

# **Stuttgart School District No. 22**

**Arkansas County, Arkansas**

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

**June 30, 2023**



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ARKANSAS COUNTY, ARKANSAS  
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# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

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

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

### INDEPENDENT AUDITOR'S REPORT

Stuttgart School District No. 22 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Stuttgart School District No. 22 (the "District"), as of and for the year ended June 30, 2023, 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.

##### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying 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, 2023, 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.

##### ***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 section of our report, the accompanying 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, 2023, or the changes in financial position for the year then ended.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 of the financial statements, 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, to meet the requirements of the State of Arkansas. 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 and pervasive.

### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary 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*, is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. Such information 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. The 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.

**Other Information**

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis but does not include the regulatory basis financial statements, supplementary information, and our auditor’s report thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
January 24, 2024  
EDSD00423

# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
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## 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

Stuttgart School District No. 22 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 Stuttgart School District No. 22 (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated January 24, 2024. 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 and pervasive. 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, 2023, 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.

#### **Report on 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 or significant deficiencies may exist that were not identified.

#### **Report on 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Matt Fink".

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
January 24, 2024

# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



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

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

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

### INDEPENDENT AUDITOR'S REPORT

Stuttgart School District No. 22 and School Board Members  
Legislative Joint Auditing Committee

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

##### ***Qualified and Unmodified Opinions***

We have audited the Stuttgart School District No. 22's (the "District") compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

##### *Qualified Opinion on Child Nutrition Cluster*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2023.

##### *Unmodified Opinion on the Other 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

##### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

##### *Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster*

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the Child Nutrition Cluster as described in finding number 2023-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.



### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

*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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
January 24, 2024

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2023

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 2,956,551		\$ 5,276,322	\$ 81,406
Accounts receivable	411,048	\$ 513,604		
Due from other funds	50,162			
Deposit with paying agent			133,139	
<b>TOTAL ASSETS</b>	<b>\$ 3,417,761</b>	<b>\$ 513,604</b>	<b>\$ 5,409,461</b>	<b>\$ 81,406</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 94,052	\$ 2,806	\$ 420,000	
Due to other funds		50,162		
<b>Total Liabilities</b>	<b>94,052</b>	<b>52,968</b>	<b>420,000</b>	
<b>Fund Balances:</b>				
Nonspendable			24,496	
Restricted	323,265	460,636	108,643	\$ 81,406
Assigned	230,491		4,856,322	
Unassigned	2,769,953			
<b>Total Fund Balances</b>	<b>3,323,709</b>	<b>460,636</b>	<b>4,989,461</b>	<b>81,406</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,417,761</b>	<b>\$ 513,604</b>	<b>\$ 5,409,461</b>	<b>\$ 81,406</b>

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

STUTT GART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 8,269,423		
State assistance	7,438,638	\$ 6,711	
Federal assistance	2,775	4,714,301	
Activity revenues	154,385		
Meal sales		92,308	
Investment income	43,607		\$ 3,102
Other revenues	157,532	14,091	66,250
<b>TOTAL REVENUES</b>	<b>16,066,360</b>	<b>4,827,411</b>	<b>69,352</b>
<b>EXPENDITURES</b>			
Regular programs	6,319,393	1,059,762	36,153
Special education	792,759	428,379	
Career education programs	174,149	12,115	
Compensatory education programs	193,048	284,660	
Other instructional programs	581,577	38,375	
Student support services	763,992	208,095	
Instructional staff support services	827,396	412,447	
General administration support services	480,578	95,564	
School administration support services	863,361	55,756	
Central services support services	489,205	27,550	
Operation and maintenance of plant services	1,719,307	113,481	73,100
Student transportation services	435,659	20,975	
Other support services	37,412		
Food services operations	431	1,341,262	
Community services operations	7,627	2,627	
Facilities acquisition and construction services	7,000	743,426	456,088
Activity expenditures	142,461		
Debt Service:			
Principal retirement	118,936		745,000
Interest and fiscal charges	83,191		365,069
<b>TOTAL EXPENDITURES</b>	<b>14,037,482</b>	<b>4,844,474</b>	<b>1,675,410</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,028,878</b>	<b>(17,063)</b>	<b>(1,606,058)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			2,087,987
Transfers out	(2,087,987)		
Compensation for loss of capital assets	305,650		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,782,337)</b>		<b>2,087,987</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>246,541</b>	<b>(17,063)</b>	<b>481,929</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,077,168</b>	<b>477,699</b>	<b>4,507,532</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,323,709</b>	<b>\$ 460,636</b>	<b>\$ 4,989,461</b>

