

Pea Ridge School District No. 109

Benton County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2021



PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2021

Independent Auditor's Report
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*
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis	C
Notes to Financial Statements	

SCHEDULES

	<u>Schedule</u>
Schedule of Capital Assets (Unaudited)	1
Schedule of Expenditures of Federal Awards	2
Schedule of Findings and Questioned Costs	3
Summary Schedule of Prior Audit Findings	4
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	5

Arkansas

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



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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Pea Ridge School District No. 109 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 Pea Ridge School District No. 109 (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 A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
March 31, 2022
EDSD02121

Arkansas

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



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Pea Ridge School District No. 109 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 Pea Ridge School District No. 109 (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*.

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, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 31, 2022

Arkansas

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Senate Chair
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

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

INDEPENDENT AUDITOR'S REPORT

Pea Ridge School District No. 109 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Pea Ridge School District No. 109'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.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 31, 2022

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2021

Exhibit A

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
ASSETS			
Cash	\$ 2,721,459	\$ 371,352	\$ 4,233,710
Accounts receivable	48,768	182,721	543,399
Due from other funds	37,992		
Deposit with paying agent			679,269
TOTAL ASSETS	<u>\$ 2,808,219</u>	<u>\$ 554,073</u>	<u>\$ 5,456,378</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 179,373	\$ 30,499	\$ 511,919
Due to other funds		37,992	
Total Liabilities	<u>179,373</u>	<u>68,491</u>	<u>511,919</u>
Fund Balances:			
Restricted	433,509	485,582	3,540,644
Assigned	326,009		1,403,815
Unassigned	1,869,328		
Total Fund Balances	<u>2,628,846</u>	<u>485,582</u>	<u>4,944,459</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,808,219</u>	<u>\$ 554,073</u>	<u>\$ 5,456,378</u>

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

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON 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		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 6,183,637		
State assistance	13,660,274	\$ 5,352	\$ 2,541,840
Federal assistance		2,480,695	49,864
Activity revenues	528,385		
Meal sales		48,475	
Investment income	19,384		5,744
Other revenues	1,056,887		
TOTAL REVENUES	21,448,567	2,534,522	2,597,448
EXPENDITURES			
Regular programs	7,191,988	12,405	31,504
Special education	1,095,000	189,254	
Career education programs	477,152		
Compensatory education programs	195,580	74,722	
Other instructional programs	1,056,702		
Student support services	1,052,745	297,941	
Instructional staff support services	1,121,217	247,059	
General administration support services	666,168		
School administration support services	1,139,602		
Central services support services	919,139	413,271	400
Operation and maintenance of plant services	2,233,056	48,369	356,892
Student transportation services	727,956	9,734	
Other support services	36,246		
Food services operations		955,774	
Community services operations	97,216	5,228	
Facilities acquisition and construction services	482,162		3,468,291
Activity expenditures	484,101		
Debt Service:			
Principal retirement	64,232		405,000
Interest and fiscal charges	7,936		872,205
Net debt issuance costs			370,346
TOTAL EXPENDITURES	19,048,198	2,253,757	5,504,638
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,400,369	280,765	(2,907,190)
OTHER FINANCING SOURCES (USES)			
Transfers in			2,227,572
Transfers out	(2,227,572)		
Proceeds from refunding bond issues			19,745,000
Payments to refunding bond escrow agents			(19,513,348)
Proceeds from construction bond issue			2,890,000
TOTAL OTHER FINANCING SOURCES (USES)	(2,227,572)		5,349,224
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	172,797	280,765	2,442,034
FUND BALANCES - JULY 1	2,456,049	204,817	2,502,425
FUND BALANCES - JUNE 30	\$ 2,628,846	\$ 485,582	\$ 4,944,459

