School Breakfast Program				<u>309,749</u>
National School Lunch Program (Note 3)	10.555			31,671
Arkansas Department of Education - National School Lunch Program	10.555	5605		494,929
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	5605000		40,412
Arkansas Department of Education - COVID-19 - National School Lunch Program	10.555	5605		165,300
Total for National School Lunch Program				<u>732,312</u>
Total U. S. Department of Agriculture				<u>1,042,061</u>
TOTAL CHILD NUTRITION CLUSTER				<u>1,042,061</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	5605		291,324
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>291,324</u>
OTHER PROGRAMS				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	5605		23,962
Total U. S. Department of Agriculture				<u>23,962</u>
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR0014			27,121
Total U. S. Department of Defense				<u>27,121</u>
<u>U. S. Department of Education</u>				
Impact Aid	84.041			8,812
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	5605		758,781
Arkansas Department of Education - Migrant Education - State Grant Program	84.011	5605		21,833
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048	5605		35,740
Arkansas Department of Education - Rural Education	84.358	5605		31,404
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	5605		88,432
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	5605		53,482
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5605		8,599
Total U. S. Department of Education				<u>1,007,083</u>
TOTAL OTHER PROGRAMS				<u>1,058,166</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 2,391,551</u>

The accompanying notes are an integral part of this schedule.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT 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 Trumann School District No. 21 (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 Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2020, the District received Medicaid funding of \$118,165 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

TRUMANN SCHOOL DISTRICT NO. 21
POINSETT 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
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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
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education Cluster (IDEA)

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



Trumann School District

221 N. Pine Avenue, Trumann, AR 72472 Ph: 870-483-6444 Fax: 870-483-2602 www.trumannwildcat.com

Superintendent: Mrs. Brandie Williams Assistant Superintendent: Mr. Cody Wallis

“Educating Students for Success in a
Changing World”

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

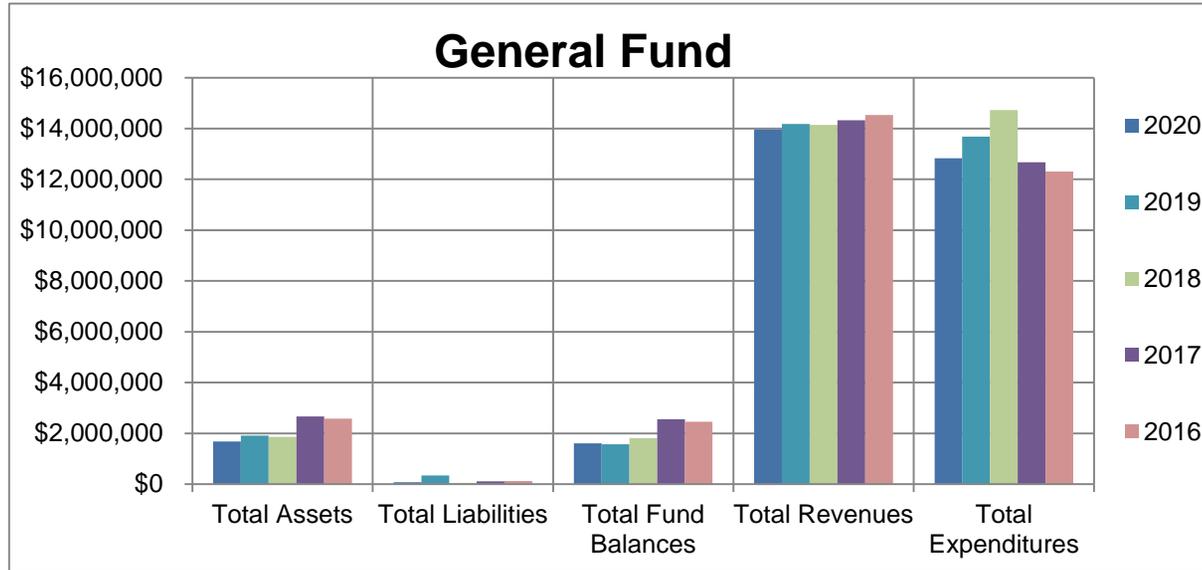
There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COST

There were no findings in the prior audit.

