

# **Pocahontas School District No. 19**

**Randolph County, Arkansas**

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

**June 30, 2020**



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RANDOLPH COUNTY, ARKANSAS  
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# Arkansas



**Sen. Jason Rapert**  
Senate Chair  
**Sen. Eddie Cheatham**  
Senate Vice Chair

**Rep. Richard Womack**  
House Chair  
**Rep. DeAnn Vaught**  
House Vice Chair

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

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

### INDEPENDENT AUDITOR'S REPORT

Pocahontas School District No. 19 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 Pocahontas School District No. 19 (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 December 18, 2020 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  
December 18, 2020  
EDSD32720

# Arkansas



**Sen. Jason Rapert**  
Senate Chair  
**Sen. Eddie Cheatham**  
Senate Vice Chair

**Rep. Richard Womack**  
House Chair  
**Rep. DeAnn Vaught**  
House Vice Chair

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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

### INDEPENDENT AUDITOR'S REPORT

Pocahontas School District No. 19 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 Pocahontas School District No. 19 (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 December 18, 2020. 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*.

We noted a certain matter that we reported to management of the District in a separate letter dated December 18, 2020.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Patrick Nutt". The signature is written in a cursive style with a long horizontal stroke at the end.

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 18, 2020

# Arkansas



**Sen. Jason Rapert**  
Senate Chair  
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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

Pocahontas School District No. 19 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Pocahontas School District No. 19'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



Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 18, 2020

# Arkansas



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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Pocahontas School District No. 19 and School Board Members  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

During our examination of payroll records for 12 employees, we noted one certified employee was overpaid \$1,357 due to a clerical error.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Patrick Nutt".

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 18, 2020

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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	\$ 3,724,756	\$ 321,967	\$ 10,533,715	\$ 147,443
Accounts receivable	6,102	63,198		200
<b>TOTAL ASSETS</b>	<b><u>\$ 3,730,858</u></b>	<b><u>\$ 385,165</u></b>	<b><u>\$ 10,533,715</u></b>	<b><u>\$ 147,643</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 5,628			
Due student groups				\$ 95,381
<b>Total Liabilities</b>	<b><u>5,628</u></b>			<b><u>95,381</u></b>
<b>Fund Balances:</b>				
Restricted	286,742	\$ 385,165	\$ 1,629,898	52,262
Assigned	210,436		8,903,817	
Unassigned	3,228,052			
<b>Total Fund Balances</b>	<b><u>3,725,230</u></b>	<b><u>385,165</u></b>	<b><u>10,533,715</u></b>	<b><u>52,262</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,730,858</u></b>	<b><u>\$ 385,165</u></b>	<b><u>\$ 10,533,715</u></b>	<b><u>\$ 147,643</u></b>

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

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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)	\$ 5,203,289		
State assistance	11,587,470	\$ 8,033	\$ 4,244,322
Federal assistance		2,324,380	
Activity revenues	267,371		
Meal sales		216,232	
Investment income	235,227	5,921	114,248
Other revenues	366,350	3,913	21,017
<b>TOTAL REVENUES</b>	<b>17,659,707</b>	<b>2,558,479</b>	<b>4,379,587</b>
<b>EXPENDITURES</b>			
Regular programs	7,254,651	11,413	
Special education	1,571,231	363,951	
Career education programs	654,348		
Compensatory education programs	59,917	437,718	
Other instructional programs	291,824		
Student support services	555,656	263,447	
Instructional staff support services	784,641	344,386	
General administration support services	373,859		
School administration support services	736,405	1,011	
Central services support services	140,100	1,478	
Operation and maintenance of plant services	1,555,186	5,729	
Student transportation services	798,340		
Other support services	26,700		
Food services operations	37,915	1,179,299	
Community services operations	11,346		
Facilities acquisition and construction services	168,773		11,134,808
Activity expenditures	211,124		
Debt Service:			
Principal retirement	17,635		355,000
Interest and fiscal charges			419,423
<b>TOTAL EXPENDITURES</b>	<b>15,249,651</b>	<b>2,608,432</b>	<b>11,909,231</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,410,056</b>	<b>(49,953)</b>	<b>(7,529,644)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			2,198,600
Transfers out	(2,198,600)		
Value of installment contract	56,750		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,141,850)</b>		<b>2,198,600</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>268,206</b>	<b>(49,953)</b>	<b>(5,331,044)</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,457,024</b>	<b>435,118</b>	<b>15,864,759</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,725,230</b>	<b>\$ 385,165</b>	<b>\$ 10,533,715</b>

