Crossett School District No. 52

Ashley County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2021

REGULATORY BASIS FINANCIAL STATEMENTS

SCHEDULES

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Crossett School District No. 52 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 Crossett School District No. 52 (the "District"), as of and for the year ended June 30, 2021, 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 *Government 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, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 March 31, 2022 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 Norman

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

Little Rock, Arkansas
March 31, 2022
EDSD00621

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

Crossett School District No. 52 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 Crossett School District No. 52 (the "District"), as of and for the year ended June 30, 2021, 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 March 31, 2022. 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, 2021, 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*.

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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

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 31, 2022

Arkansas

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

Crossett School District No. 52 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Crossett School District No. 52'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, 2021. 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, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the 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

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 31, 2022

Exhibit A

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2021

	Governmental Funds			
	Major			
	General	Special Revenue	Other Aggregate	Fiduciary Fund Types
ASSETS				
Cash	$ 3,213,952		$ 7,935,236	$ 18,038
Investments				851,697
Accounts receivable	1,200	$ 547,283		
Due from other funds	256,254			
TOTAL ASSETS	$ 3,471,406	$ 547,283	$ 7,935,236	$ 869,735
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 110,455	$ 36,544	$ 102,292	
Due to other funds		255,985		$ 269
Total Liabilities	110,455	292,529	102,292	269
Fund Balances:				
Nonspendable				615,257
Restricted	263,872	268,062	4,873,998	254,209
Assigned	189,412		2,958,946	
Unassigned	2,907,667	(13,308)		
Total Fund Balances	3,360,951	254,754	7,832,944	869,466
TOTAL LIABILITIES AND FUND BALANCES	$ 3,471,406	$ 547,283	$ 7,935,236	$ 869,735

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

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		
	General	Special Revenue	Other Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	$ 10,008,650		$ 366,578
State assistance	6,806,403	$ 7,351	
Federal assistance	37,746	3,364,320	
Activity revenues	314,726		
Meal sales		41,429	
Investment income	126,828		
Other revenues	78,987	410	26,250
TOTAL REVENUES	17,373,340	3,413,510	392,828
EXPENDITURES			
Regular programs	6,471,904	266,515	
Special education	681,295	299,069	
Career education programs	566,609		
Compensatory education programs	79,972	477,755	
Other instructional programs	294,398		
Student support services	595,512	259,098	
Instructional staff support services	905,509	1,030,575	
General administration support services	433,258		
School administration support services	890,906	2,292	
Central services support services	225,883	17,085	
Operation and maintenance of plant services	2,008,760	134,252	121,426
Student transportation services	441,589	37,598	461,074
Other support services	14,942		
Food services operations		948,969	
Community services operations		87	
Facilities acquisition and construction services	9,764		182,847
Non-programmed costs		11,628	
Activity expenditures	268,352		
Debt Service:			
Principal retirement			805,000
Interest and fiscal charges			759,369
TOTAL EXPENDITURES	13,888,653	3,484,923	2,329,716
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,484,687	(71,413)	(1,936,888)
OTHER FINANCING SOURCES (USES)			
Transfers in	(3,324,369)		
Transfers out			3,324,369
Compensation for loss of capital assets	63,811		
TOTAL OTHER FINANCING SOURCES (USES)	(3,260,558)		3,324,369
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	224,129	(71,413)	1,387,481
FUND BALANCES - JULY 1	3,136,822	326,167	6,445,463
FUND BALANCES - JUNE 30	$ 3,360,951	$ 254,754	$ 7,832,944

