

# **SOUTH CONWAY COUNTY SCHOOL DISTRICT**

## **REGULATORY BASIS FINANCIAL STATEMENTS**

### **AND OTHER REPORTS**

**Year Ended June 30, 2021**

# **SOUTH CONWAY COUNTY SCHOOL DISTRICT**

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**Doug Dobbs, CPA, P.A.**

*Certified Public Accountant*

2123 W. Colonel Glenn Road

Little Rock, AR 72210

(501) 821-2600

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
South Conway County School District  
Morrilton, Arkansas

### **Report on the Financial Statements**

I have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the South Conway County School District (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 A, to meet the reporting requirements of the State of Arkansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described more fully in Note A 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 A 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 my 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 Opinion on Regulatory Basis of Accounting**

In my 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 A.

### **Emphasis of Matter**

As discussed in Note A to the financial statements, in 2021 the Cooperative 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

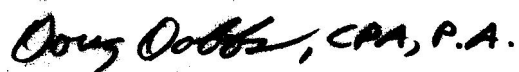
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Capital Assets, Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of State Assistance – ABC, Schedule of Billable Units and Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards, Schedule of State Assistance – ABC and Schedule of Billable Units 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 my opinion, the Schedule of Expenditures of Federal Awards, Schedule of State Assistance – ABC and Schedule of Billable Units are fairly stated, in all material respects, in relation to the regulatory basis financial statements taken 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, I do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated March 30, 2022 on my consideration of the District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

 Doug Dobbs, CPA, P.A.

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Doug Dobbs, CPA, P.A.

Little Rock, Arkansas

March 30, 2022

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**BALANCE SHEET - REGULATORY BASIS**  
**JUNE 30, 2021**

	<b>Governmental Funds</b>			
	<b>Major</b>			<b>Fiduciary Fund Types</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Other Aggregate</b>	
<b>ASSETS</b>				
Cash	\$ 2,873,531	\$ 39,107	\$ 3,929,787	\$ 191,844
Deposit with paying agent			735,899	
Accounts receivable		475,556		
<b>TOTAL ASSETS</b>	<b>\$ 2,873,531</b>	<b>\$ 514,663</b>	<b>\$ 4,665,686</b>	<b>\$ 191,844</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 126,599	\$ 149,228	\$ 24,982	\$ 3,891
Due to student groups				187,953
<b>TOTAL LIABILITIES</b>	<b>126,599</b>	<b>149,228</b>	<b>24,982</b>	<b>191,844</b>
<b>Fund balances:</b>				
Restricted	148,562	365,435	4,640,704	
Assigned	93,135			
Unassigned	2,505,235			
<b>TOTAL FUND BALANCES</b>	<b>2,746,932</b>	<b>365,435</b>	<b>4,640,704</b>	<b>0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,873,531</b>	<b>\$ 514,663</b>	<b>\$ 4,665,686</b>	<b>\$ 191,844</b>