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

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 7,870,000	\$ 8,269,423	\$ 399,423			
State assistance	7,219,652	7,438,638	218,986	\$ 6,000	\$ 6,711	\$ 711
Federal assistance		2,775	2,775	5,400,537	4,714,301	(686,236)
Activity revenues	53,900	154,385	100,485			
Meal sales	2,000		(2,000)	119,000	92,308	(26,692)
Investment income	30,000	43,607	13,607			
Other revenues	69,200	157,532	88,332		14,091	14,091
<b>TOTAL REVENUES</b>	<b>15,244,752</b>	<b>16,066,360</b>	<b>821,608</b>	<b>5,525,537</b>	<b>4,827,411</b>	<b>(698,126)</b>
<b>EXPENDITURES</b>						
Regular programs	6,443,269	6,319,393	123,876	1,275,227	1,059,762	215,465
Special education	774,936	792,759	(17,823)	561,379	428,379	133,000
Career education programs	170,593	174,149	(3,556)	12,375	12,115	260
Compensatory education programs	204,977	193,048	11,929	426,838	284,660	142,178
Other instructional programs	593,425	581,577	11,848	41,110	38,375	2,735
Student support services	787,778	763,992	23,786	246,952	208,095	38,857
Instructional staff support services	927,969	827,396	100,573	539,436	412,447	126,989
General administration support services	486,796	480,578	6,218	101,634	95,564	6,070
School administration support services	857,693	863,361	(5,668)	59,435	55,756	3,679
Central services support services	515,510	489,205	26,305	51,596	27,550	24,046
Operation and maintenance of plant services	1,862,842	1,719,307	143,535	146,389	113,481	32,908
Student transportation services	465,228	435,659	29,569	50,370	20,975	29,395
Other support services	58,115	37,412	20,703			
Food services operations	50	431	(381)	1,355,361	1,341,262	14,099
Community services operations	21,465	7,627	13,838	41,848	2,627	39,221
Facilities acquisition and construction services	7,000	7,000		1,076,933	743,426	333,507
Non-programmed costs				18,000		18,000
Activity expenditures	302,295	142,461	159,834			
Debt Service:						
Principal retirement	118,936	118,936				
Interest and fiscal charges	83,191	83,191				
<b>TOTAL EXPENDITURES</b>	<b>14,682,068</b>	<b>14,037,482</b>	<b>644,586</b>	<b>6,004,883</b>	<b>4,844,474</b>	<b>1,160,409</b>

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS 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, 2023

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 562,684	\$ 2,028,878	\$ 1,466,194	\$ (479,346)	\$ (17,063)	\$ 462,283
OTHER FINANCING SOURCES (USES)						
Transfers in	19,211,551		(19,211,551)			
Transfers out	(20,308,629)	(2,087,987)	18,220,642			
Compensation for loss of capital assets		305,650	305,650			
TOTAL OTHER FINANCING SOURCES (USES)	(1,097,078)	(1,782,337)	(685,259)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(534,394)	246,541	780,935	(479,346)	(17,063)	462,283
FUND BALANCES - JULY 1	3,232,177	3,077,168	(155,009)	479,346	477,699	(1,647)
FUND BALANCES - JUNE 30	\$ 2,697,783	\$ 3,323,709	\$ 625,926	\$ 0	\$ 460,636	\$ 460,636

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

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

Private-purpose Funds – Private-purpose funds are used to report all other 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) and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets, leases, 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.