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

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	$ 9,332,000	$ 10,008,650	$ 676,650			
State assistance	6,768,084	6,806,403	38,319	$ 5,800	$ 7,351	$ 1,551
Federal assistance	41,300	37,746	(3,554)	2,930,259	3,364,320	434,061
Activity revenues	400	314,726	314,326			
Meal sales				154,000	41,429	(112,571)
Investment income	160,000	126,828	(33,172)			
Other revenues	90,464	78,987	(11,477)		410	410
TOTAL REVENUES	16,392,248	17,373,340	981,092	3,090,059	3,413,510	323,451
EXPENDITURES						
Regular programs	6,419,791	6,471,904	(52,113)		266,515	(266,515)
Special education	788,855	681,295	107,560	490,677	299,069	191,608
Career education programs	572,763	566,609	6,154			
Compensatory education programs	150,830	79,972	70,858	519,271	477,755	41,516
Other instructional programs	301,936	294,398	7,538			
Student support services	577,032	595,512	(18,480)	260,661	259,098	1,563
Instructional staff support services	1,065,960	905,509	160,451	886,278	1,030,575	(144,297)
General administration support services	418,684	433,258	(14,574)			
School administration support services	828,988	890,906	(61,918)	10,874	2,292	8,582
Central services support services	218,194	225,883	(7,689)		17,085	(17,085)
Operation and maintenance of plant services	2,093,738	2,008,760	84,978	100,000	134,252	(34,252)
Student transportation services	431,386	441,589	(10,203)	55,440	37,598	17,842
Other support services	35,145	14,942	20,203			
Food services operations				1,020,976	948,969	72,007
Community services operations				1,700	87	1,613
Facilities acquisition and construction services		9,764	(9,764)			
Non-programmed costs				13,287	11,628	1,659
Activity expenditures		268,352	(268,352)			
TOTAL EXPENDITURES	13,903,302	13,888,653	14,649	3,359,164	3,484,923	(125,759)

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 2,488,946	$ 3,484,687	$ 995,741	$ (269,105)	$ (71,413)	$ 197,692
OTHER FINANCING SOURCES (USES)						
Transfers in	21,977,563	(3,324,369)	(25,301,932)	92,832		(92,832)
Transfers out	(24,558,645)		24,558,645	(62,832)		62,832
Compensation for loss of capital assets		63,811	63,811			
TOTAL OTHER FINANCING SOURCES (USES)	(2,581,082)	(3,260,558)	(679,476)	30,000		(30,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(92,136)	224,129	316,265	(239,105)	(71,413)	167,692
FUND BALANCES - JULY 1	4,063,826	3,136,822	(927,004)	260,178	326,167	65,989
FUND BALANCES - JUNE 30	$ 3,971,690	$ 3,360,951	$ (610,739)	$ 21,073	$ 254,754	$ 233,681

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

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 Crossett 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:

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.

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 and other requirements 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. 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 capital leases 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	5-25
Buildings	20-50
Equipment	5-20

F. Property Taxes

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

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

F. Property Taxes (Continued)

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

G. Interfund Receivables and Payables

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

H. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

2. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

3. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.

4. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

I. Budget and Budgetary Accounting

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

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

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

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

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.

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)	$ 266,538	$ 266,538
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	10,900,638	11,224,317
Total Deposits	$ 11,167,176	$ 11,490,855

The above total deposits do not include cash on hand of $50.

3. INVESTMENTS

On June 30, 2021, certain investments of the private-purpose funds consisted of $851,697 in investment funds. The investment funds are invested primarily in stocks of various companies, bonds, and mortgage-backed securities.

Interest Rate Risk – The District does not have a formal investment policy for interest rate risk and the interest rate risk of the investment funds, in which the District was invested, could not be determined.

Credit Risk – The District does not have a formal investment policy for credit risk.

Fair value of investments - Fair value measurements are based on the fair value hierarchy as follows:

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Significant other observable inputs

Level 3 - Significant unobservable inputs

Of the above investments, $851,697 are classified in Level 1. There are no investments classified in Level 2 or Level 3.