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

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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)	\$ 5,029,000	\$ 5,203,289	\$ 174,289			
State assistance	11,517,335	11,587,470	70,135	\$ 7,800	\$ 8,033	\$ 233
Federal assistance				2,680,086	2,324,380	(355,706)
Activity revenues		267,371	267,371			
Meal sales				277,100	216,232	(60,868)
Investment income	150,000	235,227	85,227	6,000	5,921	(79)
Other revenues	330,571	366,350	35,779		3,913	3,913
<b>TOTAL REVENUES</b>	<b>17,026,906</b>	<b>17,659,707</b>	<b>632,801</b>	<b>2,970,986</b>	<b>2,558,479</b>	<b>(412,507)</b>
<b>EXPENDITURES</b>						
Regular programs	7,778,966	7,254,651	524,315	25,351	11,413	13,938
Special education	1,590,294	1,571,231	19,063	373,430	363,951	9,479
Career education programs	672,419	654,348	18,071			
Compensatory education programs	94,459	59,917	34,542	573,532	437,718	135,814
Other instructional programs	323,399	291,824	31,575	392		392
Student support services	553,940	555,656	(1,716)	311,691	263,447	48,244
Instructional staff support services	840,448	784,641	55,807	412,722	344,386	68,336
General administration support services	396,100	373,859	22,241			
School administration support services	777,150	736,405	40,745		1,011	(1,011)
Central services support services	139,949	140,100	(151)		1,478	(1,478)
Operation and maintenance of plant services	1,778,510	1,555,186	223,324		5,729	(5,729)
Student transportation services	761,027	798,340	(37,313)			
Other support services	80,000	26,700	53,300			
Food services operations	47,953	37,915	10,038	1,107,759	1,179,299	(71,540)
Community services operations	7,314	11,346	(4,032)	13,858		13,858
Facilities acquisition and construction services	54,950	168,773	(113,823)			
Activity expenditures		211,124	(211,124)			
Debt Service:						
Principal retirement		17,635	(17,635)			
<b>TOTAL EXPENDITURES</b>	<b>15,896,878</b>	<b>15,249,651</b>	<b>647,227</b>	<b>2,818,735</b>	<b>2,608,432</b>	<b>210,303</b>

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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	\$ 1,130,028	\$ 2,410,056	\$ 1,280,028	\$ 152,251	\$ (49,953)	\$ (202,204)
OTHER FINANCING SOURCES (USES)						
Transfers in	21,932,919		(21,932,919)	76,146		(76,146)
Transfers out	(23,134,953)	(2,198,600)	20,936,353	(76,146)		76,146
Value of installment contract		56,750	56,750			
TOTAL OTHER FINANCING SOURCES (USES)	(1,202,034)	(2,141,850)	(939,816)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(72,006)	268,206	340,212	152,251	(49,953)	(202,204)
FUND BALANCES - JULY 1	3,512,009	3,457,024	(54,985)	397,956	435,118	37,162
FUND BALANCES - JUNE 30	\$ 3,440,003	\$ 3,725,230	\$ 285,227	\$ 550,207	\$ 385,165	\$ (165,042)

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

POCAHONTAS SCHOOL DISTRICT NO. 19  
RANDOLPH 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 Pocahontas 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.

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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	20-30
Buildings	30-50
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.

POCAHONTAS SCHOOL DISTRICT NO. 19  
RANDOLPH 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. Fund Balance Classifications

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

H. Budget and Budgetary Accounting

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

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

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

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

**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	14,477,851	15,702,088
Total Deposits	\$ 14,727,851	\$ 15,952,088

The above total deposits do not include cash on hand of \$30.