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2023

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

**C. Measurement Focus and Basis of Accounting (Continued)**

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and financed purchases are reported as other financing sources. Changes in private-purpose funds will be reflected in the notes to financial statements.

**D. Revenue Recognition Policies**

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

**E. Capital Assets**

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

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

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

**F. Property Taxes**

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

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

**G. Interfund Receivables and Payables**

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.



STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

H. Fund Balance Classifications

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

I. Budget and Budgetary Accounting

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund.

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

J. Stabilization Arrangements

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

K. Minimum Fund Balance Policies

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

L. Fund Balance Classification Policies and Procedures

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

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

L. Fund Balance Classification Policies and Procedures (Continued)

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

M. Encumbrances

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 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	8,061,504	9,254,908
Total Deposits	\$ 8,311,504	\$ 9,504,908

The above total deposits do not include cash of \$2,775 which was held in the Arkansas County Treasury.

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2023

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2023, were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 117,211	
Federal assistance		\$ 513,604
Activity fund accounts	847	
Insurance proceeds	291,450	
Other	1,540	
Totals	<u>\$ 411,048</u>	<u>\$ 513,604</u>

**4: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2023, were comprised of the following:

Description	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
Vendor payables	<u>\$ 94,052</u>	<u>\$ 2,806</u>	<u>\$ 420,000</u>

**5: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2023:

A. Construction Contract

Project Name	Completion Date	Contract Balance
Solar Plant	July 27, 2023	\$ 101,636

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**5: COMMITMENTS (Continued)**

B. Lease (lease of nonfinancial assets with initial noncancelable lease terms in excess of one year)

General description of lease and leasing arrangements:

On June 14, 2018, the District executed a 60 month noncancelable lease agreement for 10 copiers with Canon Financial Solutions. Monthly lease payments of \$1,783 plus tax began in February 2019.

1. Future minimum lease payments (aggregate) at June 30, 2023: \$10,698
2. Future minimum lease payments for the succeeding years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	<u>\$ 10,698</u>

Lease payments for the lease described above were approximately \$21,396 for the year ended June 30, 2023.

C. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2023</u>	<u>Maturities To June 30, 2023</u>
<b><u>Bonds</u></b>					
1/1/20	2/1/42	2 - 2.75%	\$ 14,020,000	\$ 12,520,000	\$ 1,500,000
1/1/21	2/1/42	.3 - 1.4%	4,775,000	4,525,000	250,000
Total Bonds			<u>18,795,000</u>	<u>17,045,000</u>	<u>1,750,000</u>
<b><u>Direct Borrowings</u></b>					
2/7/20	2/15/40	2.99%	<u>2,897,783</u>	<u>2,663,364</u>	<u>234,419</u>
Total Long-Term Debt			<u>\$ 21,692,783</u>	<u>\$ 19,708,364</u>	<u>\$ 1,984,419</u>

Changes in Long-term Debt

	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
Bonds payable	<u>\$ 17,790,000</u>		<u>\$ 745,000</u>	<u>\$ 17,045,000</u>
<b><u>Direct Borrowings</u></b>				
Installment contract	<u>2,782,300</u>		<u>118,936</u>	<u>2,663,364</u>
Total Long-Term Debt	<u>\$ 20,572,300</u>	<u>\$ 0</u>	<u>\$ 863,936</u>	<u>\$ 19,708,364</u>

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**5: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 750,000	\$ 352,324	\$ 1,102,324	\$ 122,492	\$ 79,635	\$ 202,127
2025	765,000	340,871	1,105,871	126,154	75,972	202,126
2026	770,000	328,981	1,098,981	129,926	72,200	202,126
2027	785,000	316,699	1,101,699	133,811	68,315	202,126
2028	795,000	303,969	1,098,969	137,812	64,314	202,126
2029-2033	4,230,000	1,305,843	5,535,843	753,389	257,243	1,010,632
2034-2038	4,705,000	848,220	5,553,220	872,961	137,671	1,010,632
2039-2042	4,245,000	260,265	4,505,265	386,819	17,434	404,253
Totals	<u>\$ 17,045,000</u>	<u>\$ 4,057,172</u>	<u>\$ 21,102,172</u>	<u>\$ 2,663,364</u>	<u>\$ 772,784</u>	<u>\$ 3,436,148</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.