4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 were comprised of the following:

	Governmental Funds	
	Major	
Description	General	Special Revenue
Federal assistance		$ 547,283
Other	$ 1,200	
Totals	$ 1,200	$ 547,283

5: COMMITMENTS

The District was contractually obligated for the following at June 30, 2021:

A. Construction Contracts

Project Name	Completion Date	Contract Balance
Band Shell	May 31, 2022 (estimated)	$ 88,955
Central Office Roof	July 31, 2021	2,825
CMS Parking Project	September 20, 2021	376,936
Press Box	February 28, 2022	364,265

5: COMMITMENTS (Continued)

B. Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
Bonds					
9/21/16	12/1/46	2 - 3%	$ 31,435,000	$ 28,975,000	$ 2,460,000

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	$ 29,780,000	$ 0	$ 805,000	$ 28,975,000

Future Principal and Interest Payments

Year Ended June 30,	Bonds Principal	Bonds Interest	Bonds Total
2022	$ 820,000	$ 742,119	$ 1,562,119
2023	835,000	725,569	1,560,569
2024	855,000	708,669	1,563,669
2025	870,000	691,419	1,561,419
2026	885,000	673,868	1,558,868
2027-2031	4,725,000	3,084,425	7,809,425
2032-2036	5,320,000	2,483,759	7,803,759
2037-2041	6,085,000	1,714,556	7,799,556
2042-2046	7,040,000	771,750	7,811,750
2047	1,540,000	23,100	1,563,100
Totals	$ 28,975,000	$ 11,619,234	$ 40,594,234

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: ACCOUNTS PAYABLE

Accounts payable at June 30, 2021 were comprised of the following:

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Vendor payables	$ 110,455	$ 36,544	$ 102,292

7: INTERFUND TRANSFERS

The District transferred $3,324,369 from the general fund to the other aggregate funds for debt related payments of $1,564,369 and $1,760,000 for future capital projects and maintenance of existing facilities.

8: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

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

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.50% 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 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were $1,337,084, 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, 2020 (actuarial valuation date and measurement date) was $16,289,553.

9: CHANGES IN PRIVATE-PURPOSE FUNDS

ADDITIONS	
Donations	$ 1,900
Interest	16,850
Unrealized gain on investment	169,418
TOTAL ADDITIONS	188,168
DEDUCTIONS	
Scholarships	15,500
Trust fees	10,154
TOTAL DEDUCTIONS	25,654
CHANGE IN FUND BALANCE	162,514
FUND BALANCE - JULY 1	706,952
FUND BALANCE - JUNE 30	$ 869,466

10: DEFICIT FUND BALANCE

The deficit fund balance of $13,308 in the special revenue fund, displayed in the table at Note 15 below, pertained to the District's child nutrition program and was the result of the recognition of accounts payable at year-end.

11: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of $31,435,000 issued September 21, 2016. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is $40,594,234, payable through December 1, 2046. Principal and interest paid for the current year and total property taxes pledged for debt service were $1,563,369 and $3,626,268, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 43.11 percent.

12: DONOR-RESTRICTED ENDOWMENTS

The District received restricted funds held for the Chapman Family Memorial Scholarship Fund. According to the provisions of the last will and testament of A.B. Chapman, the principal is restricted as an endowment fund with the income thereof to be used to provide postsecondary education scholarships for worthy and/or needy graduating seniors. At June 30, 2021, the nonspendable and spendable portions of the scholarship were $606,557 and $253,395, respectively, and consisted of cash of $17,538 and other investments of $842,414.

The District received restricted funds held for the Eddie Hackelton Scholarship Fund. According to provisions of donors, the principal is restricted as an endowment fund with ninety percent of the revenue each year to be used to provide a postsecondary education scholarship to a senior football player. At June 30, 2021, the nonspendable and spendable portions of the scholarship were $8,700 and $583, respectively, and consisted of investments.

13: 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.

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.

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.

14: 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 $279,030 for the year ended June 30, 2021.

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	$ 425		
Enhanced student achievement funding	36,276		
Professional development	24,576		
Capital projects			$ 4,873,998
Medical services		$ 223,780	
Special education programs	96,918		
Enhanced student achievement matching grant	74,367		
Other purposes	31,310	44,282	
Total Restricted	263,872	268,062	4,873,998
Assigned to:			
Capital projects			2,958,946
Student activities	189,412		
Total Assigned	189,412		2,958,946
Unassigned	2,907,667	(13,308)	
Totals	$ 3,360,951	$ 254,754	$ 7,832,944

16: COMPENSATION FOR LOSS OF CAPITAL ASSETS

During the year ended June 30, 2021, the District received insurance proceeds of $63,811 due to wind damage ($46,437), storm damage ($10,993), and bus damage sustained in an accident ($6,381).