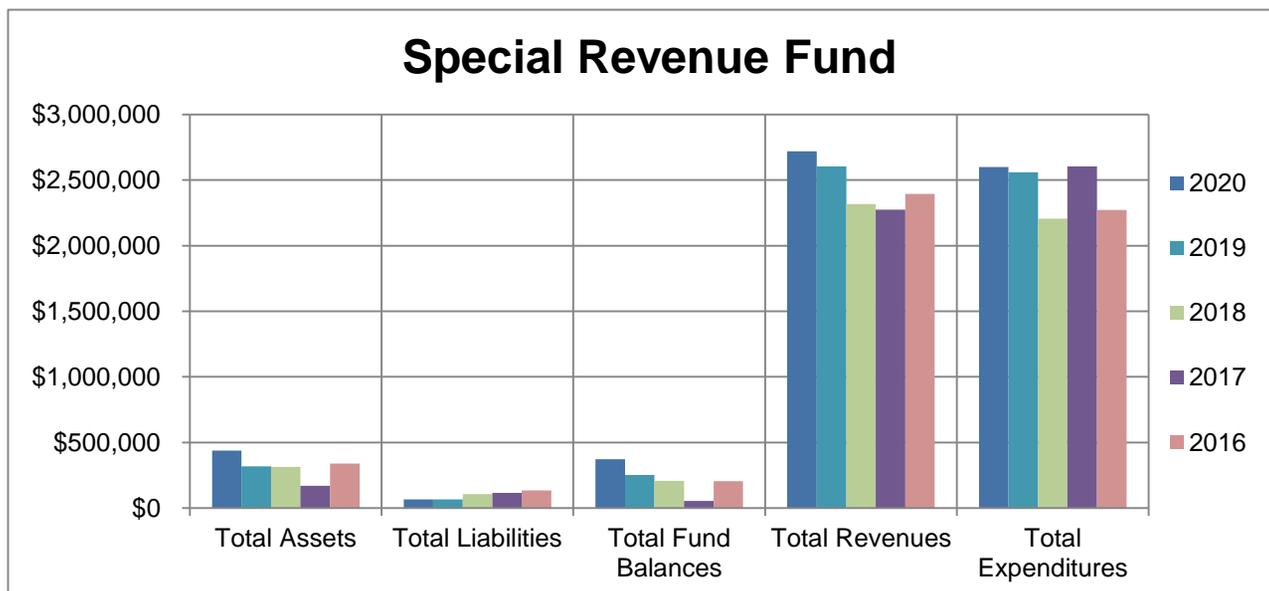
TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

General Fund	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 1,681,288	\$ 1,912,050	\$ 1,863,343	\$ 2,663,889	\$ 2,575,160
Total Liabilities	77,559	338,436	51,244	109,527	119,005
Total Fund Balances	1,603,729	1,573,614	1,812,099	2,554,362	2,456,155
Total Revenues	13,961,958	14,186,647	14,148,986	14,332,772	14,539,773
Total Expenditures	12,834,994	13,678,741	14,723,575	12,678,720	12,309,921
Total Other Financing Sources (Uses)	(1,096,849)	(746,391)	(167,674)	(1,555,845)	(1,950,444)



TRUMANN SCHOOL DISTRICT NO. 21
POINSETT COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 438,034	\$ 318,038	\$ 312,706	\$ 170,279	\$ 338,795
Total Liabilities	66,125	65,879	105,967	115,113	134,655
Total Fund Balances	371,909	252,159	206,739	55,166	204,140
Total Revenues	2,719,590	2,605,034	2,316,667	2,273,976	2,393,842
Total Expenditures	2,599,840	2,559,614	2,207,071	2,605,133	2,271,608
Total Other Financing Sources (Uses)			41,977	182,183	



TRUMANN SCHOOL DISTRICT NO. 21
 POINSETT 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	\$ 872,236	\$ 579,656	\$ 3,983,931	\$ 4,767,574	\$ 8,472,053
Total Liabilities			863,258	33,144	830,967
Total Fund Balances	872,236	579,656	3,120,673	4,734,430	7,641,086
Total Revenues	5,541		781,899	2,406,685	1,906,744
Total Expenditures	1,017,879	3,552,299	7,634,809	7,319,730	6,554,749
Total Other Financing Sources (Uses)	1,304,918	1,011,282	5,239,153	2,006,389	4,449,683