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**3: ACCOUNTS RECEIVABLE**

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

<u>Description</u>	<u>Governmental Funds</u>		<u>Fiduciary Fund Types</u>
	<u>Major</u>		
	<u>General</u>	<u>Special Revenue</u>	
Federal assistance		\$ 62,138	
Activity fund accounts	\$ 68		\$ 200
Other	6,034	1,060	
<b>Totals</b>	<b>\$ 6,102</b>	<b>\$ 63,198</b>	<b>\$ 200</b>

**4: COMMITMENTS**

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

A. Construction Contracts

<u>Project Name</u>	<u>Estimated Completion Date</u>	<u>Contract Balance</u>
New Elementary School	December 20, 2020	<u>\$ 7,234,472</u>

B. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2020</u>	<u>Maturities To June 30, 2020</u>
<b><u>Bonds</u></b>					
8/1/2015	2/1/2027	1 - 2.25%	\$ 2,570,000	\$ 1,880,000	\$ 690,000
10/11/2018	2/1/2049	2.1 - 3.6%	8,880,000	8,780,000	100,000
Total Bonds			<u>11,450,000</u>	<u>10,660,000</u>	<u>790,000</u>
<b><u>Direct Borrowings</u></b>					
12/30/2018	7/5/2021	0%	52,903	35,268	17,635
2/26/2020	7/1/2024	0%	56,750	56,750	
Total Direct Borrowings			<u>109,653</u>	<u>92,018</u>	<u>17,635</u>
Total Long-Term Debt			<u>\$ 11,559,653</u>	<u>\$ 10,752,018</u>	<u>\$ 807,635</u>

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**4: COMMITMENTS (Continued)**

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

Changes in Long-term Debt

	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
Bonds payable	\$ 11,015,000		\$ 355,000	\$ 10,660,000
<u>Direct Borrowings</u>				
Capital lease	52,903		17,635	35,268
Installment contract		\$ 56,750		56,750
Total Direct Borrowings	52,903	56,750	17,635	92,018
Total Long-Term Debt	\$ 11,067,903	\$ 56,750	\$ 372,635	\$ 10,752,018

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 450,000	\$ 324,023	\$ 774,023	\$ 28,984		\$ 28,984
2022	460,000	315,848	775,848	28,984		28,984
2023	465,000	306,498	771,498	11,350		11,350
2024	475,000	296,767	771,767	11,350		11,350
2025	490,000	286,037	776,037	11,350		11,350
2026-2030	1,720,000	1,263,420	2,983,420			
2031-2035	1,350,000	1,055,065	2,405,065			
2036-2040	1,590,000	820,662	2,410,662			
2041-2045	1,890,000	525,360	2,415,360			
2046-2049	1,770,000	162,000	1,932,000			
Totals	\$ 10,660,000	\$ 5,355,680	\$ 16,015,680	\$ 92,018	\$ 0	\$ 92,018

Capital Lease

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

Class of Property	Cost	Accumulated Depreciation	Net Value
Equipment	\$ 52,903	\$ 10,581	\$ 42,322

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**4: COMMITMENTS (Continued)**

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

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

Total Minimum Lease Payments	\$	35,268
Less: Amount Representing Interest		<u>0</u>
Total Present Value of Net Minimum Lease Payments	\$	<u><u>35,268</u></u>

Security for Debt Payments

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

**5: ACCOUNTS PAYABLE**

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

	Governmental Funds
	<u>Major</u>
<u>Description</u>	<u>General</u>
Vendor payables	<u>\$ 5,628</u>

**6: INTERFUND TRANSFERS**

The District transferred \$2,198,600 from the general fund to the other aggregate funds for debt related payments of \$774,423 and \$1,424,177 to supplement future capital projects

**7: RELATED-PARTY TRANSACTION**

The District redeemed a certificate of deposit totaling \$7,796,453 with RiverBank between August 13, 2019 and April 23, 2020. The spouse of a member of the District's Board of Education is the President/CEO of RiverBank. In accordance with Ark. Code Ann. § 6-24-105, a resolution to conduct business with this bank was adopted by the District's Board of Education and approved by the Arkansas Department of Education.