17: SUBSEQUENT EVENT

On January 18, 2022, the District entered into a contract for $954,263 with GeoSurfaces for synthetic turf installation at the football field.

Schedule 1

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	$ 322,995
Construction in progress	129,419
Total nondepreciable capital assets	452,414
Depreciable capital assets:	
Buildings	40,600,358
Improvements/infrastructure	1,655,227
Equipment	5,904,900
Total depreciable capital assets	48,160,485
Less accumulated depreciation for:	
Buildings	9,530,695
Improvements/infrastructure	804,581
Equipment	3,580,179
Total accumulated depreciation	13,915,455
Total depreciable capital assets, net	34,245,030
Capital assets, net	$ 34,697,444

Schedule 2

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
U. S. Department of Agriculture				
Arkansas Department of Education - School Breakfast Program	10.553	0201		$ 232,366
National School Lunch Program (Note 3)	10.555			29,734
Arkansas Department of Education - National School Lunch Program	10.555	0201		503,975
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	0201000		34,435
Total for National School Lunch Program				568,144
Total U. S. Department of Agriculture				800,510
TOTAL CHILD NUTRITION CLUSTER				800,510
SPECIAL EDUCATION CLUSTER (IDEA)				
U. S. Department of Education				
Arkansas Department of Education - Special Education - Grants to States	84.027A	0201		379,794
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	0201		31,342
Total U. S. Department of Education				411,136
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				411,136
U.S. Department of the Treasury				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	0201		22,479
Total U.S. Department of the Treasury				22,479
U. S. Department of Education				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	0201		1,040,630
Total Education Stabilization Fund				1,040,630
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	0201		603,819
Arkansas Department of Education - Twenty-First Century Community Learning Centers	84.287C	0201		70,746
Arkansas Department of Education - Rural Education	84.358B	0201		19,017
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	0201		132,174
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	0201		43,018
Total U. S. Department of Education				1,909,404
U. S. Department of Health and Human Services				
Arkansas Department of Career Education - Temporary Assistance for Needy Families	93.558	0201		14,928
Total U. S. Department of Health and Human Services				14,928
TOTAL OTHER PROGRAMS				1,946,811
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 0	$ 3,158,457

The accompanying notes are an integral part of this schedule.

Schedule 2

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 Crossett School District No. 52 (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.

Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 6: During the year ended June 30, 2021, the District received Medicaid funding of $31,769 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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	X	no
• Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

FEDERAL AWARDS

Internal control over major federal programs:

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee?		yes	X	no

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

U.S. DEPARTMENT OF AGRICULTURE
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
CHILD NUTRITION CLUSTER - AL NUMBERS 10.553 AND 10.555
PASS-THROUGH NUMBER 0201
AUDIT PERIOD - YEAR ENDED JUNE 30, 2021

2021-001. Eligibility

Criteria or specific requirement: The U.S. Department of Agriculture Eligibility Manual for School Meals states that determining officials must establish income eligibility for a household based on the household size and the total household gross income compared to the applicable Income Eligibility Guidelines.

Condition: An Administrative Review for the District was completed by the Arkansas Division of Elementary and Secondary Education, Child Nutrition Unit (DESE, CNU) in March 2021. The review noted two applications were determined incorrectly. As a result of the errors, five students' eligibility status were incorrectly classified out of 380 students reviewed.

Cause: The District did not provide proper management oversight to ensure compliance with applicable regulations.

Effect: Free and reduced price meal applications were not classified properly.

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

Recommendation: The District should exercise greater care in establishing eligibility for applicants.