The accompanying notes are an integral part of these financial statements

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Major</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Other Aggregate</b>
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 10,371,519	\$	\$
State assistance	12,484,315		
Tuition charges			
Federal assistance		6,604,655	27,615
Activity revenues	238,914		
Meal sales		6,694	
Investment income	3,685		6,778
Refund of prior year's expenses	6,765		
Other revenues	32,666		58,258
<b>TOTAL REVENUES</b>	<b>23,137,864</b>	<b>6,611,349</b>	<b>92,651</b>
<b>EXPENDITURES</b>			
Regular programs	8,105,111	1,170,305	
Special education	1,091,490	349,227	
Workforce education	348,151	10,723	
Compensatory education	70,783	514,862	
Other instructional programs	1,310,497		
Pupil support services	962,541	1,003,467	
Staff support services	620,406	1,278,393	
General administration support services	652,158	101,993	
School administration support services	1,239,950	39,083	
Business support services	426,238	102,287	
Operation and maintenance of plant	2,438,084	339,258	42,157
Student transportation services	1,086,961	57,519	
Other support services	137,814	29,738	
Food service operations		1,525,008	
Community services		40,679	
Facilities acquisition, improvements and construction services			672,734
Activity expenditures	235,680		
Principal			117,226
Interest and fiscal charges			712,693
<b>TOTAL EXPENDITURES</b>	<b>18,725,864</b>	<b>6,562,542</b>	<b>1,544,810</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,412,000</b>	<b>48,807</b>	<b>(1,452,159)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			3,950,812
Transfers out	(3,950,812)		
Indirect cost reimbursement	36,806	(36,806)	
Compensation for loss of use of capital assets	2,950		
Sales of fixed assets	4,614		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,906,442)</b>	<b>(36,806)</b>	<b>3,950,812</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>505,558</b>	<b>12,001</b>	<b>2,498,653</b>
<b>FUND BALANCE--BEGINNING</b>	<b>2,241,374</b>	<b>353,434</b>	<b>2,142,051</b>
<b>FUND BALANCE--ENDING</b>	<b>\$ 2,746,932</b>	<b>\$ 365,435</b>	<b>\$ 4,640,704</b>

The accompanying notes are an integral part of these financial statements

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**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**

	General Fund			Special Revenue Fund		
	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)	Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 9,846,676	\$ 10,371,519	\$ 524,843			
State assistance	12,056,803	12,484,315	427,512			
Tuition charges		0	0			
Federal assistance		0	0	\$ 4,620,522	\$ 6,604,655	\$ 1,984,133
Activity revenues		238,914	238,914			
Meal sales		0	0	11,100	6,694	(4,406)
Investment income	20,000	3,685	(16,315)			
Refund of prior year's expenses		6,765	6,765			
Other revenues	70,300	32,666	(37,634)			
<b>TOTAL REVENUES</b>	<b>21,993,779</b>	<b>23,137,864</b>	<b>1,144,085</b>	<b>4,631,622</b>	<b>6,611,349</b>	<b>1,979,727</b>
<b>EXPENDITURES</b>						
Regular programs	8,717,600	8,105,111	612,489	1,678,396	1,170,305	508,091
Special education	1,160,011	1,091,490	68,521	305,245	349,227	(43,982)
Workforce education	372,146	348,151	23,995		10,723	(10,723)
Compensatory education	70,653	70,783	(130)	509,038	514,862	(5,824)
Other instructional programs	1,154,235	1,310,497	(156,262)		0	0
Pupil support services	1,049,271	962,541	86,730	956,893	1,003,467	(46,574)
Staff support services	1,161,846	620,406	541,440	874,201	1,278,393	(404,192)
General administration support services	629,719	652,158	(22,439)	93,571	101,993	(8,422)
School administration support services	1,284,334	1,239,950	44,384		39,083	(39,083)
Business support services	548,482	426,238	122,244	100,000	102,287	(2,287)
Operation and maintenance of plant	2,957,198	2,438,084	519,114	330,901	339,258	(8,357)
Student transportation services	1,635,972	1,086,961	549,011	728,120	57,519	670,601
Other support services	213,595	137,814	75,781		29,738	(29,738)
Food service operations		0	0	1,549,783	1,525,008	24,775
Community services		0	0	132,297	40,679	91,618
Facilities acquisition, improvements and construction services		0	0		0	0
Activity expenditures		235,680	(235,680)		0	0
<b>TOTAL EXPENDITURES</b>	<b>20,955,062</b>	<b>18,725,864</b>	<b>2,229,198</b>	<b>7,258,445</b>	<b>6,562,542</b>	<b>695,903</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,038,717</b>	<b>4,412,000</b>	<b>3,373,283</b>	<b>(2,626,823)</b>	<b>48,807</b>	<b>2,675,630</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,071,285)	(3,950,812)	(2,879,527)	(518)	0	518
Indirect cost reimbursement	32,753	36,806	4,053	(36,806)	(36,806)	0
Compensation for loss of use of capital assets		2,950	2,950	0	0	0
Sales of fixed assets		4,614	4,614			0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,038,532)</b>	<b>(3,906,442)</b>	<b>(2,867,910)</b>	<b>(37,324)</b>	<b>(36,806)</b>	<b>518</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ 185</b>	<b>\$ 505,558</b>	<b>\$ 505,373</b>	<b>\$ (2,664,147)</b>	<b>\$ 12,001</b>	<b>\$ 2,676,148</b>

The accompanying notes are an integral part of these financial statements



**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Board of Education, a seven member group, is the level of government which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the South Conway County School District (District). There are no component units.