**6: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$18,795,000 issued from January 1, 2020 to January 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$21,102,172, payable through February 1, 2042. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,108,569 and \$2,106,574, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 52.62 percent.

**7: INTERFUND TRANSFERS**

The District transferred \$2,087,987 from the general fund to other aggregate funds for debt-related payments of \$1,134,565 and future capital projects of \$953,422.

**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 501-682-1517, or by visiting the ATRS website at [www.artrs.gov](http://www.artrs.gov).

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2023

**8: RETIREMENT PLAN (Continued)**

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% 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 15% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2023, were \$1,609,122, 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, 2022, (actuarial valuation date and measurement date) was \$15,243,187.

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

ADDITIONS	
Donations	\$ 61,700
	<hr/>
DEDUCTIONS	
Scholarships	60,709
	<hr/>
CHANGE IN FUND BALANCE	991
FUND BALANCE - JULY 1	<hr/> 80,415
FUND BALANCE - JUNE 30	<hr/> <u>\$ 81,406</u>

**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.

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

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**10: RISK MANAGEMENT (Continued)**

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

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 \$452,368 for the year ended June 30, 2023.

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

Description	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
Fund Balances:			
Nonspendable:			
Deposit with paying agent			\$ 24,496
Restricted for:			
Enhanced student achievement funding	\$ 164,595		
English-language learners	5,577		
Professional development	49,894		
Capital projects			108,643
Child nutrition programs		\$ 203,507	
Medical services		142,014	
Special education programs	12,518		
DHS - Stabilization grants quality improvement funds (ARPA)		76,500	
Other purposes	90,681	38,615	
Total Restricted	323,265	460,636	108,643
Assigned to:			
Capital projects			4,856,322
Student activities	230,491		
Total Assigned	230,491		4,856,322
Unassigned	2,769,953		
Totals	\$ 3,323,709	\$ 460,636	\$ 4,989,461

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**13: ANTICIPATED PLEDGES**

During the 2015 and 2016 fiscal years, the District expended \$884,860 to install artificial turf at the football field. The decision to install the turf was, in part, based upon the pledges of 25 businesses to contribute \$610,000 to reimburse the District. The pledges varied from one-time payments to annual pledges for five and ten years. As of June 30, 2023, the District received \$527,859 of the pledged amount, while \$46,250 was received in the current year and is included in the accompanying financial statements as other revenues.

**14: COMPENSATION FOR LOSS OF CAPITAL ASSETS**

During the year ended June 30, 2023, the District received insurance proceeds of \$305,650 for storm damage at the high school.

**15: SUBSEQUENT EVENTS**

On August 3, 2023, the District issued construction bonds of \$20,735,000, with interest rates of 3.45 to 6 percent, to fund capital projects.

On August 30, 2023, and November 14, 2023, the District executed contracts totaling \$20,351,214 for the construction of an arena, baseball field, and softball field.

On November 15, 2023, the District received additional insurance proceeds of \$557,500 for storm damage at the high school.