Views of responsible officials: The Business Manager conducted training sessions on March 31, 2021, April 27, 2021, May 27, 2021 and June 28, 2021 with the Child Nutrition Director and Child Nutrition Secretary regarding application approval. The following link is a tool that will be utilized by the Child Nutrition Department: https://reports.educateiowa.gov/ICAVES/Home/Calculator. The Child Nutrition Director, also talked to a representative of the Arkansas Department of Education, Child Nutrition Unit. Workshops have been completed.

Crossett School District

219 Main Street • Crossett, Arkansas 71635

(870) 364-3112 Website: www.crossettschools.org

Schedule 4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
CHILD NUTRITION CLUSTER

2020 - Finding 2020-001: Child Nutrition Cluster - AL Numbers 10.553 and 10.555

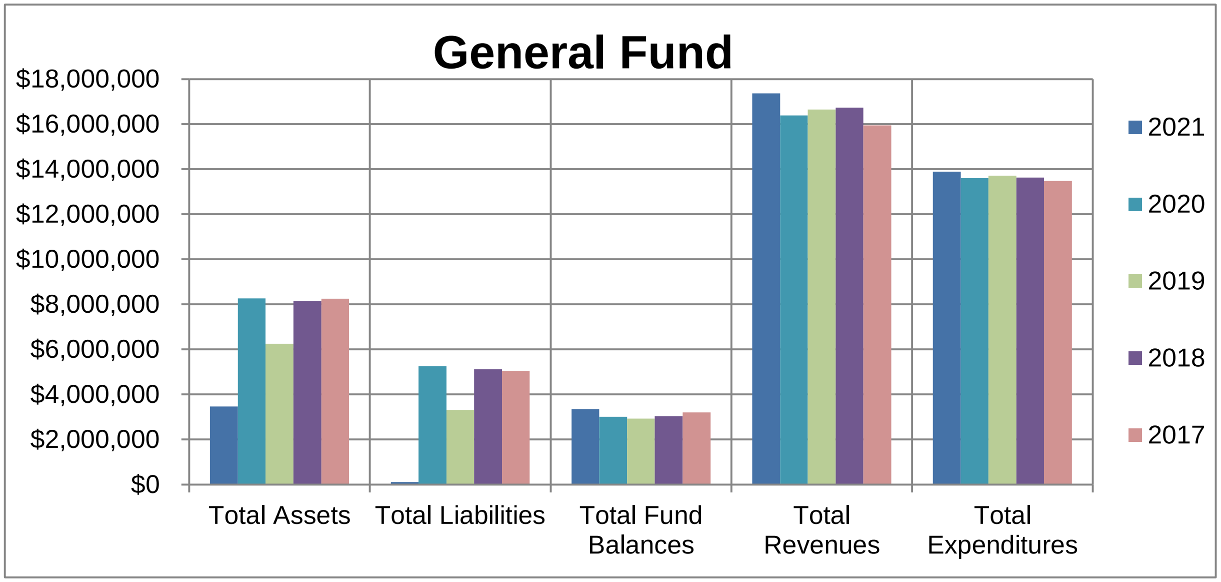
Condition: The District did not accurately confirm the eligibility status for free and reduced price meals for two applicants selected in the verification process. Based on income guidelines established by the USDA, the applicants should have been reclassified from free meals to reduced price meals. The amount of excess reimbursement could not be readily determined.

Current Status: This was completed on June 28, 2021 and the documentation is retained in the business office.