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

**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](http://www.artrs.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% 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 \$1,516,391 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 \$14,107,016.

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

ADDITIONS	
Donations	\$ 17,141
Interest	<u>669</u>
TOTAL ADDITIONS	<u>17,810</u>
DEDUCTIONS	
Scholarships	<u>13,000</u>
CHANGE IN FUND BALANCE	4,810
FUND BALANCE - JULY 1	<u>47,452</u>
FUND BALANCE - JUNE 30	<u><u>\$ 52,262</u></u>

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$11,450,000 issued from August 1, 2015 to October 11, 2018. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$16,015,680, payable through February 1, 2049. Principal and interest paid for the current year and total property taxes pledged for debt service were \$773,034 and \$1,238,576, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 62.41 percent.

POCAHONTAS SCHOOL DISTRICT NO. 19  
RANDOLPH COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**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 accident coverage.

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.

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.

**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 \$372,693 for the year ended June 30, 2020.

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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	\$ 5,457		
Enhanced student achievement funding	73,652		
English-language learners	102,304		
Professional development	31,689		
Capital projects			\$ 1,629,898
Child nutrition programs		\$ 335,241	
Medical services		49,355	
Special education programs	38,066	200	
Education stabilization fund (COVID-19)		369	
Other purposes	35,574		
Total Restricted	<u>286,742</u>	<u>385,165</u>	<u>1,629,898</u>
Assigned to:			
Capital projects			8,903,817
Student activities	209,114		
Other purposes	1,322		
Total Assigned	<u>210,436</u>		<u>8,903,817</u>
Unassigned	<u>3,228,052</u>		
Totals	<u>\$ 3,725,230</u>	<u>\$ 385,165</u>	<u>\$ 10,533,715</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.

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2020  
 (Unaudited)

Schedule 1

	Balance June 30, 2020
Nondepreciable capital assets:	
Land	\$ 350,398
Construction in progress	12,085,272
Total nondepreciable capital assets	12,435,670
Depreciable capital assets:	
Buildings	19,029,493
Improvements/infrastructure	2,346,669
Equipment	5,702,677
Total depreciable capital assets	27,078,839
Less accumulated depreciation for:	
Buildings	7,770,517
Improvements/infrastructure	1,166,281
Equipment	3,787,314
Total accumulated depreciation	12,724,112
Total depreciable capital assets, net	14,354,727
Capital assets, net	\$ 26,790,397

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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	6103		\$ 199,377
Arkansas Department of Education - COVID-19 - School Breakfast Program	10.553	6103		43,861
Total for School Breakfast Program				243,238
Arkansas Department of Education - National School Lunch Program	10.555	6103		499,341
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	6103000		90,037
Arkansas Department of Education - COVID-19 - National School Lunch Program	10.555	6103		69,780
Total for National School Lunch Program				659,158
Total U. S. Department of Agriculture				902,396
TOTAL CHILD NUTRITION CLUSTER				902,396
 <b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	6103		484,675
Arkansas Department of Education - Special Education - Preschool Grants	84.173	6103		54,241
Total U. S. Department of Education				538,916
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				538,916
 <b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Child Nutrition Discretionary Grants Limited Availability	10.579	6103		17,210
Total U. S. Department of Agriculture				17,210
 <u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	6103		400,316
Arkansas Department of Education - Migrant Education - State Grant Program	84.011	6103		141,752
Arkansas Department of Education - Rural Education	84.358	6103		23,907
Arkansas Department of Education - English Language Acquisition State Grants	84.365	6103		3,208
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	6103		60,002
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	6103		30,434
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	6103		48,503
Total U. S. Department of Education				708,122
TOTAL OTHER PROGRAMS				725,332
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 2,166,644

The accompanying notes are an integral part of this schedule.

POCAHONTAS SCHOOL DISTRICT NO. 19  
RANDOLPH 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 Pocahontas School District No. 19 (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 \$79,318 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH 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:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**FEDERAL AWARDS**

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  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)?  yes  no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 and 84.173 84.010	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.