STUTT GART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2023  
 (Unaudited)

Schedule 1

	Balance June 30, 2023
Nondepreciable capital assets:	
Land	\$ 399,805
Depreciable capital assets:	
Buildings	22,990,481
Improvements/infrastructure	2,490,621
Equipment	5,582,948
Total depreciable capital assets	31,064,050
Less accumulated depreciation for:	
Buildings	11,187,560
Improvements/infrastructure	920,778
Equipment	3,853,672
Total accumulated depreciation	15,962,010
Total depreciable capital assets, net	15,102,040
Capital assets, net	\$ 15,501,845

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2023

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0104		\$ 288,188
National School Lunch Program (Note 5)	10.555			39,961
Arkansas Department of Education - National School Lunch Program	10.555	0104		889,587
Arkansas Department of Human Services - National School Lunch Program (Note 6)	10.555	0104000		38,573
Total for National School Lunch Program				<u>968,121</u>
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	0104		45,060
Total U. S. Department of Agriculture				<u>1,301,369</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>1,301,369</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	0104		386,757
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education Grants to States	84.027X	0104		71,626
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	0104		20,984
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education - Preschool Grants	84.173X	0104		13
Total U. S. Department of Education				<u>479,380</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u>479,380</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	0104		2,138,880
Total Education Stabilization Fund				<u>2,138,880</u>
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	0104		504,424
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	0104		12,057
Arkansas Department of Education - Rural Education	84.358B	0104		40,140
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	0104		42,508
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	0104		160,000
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	0104		44,098
Total U. S. Department of Education				<u>2,942,107</u>
<b>TOTAL OTHER PROGRAMS</b>				<u>2,942,107</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 0</u>	<u>\$ 4,722,856</u>

The accompanying notes are an integral part of this schedule.

STUTT GART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

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 Stuttgart School District No. 22 (District) under programs of the federal government for the year ended June 30, 2023. 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: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 4: During the year ended June 30, 2023, the District received Medicaid funding of \$79,241 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.
- Note 5: 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 6: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

STUTTGART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2023

Schedule 3

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse  
 Regulatory basis - unmodified

Internal control over financial reporting:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

FEDERAL AWARDS

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	<input 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 for all major programs except for the Child Nutrition Cluster, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
10.553, 10.555, and 10.582 84.425U	Child Nutrition Cluster COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$	<u>750,000</u>	
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Auditee qualified as low-risk auditee?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

STUTTGART SCHOOL DISTRICT NO. 22  
ARKANSAS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

Schedule 3

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

MATERIAL WEAKNESS

U.S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER - AL NUMBERS 10.553 and 10.555  
PASS-THROUGH NUMBER 0104  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2023

2023-001. Reporting

Criteria or specific requirement: Monthly claims for reimbursement are required to be submitted to the Arkansas Division of Elementary and Secondary Education, Child Nutrition Unit (DESE, CNU), as required by 7 CFR 210.8 and 7 CFR 220.11. Reimbursement claim components include the total number of free, reduced price, and paid meals served. The total meals served by category are to be derived from the District's point of sale system.

Condition: An Administrative Review for Stuttgart School District was completed by the Arkansas Division of Elementary and Secondary Education, Child Nutrition Unit (DESE, CNU) in April 2023. The review noted the Community Eligibility Provision (CEP) claiming percentages were not applied to meals served at Park Avenue Elementary and Meekins Middle School for breakfast or lunch. All meals at these two sites were claimed as free meals. The claim for reimbursement in March 2023, had not been fully processed. The claim was deleted, and the district applied the correct CEP percentages for March 2023. Upon further investigation, it was found that the District had not implemented the CEP claiming percentages for the entire 2022-2023 school year through February 2023. The District immediately took corrective action and remitted the overpayment of funds totaling \$125,122.

Cause: Lack of management oversight and inaccurate reporting of meals served resulted in the District not applying the Community Eligibility Provision (CEP) claiming percentages for breakfast or lunch.

Effect or potential effect: The District was not properly reimbursed for meals served during the year.

Questioned costs: The amount of questioned costs totaled \$125,122 (AL #10.553 Breakfast \$35,795 and AL #10.555 Lunch \$89,327).

Context: Results of an Administrative Review by the DESE, CNU.

Identification as a repeat finding: No

Recommendation: The District should exercise greater care in the preparation of monthly claims for reimbursement.