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

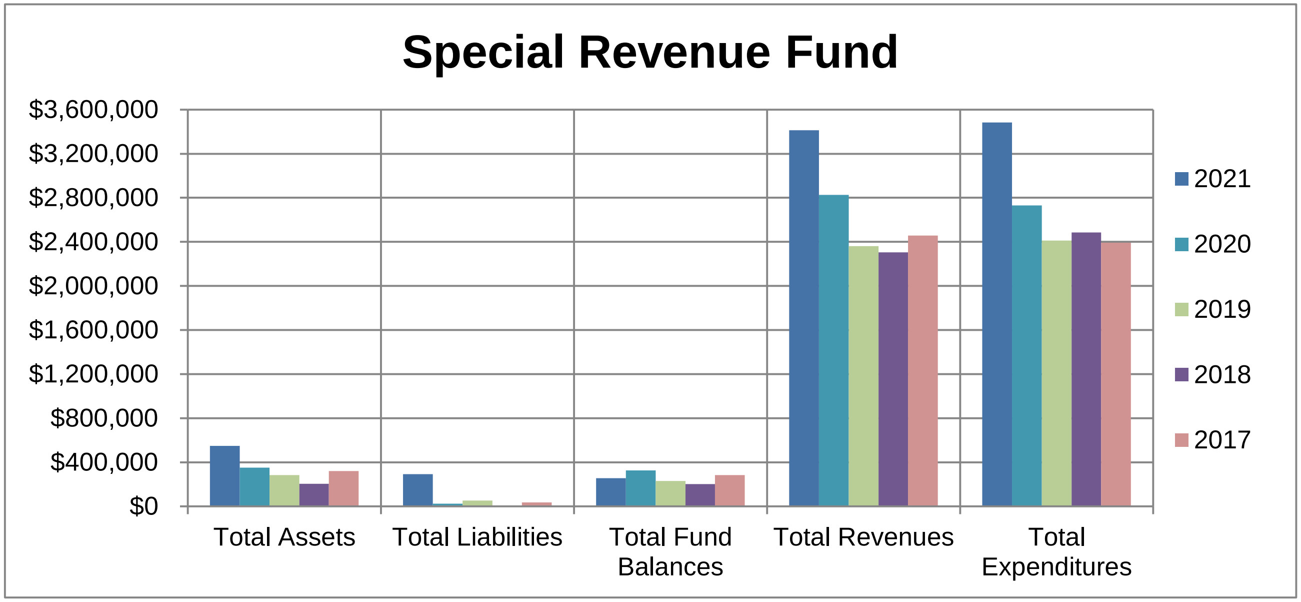
General Fund	Year Ended June 30, 2021	2020	2019	2018	2017
Total Assets	$ 3,471,406	$ 8,272,997	$ 6,253,712	$ 8,164,095	$ 8,260,260
Total Liabilities	110,455	5,259,184	3,318,996	5,118,604	5,051,136
Total Fund Balances	3,360,951	3,013,813	2,934,716	3,045,491	3,209,124
Total Revenues	17,373,340	16,395,133	16,647,127	16,733,062	15,954,251
Total Expenditures	13,888,653	13,607,828	13,719,883	13,632,176	13,483,969
Total Other Financing Sources (Uses)	(3,260,558)	(2,708,208)	(3,038,019)	(3,264,519)	(2,891,045)



Schedule 5

CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Special Revenue Fund	Year Ended June 30, 2021	2020	2019	2018	2017
Total Assets	$ 547,283	$ 351,233	$ 283,922	$ 205,227	$ 318,974
Total Liabilities	292,529	25,066	53,161	3,388	36,544
Total Fund Balances	254,754	326,167	230,761	201,839	282,430
Total Revenues	3,413,510	2,825,757	2,362,794	2,305,161	2,456,316
Total Expenditures	3,484,923	2,730,351	2,411,072	2,485,752	2,393,745
Total Other Financing Sources (Uses)			77,200	100,000	133,000



CROSSETT SCHOOL DISTRICT NO. 52
ASHLEY COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

	Year Ended June 30,				
Other Aggregate Funds	2021	2020	2019	2018	2017
Total Assets	$ 7,935,236	$ 6,445,463	$ 5,986,127	$ 10,678,749	$ 23,742,862
Total Liabilities	102,292		25,367	370,283	711,422
Total Fund Balances	7,832,944	6,445,463	5,960,760	10,308,466	23,031,440
Total Revenues	392,828	382,194	995,859	751,894	652,009
Total Expenditures	2,329,716	2,657,760	8,304,384	16,639,387	6,483,140
Total Other Financing Sources (Uses)	3,324,369	2,760,269	2,960,819	3,164,519	23,400,104