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

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON 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)	\$ 5,860,000	\$ 6,183,637	\$ 323,637			
State assistance	13,477,042	13,660,274	183,232	\$ 6,000	\$ 5,352	\$ (648)
Federal assistance				1,568,122	2,480,695	912,573
Activity revenues	48,200	528,385	480,185			
Meal sales				310,000	48,475	(261,525)
Investment income	70,000	19,384	(50,616)			
Other revenues	1,091,860	1,056,887	(34,973)			
TOTAL REVENUES	20,547,102	21,448,567	901,465	1,884,122	2,534,522	650,400
EXPENDITURES						
Regular programs	6,811,813	7,191,988	(380,175)	19,051	12,405	6,646
Special education	981,899	1,095,000	(113,101)	221,606	189,254	32,352
Career education programs	433,032	477,152	(44,120)			
Compensatory education programs	166,676	195,580	(28,904)	85,000	74,722	10,278
Other instructional programs	1,027,635	1,056,702	(29,067)			
Student support services	1,139,018	1,052,745	86,273	330,313	297,941	32,372
Instructional staff support services	1,111,398	1,121,217	(9,819)	227,162	247,059	(19,897)
General administration support services	767,117	666,168	100,949			
School administration support services	1,092,701	1,139,602	(46,901)			
Central services support services	976,480	919,139	57,341	90,616	413,271	(322,655)
Operation and maintenance of plant services	2,412,186	2,233,056	179,130		48,369	(48,369)
Student transportation services	741,187	727,956	13,231	27,600	9,734	17,866
Other support services	35,000	36,246	(1,246)			
Food services operations				962,732	955,774	6,958
Community services operations	400,169	97,216	302,953	1,774	5,228	(3,454)
Facilities acquisition and construction services	465,491	482,162	(16,671)			
Activity expenditures	48,200	484,101	(435,901)			
Debt Service:						
Principal retirement	15,000	64,232	(49,232)			
Interest and fiscal charges		7,936	(7,936)			
TOTAL EXPENDITURES	18,625,002	19,048,198	(423,196)	1,965,854	2,253,757	(287,903)

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON 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	\$ 1,922,100	\$ 2,400,369	\$ 478,269	\$ (81,732)	\$ 280,765	\$ 362,497
OTHER FINANCING SOURCES (USES)						
Transfers in	25,577,148		(25,577,148)	72,244		(72,244)
Transfers out	(27,796,242)	(2,227,572)	25,568,670	(58,244)		58,244
TOTAL OTHER FINANCING SOURCES (USES)	(2,219,094)	(2,227,572)	(8,478)	14,000		(14,000)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(296,994)	172,797	469,791	(67,732)	280,765	348,497
FUND BALANCES - JULY 1	2,552,904	2,456,049	(96,855)	208,723	204,817	(3,906)
FUND BALANCES - JUNE 30	\$ 2,255,910	\$ 2,628,846	\$ 372,936	\$ 140,991	\$ 485,582	\$ 344,591

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

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Pea Ridge 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.

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 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.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 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	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.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance Classifications

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

I. Budget and Budgetary Accounting

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

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

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

J. Stabilization Arrangements

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

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.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	6,826,521	7,231,103
Total Deposits	<u>\$ 7,326,521</u>	<u>\$ 7,731,103</u>

3: ACCOUNTS RECEIVABLE

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
State assistance			\$ 543,399
Federal assistance		\$ 182,721	
Activity fund accounts	\$ 200		
Other	48,568		
Totals	<u>\$ 48,768</u>	<u>\$ 182,721</u>	<u>\$ 543,399</u>

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS

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

A. Construction Contracts

<u>Project Name</u>	<u>Estimated Completion Date</u>	<u>Contract Balance</u>
Facilities Energy Savings Upgrades	August 2022	\$ 6,876,356
LVT Flooring	July 2021	22,423

B. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
10/1/10	10/1/27	4.6%	\$ 1,145,000	\$ 1,145,000	
5/1/14	2/1/29	1.45 - 4%	9,990,000	1,495,000	\$ 8,495,000
5/1/19	2/1/43	2 - 3.125%	8,205,000	8,105,000	100,000
1/1/20	2/1/48	1.4 - 2.7%	9,745,000	9,520,000	225,000
1/1/21	2/1/37	1 - 1.9%	5,905,000	5,905,000	
1/1/21	2/1/43	2%	3,055,000	3,055,000	
1/1/21	2/1/48	1 - 2.125%	10,785,000	10,785,000	
5/1/21	2/1/48	2.125 - 2.25%	2,890,000	2,890,000	
Total Bonds			<u>51,720,000</u>	<u>42,900,000</u>	<u>8,820,000</u>
<u>Direct Borrowings</u>					
8/29/19	8/31/21	5.6%	<u>181,928</u>	<u>60,591</u>	<u>121,337</u>
Total Direct Borrowings			<u>181,928</u>	<u>60,591</u>	<u>121,337</u>
Total Long-Term Debt			<u>\$ 51,901,928</u>	<u>\$ 42,960,591</u>	<u>\$ 8,941,337</u>

Changes in Long-term Debt

	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds payable	\$ 39,895,000	\$ 22,635,000	\$ 19,630,000 *	\$ 42,900,000
<u>Direct Borrowings</u>				
Installment contracts	<u>124,823</u>		<u>64,232</u>	<u>60,591</u>
Total Long-Term Debt	<u>\$ 40,019,823</u>	<u>\$ 22,635,000</u>	<u>\$ 19,694,232</u>	<u>\$ 42,960,591</u>

* Includes \$19,225,000 early retirement of debt – See Note 6.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS (Continued)

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

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 985,000	\$ 974,062	\$ 1,959,062	\$ 60,591	\$ 3,330	\$ 63,921
2023	995,000	945,500	1,940,500			
2024	1,015,000	928,090	1,943,090			
2025	1,325,000	909,802	2,234,802			
2026	1,420,000	887,852	2,307,852			
2027-2031	8,815,000	3,883,085	12,698,085			
2032-2036	8,615,000	3,014,499	11,629,499			
2037-2041	9,760,000	1,981,793	11,741,793			
2042-2046	7,605,000	760,563	8,365,563			
2047-2048	2,365,000	84,609	2,449,609			
Totals	<u>\$ 42,900,000</u>	<u>\$ 14,369,855</u>	<u>\$ 57,269,855</u>	<u>\$ 60,591</u>	<u>\$ 3,330</u>	<u>\$ 63,921</u>

Qualified School Construction Bonds

On October 1, 2010, the District obtained funding of \$1,145,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

Security for Debt Payments

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

5: ACCOUNTS PAYABLE

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	<u>\$ 179,373</u>	<u>\$ 30,499</u>	<u>\$ 511,919</u>

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

6: DEBT REFUNDINGS

On January 1, 2021, the District issued refunding bonds of \$5,905,000 with interest rates of 1 to 1.9 percent to refund \$5,855,000 of outstanding bonds dated January 1, 2013. The interest rates of the bonds refunded were 1 to 2.65 percent. Net bond proceeds of \$5,924,236 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on February 1, 2021. The remaining proceeds of \$1,346 (after payment of \$90,398 net bond issuance costs and district contribution of \$110,980) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$303,234 to the District over the life of the bonds.

On January 1, 2021, the District issued refunding bonds of \$3,055,000 with an interest rate of 2 percent to refund \$3,005,000 of outstanding bonds dated June 1, 2016. The interest rates of the bonds refunded were 1.25 to 3 percent. Net bond proceeds of \$3,044,384 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on February 1, 2021. The remaining proceeds of \$5,075 (after payment of \$5,541 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$232,141 to the District over the life of the bonds.

On January 1, 2021, the District issued refunding bonds of \$10,785,000 with interest rates of 1 to 2.125 percent to refund \$8,795,000 of outstanding bonds dated April 1, 2018 and \$1,570,000 of outstanding bonds dated January 1, 2019. The interest rates of the bonds refunded were 2 to 3.75 percent. Net bond proceeds of \$10,544,728 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on February 1, 2021. The remaining proceeds of \$7,942 (after payment of \$232,330 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$2,056,480 to the District over the life of the bonds.