Views of responsible officials: Child Nutrition Director, claim approver and Superintendent have been made aware of the percentage claim requirement and will review all monthly claims going forward to ensure the correct allowable percentage is claimed for all campuses designation as CEP. A spreadsheet with formulas has been created to verify the monthly claim includes the correct percentage calculations. The data is reviewed by both the Child Nutrition Director and the Comptroller prior to submitting the official monthly claim to the Child Nutrition Unit.

In addition, incorrect claims for the 2023 fiscal year were modified and corrected monthly forms were submitted to the Child Nutrition Unit before fiscal year 2023 end. Excess reimbursement amounts were also repaid to the Child Nutrition department during the same year.

# **Stuttgart School District #22**

**2501 South Main Street  
Stuttgart, AR 72160  
870-673-8701**

Schedule 4

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023**

### **FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit ending June 30, 2022.



**Jeff McKinney**  
*Superintendent*

#### **Board of Directors**

*Jennifer Payton*  
*President*

*Bryan Hancock*  
*Vice President*

*Candice Prine*

*Victor Johnson*

*Sharon Konecny*

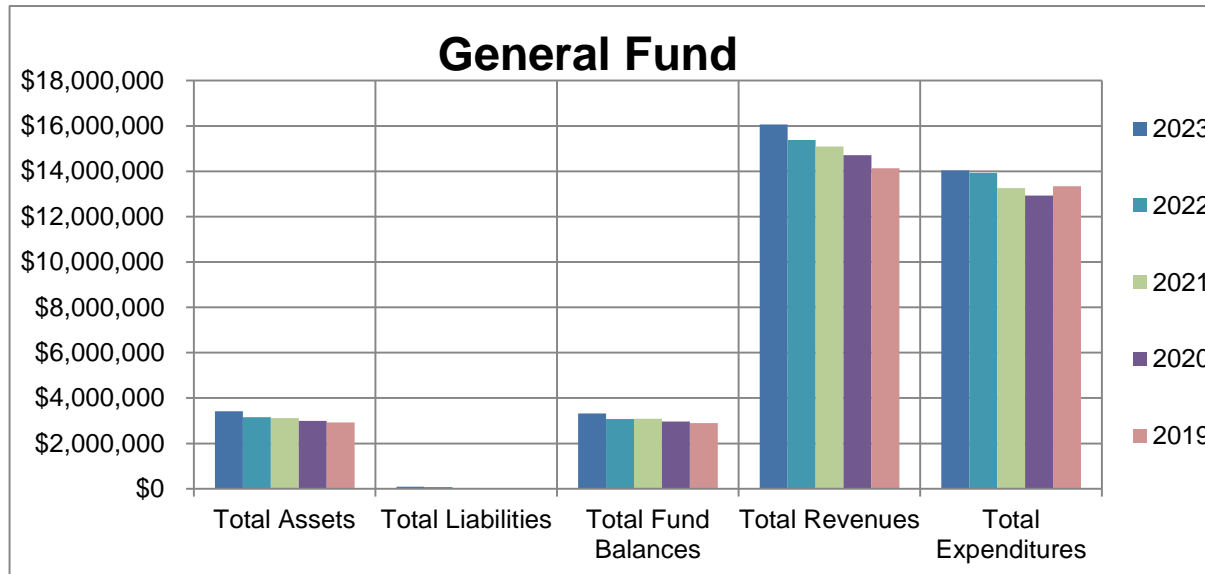
*Sarah Murry*

*Rebecca Seyller*

STUTT GART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS

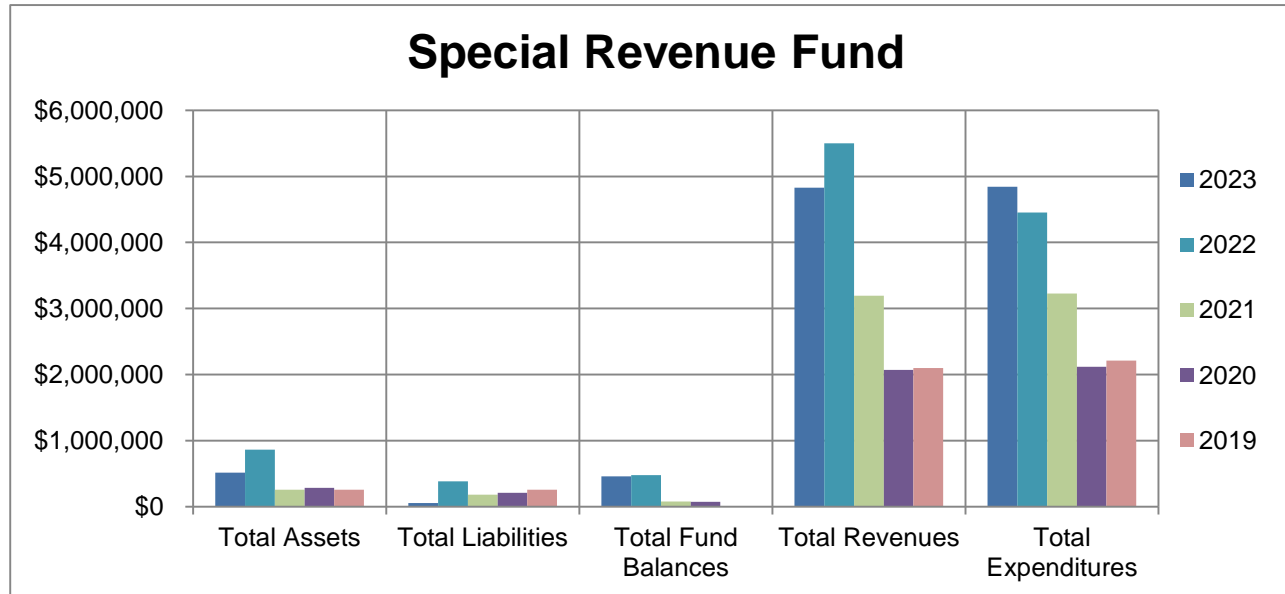
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023  
 (Unaudited)