**POCAHONTAS PUBLIC SCHOOLS**  
**“PREPARING TODAY FOR TOMORROW”**  
**JERRY MARTENS, SUPERINTENDENT**

**2300 NORTH PARK STREET**  
**POCAHONTAS, AR 72455**  
**PHONE: 870-892-4573**  
**FAX: 870-892-8857**  
**[www.pocahontaspsd.com](http://www.pocahontaspsd.com)**

**SCHEDULE 4**

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

**FINANCIAL STATEMENT FINDINGS**

2019-FINDING 2019-001: Misstatement not Detected by Internal Control System

Condition: The District’s internal control system did not prevent or detect a significant error in the financial accounting records, which are utilized in the preparation of the District’s financial statements. The District did not record certificate of deposit interest of \$135,671 in the other aggregate funds. Financial statements were subsequently corrected by adjusting entry during audit fieldwork.

Current Status: Corrective action was taken. The district has receipted all interest and certificate of deposits were closed in the 2019-2020 school year.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

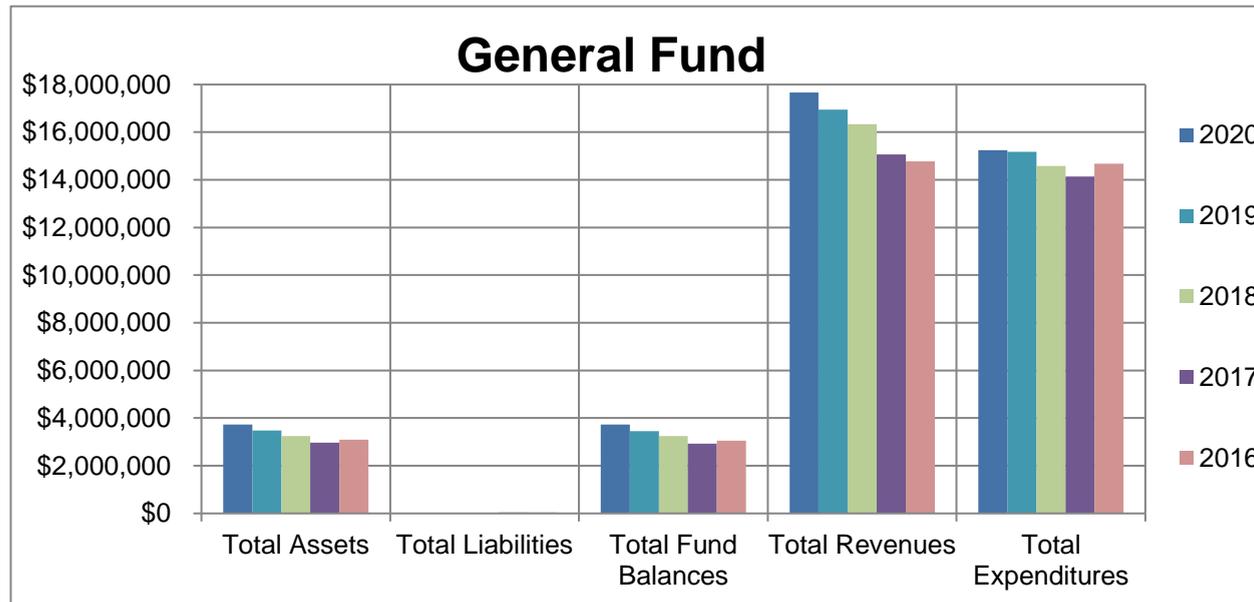
**Board Members: Jim Toney, President; Karen Baltz, Vice President; Judy McClain, Secretary;**  
**Gary Cole, and Dr. Michael Davis**

POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS

Schedule 5

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

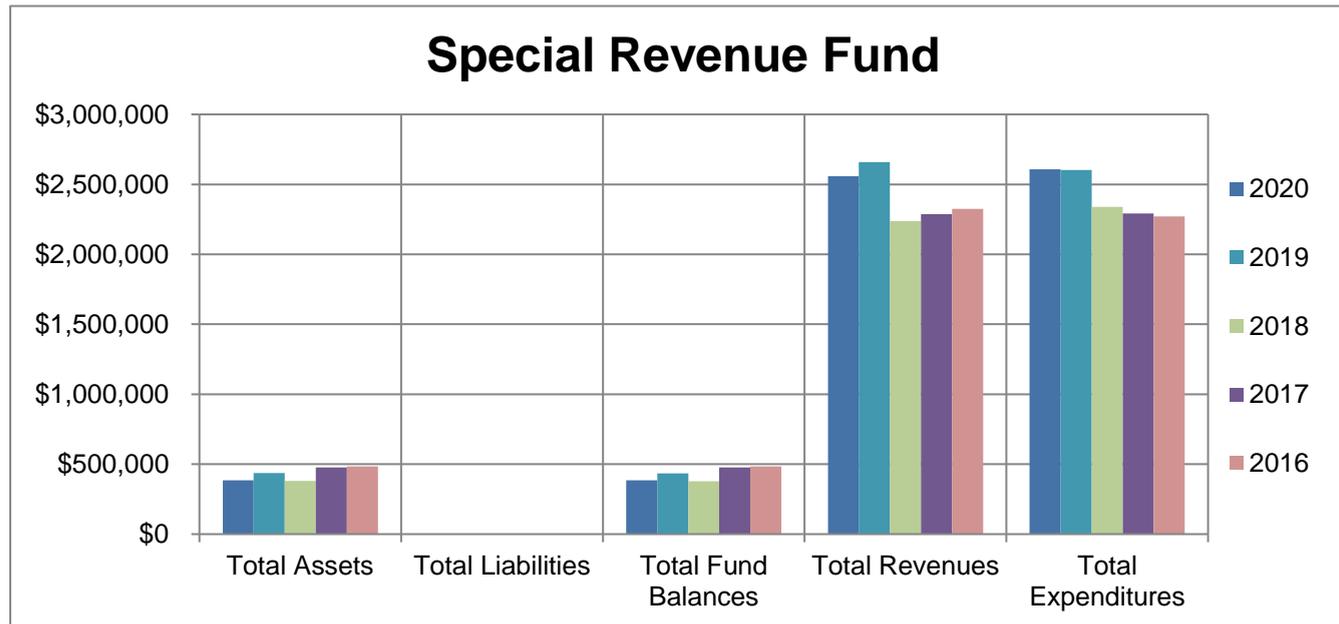
<b>General Fund</b>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 3,730,858	\$ 3,486,309	\$ 3,249,190	\$ 2,971,527	\$ 3,095,518
Total Liabilities	5,628	29,285	1,227	36,926	36,949
Total Fund Balances	3,725,230	3,457,024	3,247,963	2,934,601	3,058,569
Total Revenues	17,659,707	16,945,993	16,341,260	15,070,538	14,770,042
Total Expenditures	15,249,651	15,174,463	14,588,307	14,146,362	14,678,468
Total Other Financing Sources (Uses)	(2,141,850)	(1,562,469)	(1,439,591)	(1,048,144)	(526,169)



POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS

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

<b>Special Revenue Fund</b>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 385,165	\$ 436,535	\$ 379,780	\$ 477,541	\$ 482,638
Total Liabilities		1,417	3,014	879	
Total Fund Balances	385,165	435,118	376,766	476,662	482,638
Total Revenues	2,558,479	2,660,228	2,238,652	2,286,519	2,325,746
Total Expenditures	2,608,432	2,601,752	2,338,548	2,292,495	2,271,720
Total Other Financing Sources (Uses)		(124)			



POCAHONTAS SCHOOL DISTRICT NO. 19  
 RANDOLPH COUNTY, ARKANSAS

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

<b>Other Aggregate Funds</b>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 10,533,715	\$ 15,864,759	\$ 6,207,708	\$ 5,100,400	\$ 4,347,086
Total Liabilities					
Total Fund Balances	10,533,715	15,864,759	6,207,708	5,100,400	4,347,086
Total Revenues	4,379,587	605,686	6,879	5,555	636,185
Total Expenditures	11,909,231	1,444,007	339,162	300,385	1,614,609
Total Other Financing Sources (Uses)	2,198,600	10,495,372	1,439,591	1,048,144	530,437