7: INTERFUND TRANSFERS

The District transferred \$2,227,572 from the general fund to the other aggregate funds for debt related payments of \$1,377,571 and future construction projects of \$850,001.

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 \$1,887,772, equal to the required contributions.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

8: RETIREMENT PLAN (Continued)

Arkansas Teacher Retirement System (Continued)

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 \$22,341,965.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$51,720,000 issued from October 1, 2010 to May 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$57,269,855, payable through February 1, 2048. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,275,197 and \$3,009,285, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 42.38 percent.

10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for board liability and student 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.

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 \$342,728 for the year ended June 30, 2021.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 24,614		
Enhanced student achievement funding	12		
English-language learners	994		
Professional development	36,249		
Capital projects	220,622		\$2,856,207
Child nutrition programs		\$ 169,510	
Debt service			684,437
Medical services		173,927	
Special education programs	144,240		
Education stabilization fund (COVID-19)		75,688	
Other purposes	6,778	66,457	
Total Restricted	<u>433,509</u>	<u>485,582</u>	<u>3,540,644</u>
Assigned to:			
Capital projects			1,403,815
Student activities	326,009		
Total Assigned	<u>326,009</u>		<u>1,403,815</u>
Unassigned	<u>1,869,328</u>		
Totals	<u>\$2,628,846</u>	<u>\$ 485,582</u>	<u>\$4,944,459</u>

13: TERMINATION BENEFITS

During the year ended June 30, 2018, the District offered a one-time voluntary early retirement plan to all District employees. Eligible employees must have a minimum of twenty years of service credit with the Arkansas Teachers Retirement System (ATRS) or the Arkansas Public Employees Retirement System (APERS), with a minimum of ten of those years being actual active service with the District as of June 30, 2018. The plan was also available to employees that qualified for reduced pension benefits under ATRS or APERS and those employees that were on a District-approved medical leave. The application for early retirement was subject to approval by the Board of Education.

Eligible teachers who elected to participate in the plan will receive \$50,000, eligible administrators, \$60,000, plus applicable sick leave. Eligible classified employees will receive 100% of 2017-2018 contracted salary, not to exceed \$25,000, plus applicable sick leave. Benefits will be paid in equal 36 or 60 consecutive monthly payments providing the employee has fulfilled his/her contractual obligations through the exit date. The benefits will be paid from an account established under Internal Revenue Code Section 403(b) in which the District will make contributions to the account. A total of twelve employees participated in the plan. The District contributed \$224,212 and 173,210 to the plan for the years ended June 30, 2019 and June 30, 2020, respectively. During the year ended June 30, 2021, the District made the final contribution of \$176,210 for those participating employees.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 2,410,684
Construction in progress	557,836
Total nondepreciable capital assets	<u>2,968,520</u>
Depreciable capital assets:	
Buildings	66,954,386
Improvements/infrastructure	4,450,264
Equipment	3,999,683
Total depreciable capital assets	<u>75,404,333</u>
Less accumulated depreciation for:	
Buildings	10,478,949
Improvements/infrastructure	1,642,416
Equipment	2,341,235
Total accumulated depreciation	<u>14,462,600</u>
Total depreciable capital assets, net	<u>60,941,733</u>
Capital assets, net	<u><u>\$ 63,910,253</u></u>

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0407		\$ 266,827
National School Lunch Program (Note 3)	10.555			8,000
Arkansas Department of Education - National School Lunch Program	10.555	0407		650,183
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	0407000		30,366
Total for National School Lunch Program				688,549
Total U. S. Department of Agriculture				955,376
TOTAL CHILD NUTRITION CLUSTER				955,376
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	0407		382,915
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	0407		12,600
Total U. S. Department of Education				395,515
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				395,515
OTHER PROGRAMS				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Agriculture - Specialty Crop Block Grant Program - Farm Bill	10.170	0407		500
Total U. S. Department of Agriculture				500
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	0407		21,085
Total U.S. Department of the Treasury				21,085
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	0407		476,564
Total Education Stabilization Fund				476,564
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	0407		170,207
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	0407		45,889
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	0407		39,972
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	0407		12,503
Total U. S. Department of Education				745,135
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	0407		10,000
Total U. S. Department of Health and Human Services				10,000
TOTAL OTHER PROGRAMS				776,720
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 2,127,611