<b>General Fund</b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 3,417,761	\$ 3,154,735	\$ 3,119,372	\$ 2,990,985	\$ 2,921,847
Total Liabilities	94,052	77,567	37,289	21,588	18,933
Total Fund Balances	3,323,709	3,077,168	3,082,083	2,969,397	2,902,914
Total Revenues	16,066,360	15,371,706	15,087,227	14,712,809	14,139,001
Total Expenditures	14,037,482	13,929,626	13,258,838	12,927,188	13,339,194
Total Other Financing Sources (Uses)	(1,782,337)	(1,446,995)	(1,764,714)	(1,719,138)	(726,910)



STUTT GART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023  
 (Unaudited)

<b>Special Revenue Fund</b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 513,604	\$ 863,828	\$ 258,465	\$ 285,221	\$ 258,874
Total Liabilities	52,968	386,129	181,746	210,936	258,600
Total Fund Balances	460,636	477,699	76,719	74,285	274
Total Revenues	4,827,411	5,501,566	3,192,059	2,071,906	2,099,353
Total Expenditures	4,844,474	4,454,234	3,227,440	2,117,190	2,213,077
Total Other Financing Sources (Uses)		55,327	37,815	119,295	110,315





STUTT GART SCHOOL DISTRICT NO. 22  
 ARKANSAS COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023  
 (Unaudited)

<b>Other Aggregate Funds</b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 5,409,461	\$ 4,600,971	\$ 4,843,892	\$ 6,074,518	\$ 3,317,314
Total Liabilities	420,000	93,439	1,012,019		67,222
Total Fund Balances	4,989,461	4,507,532	3,831,873	6,074,518	3,250,092
Total Revenues	69,352	70,776	223,975	82,880	87,831
Total Expenditures	1,675,410	1,543,791	4,194,311	1,993,680	1,494,536
Total Other Financing Sources (Uses)	2,087,987	1,446,995	1,822,700	4,735,226	616,595