The accompanying notes are an integral part of this schedule.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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 Pea Ridge School District No. 109 (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 \$90,478 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON 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 no

☒ Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

☒ Material weakness(es) identified? yes no

☒ Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

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 no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



Keith Martin, Superintendent

Kevin Ramey, Assistant Superintendent
Anne Martfeld, Assistant Superintendent

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

There were no findings in the prior audit.

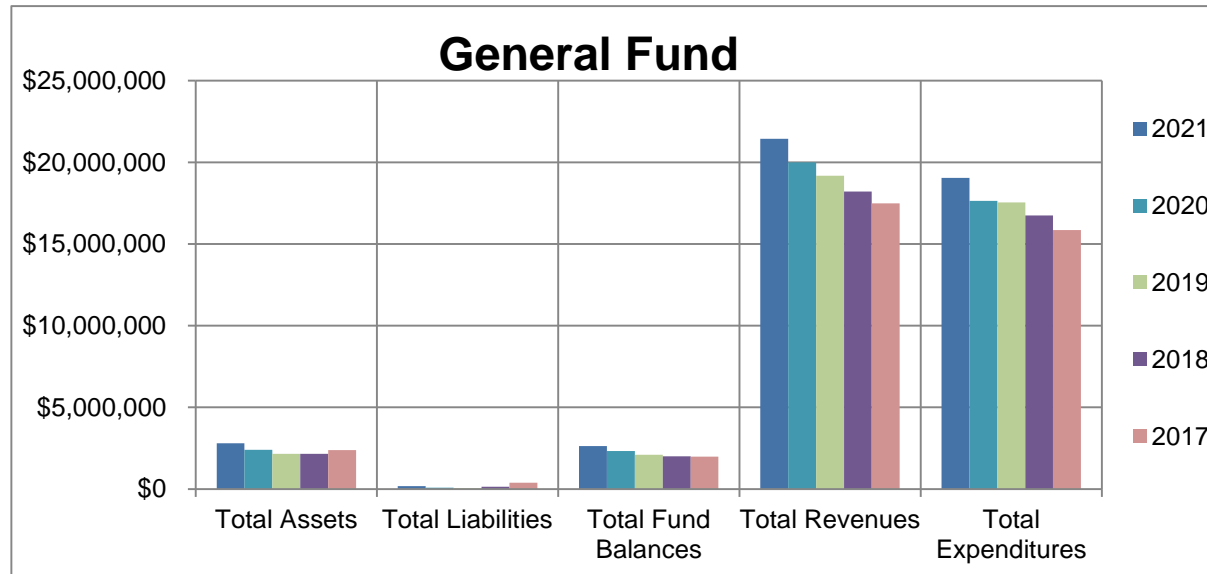
PEA RIDGE SCHOOL DISTRICT DOES NOT DISCRIMINATE ON THE BASIS OF RACE, COLOR, SEX, NATIONAL ORIGIN, OR
DISABILITY IN ANY OF ITS POLICIES, PRACTICES, OR PROCEDURES.

SI NECESITA TRADUCCION DE ESTE AVISO EN OTRO IDIOMA, HABLADO, O ESCRITO, POR FAVOR DE PEDIRLO A LA OFICINA.

PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

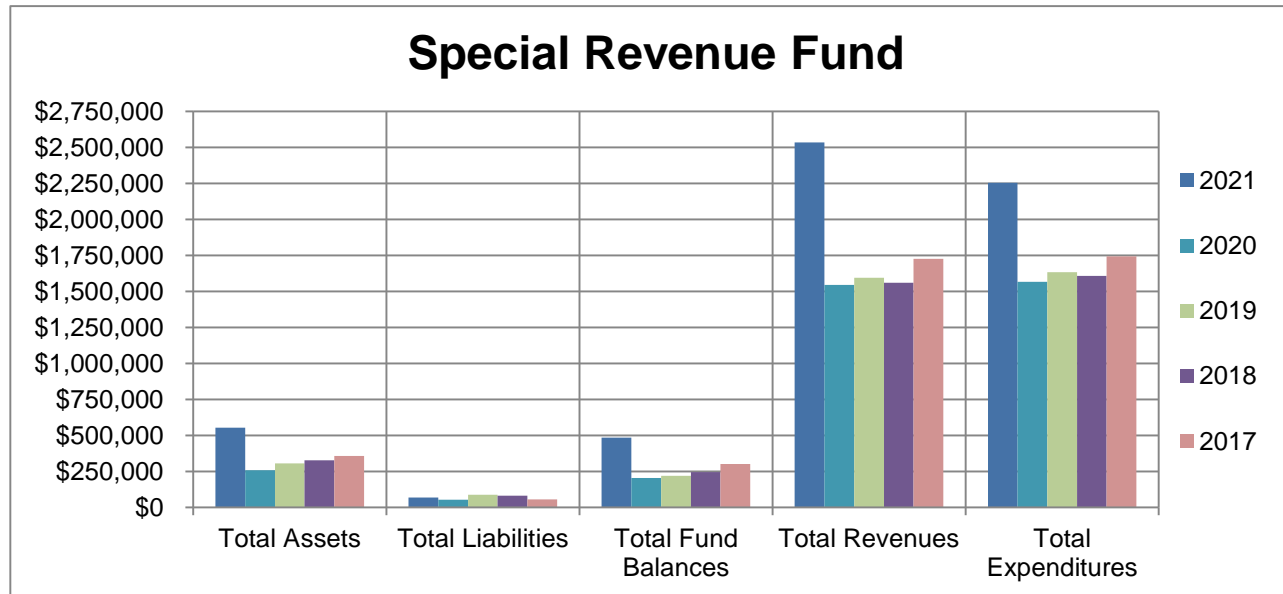
<u>General Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 2,808,219	\$ 2,408,955	\$ 2,161,392	\$ 2,152,652	\$ 2,391,983
Total Liabilities	179,373	87,599	61,007	141,746	400,434
Total Fund Balances	2,628,846	2,321,356	2,100,385	2,010,906	1,991,549
Total Revenues	21,448,567	19,998,631	19,175,773	18,204,557	17,496,506
Total Expenditures	19,048,198	17,648,632	17,548,603	16,750,674	15,857,501
Total Other Financing Sources (Uses)	(2,227,572)	(2,129,028)	(1,537,691)	(1,434,526)	(1,806,654)



PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 554,073	\$ 258,783	\$ 306,484	\$ 327,689	\$ 357,706
Total Liabilities	68,491	53,966	87,163	81,446	56,172
Total Fund Balances	485,582	204,817	219,321	246,243	301,534
Total Revenues	2,534,522	1,544,467	1,593,725	1,559,325	1,725,484
Total Expenditures	2,253,757	1,566,759	1,634,113	1,608,241	1,744,342
Total Other Financing Sources (Uses)		7,788	13,466	(6,375)	



PEA RIDGE SCHOOL DISTRICT NO. 109
BENTON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 5,456,378	\$ 6,304,229	\$ 8,086,738	\$ 9,155,188	\$ 1,350,756
Total Liabilities	511,919	3,801,804	1,107,798	8,000	3,982
Total Fund Balances	4,944,459	2,502,425	6,978,940	9,147,188	1,346,774
Total Revenues	2,597,448	6,012,304	1,703,314	28,851	73,455
Total Expenditures	5,504,638	22,536,987	7,179,934	2,093,809	2,280,015
Total Other Financing Sources (Uses)	5,349,224	12,048,168	3,308,372	9,865,372	2,372,068