**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 expenditures 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 expenditures for capital outlays including 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 fund for individuals, private organizations, or other governments.

**Debt Service Fund** - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Fiduciary Fund types include the following:*

**Agency Funds** - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**Private Purpose Trust Funds** – Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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, as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to the 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, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to the financial statements.

**REVENUE RECOGNITION POLICIES**

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

**CAPITAL ASSETS**

Land, buildings and equipment are stated on the basis of historical costs 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. Assets acquired through gifts or donations are recorded at their estimated or market value at time of acquisition. The District defines capital assets as assets with an initial,

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

individual cost of \$1,000 or greater and an estimated useful life in excess of two years. No salvage value is taken into consideration for depreciation purposes.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed. Depreciable capital assets are depreciated using the straight-line method over useful lives of 25–50 years for buildings and improvements and 5-20 years for furniture and equipment.

**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 with 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.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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 *intent* to be used for specific purposes, but are neither restricted or 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.

**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.

**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.

**MINIMUM FUND BALANCE POLICIES**

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

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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 formally adopted a 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 common 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 an expenditure is incurred for purposes for which restricted or 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 balance 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.

**ENCUMBRANCES**

The District does not utilize encumbrance accounting.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE B – 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:

	<b>Carrying Amount</b>	<b>Bank Balance</b>
Insured (FDIC)	\$ 500,000	\$ 500,000
Collateralized with collateral held by the pledging bank or pledging bank's trust department in the District's name	6,534,269	6,944,381
	<u><u>\$ 7,034,269</u></u>	<u><u>\$ 7,444,381</u></u>

The above total deposits include a certificate of deposit of \$ 407,739 reported with cash and investments and classified as nonparticipating contracts.

**NOTE C – RECEIVABLES**

The accounts receivable balance of \$ 475,556 at June 30, 2021 was comprised of the following:

Description	Governmental Funds						Total	
	Major				Other			
	General	Special Revenue	Aggregate					
Intergovernmental receivable	\$	\$	475,556	\$		\$	475,556	
Federal assistance								
Total	\$	--	\$	475,556	\$	--	\$	475,556

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE D – COMMITMENTS**

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

<u>Date of issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate %</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
1/1/16	6/1/45	3.0 – 3.75	38,430,000	--	38,430,000
10/1/10	10/1/27	4.50	1,300,000	1,300,000	--
3/26/15	3/26/25	2.98	356,000	155,139	200,861
11/21/17	11/21/37	3.23	2,067,852	1,794,592	273,260
7/1/18	7/1/45	3.50	7,185,000	--	7,185,000
7/25/18	7/25/21	3.50	178,370	5,259	173,111
2/1/21	6/1/45	1.50	6,970,000	6,970,000	--
9/1/20	6/1/45	1.25-2.00	35,710,000	35,710,000	--
<b>Totals</b>			<b>\$ 92,197,222</b>	<b>\$ 45,934,990</b>	<b>\$ 46,262,232</b>

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	\$ 42,715,000	\$ 42,680,000	\$ (41,415,000)	\$ 43,980,000
Lease Purchase	2,135,338		(180,348)	1,954,990
	<b>\$ 44,850,338</b>	<b>\$ 42,680,000</b>	<b>\$ (41,595,348)</b>	<b>\$ 45,934,990</b>

**Qualified School Construction Bonds:**

On October 1, 2010, the District obtained funding of \$ 1,300,000 from Qualified School Construction Bonds, a program of tax-credit bonds for school construction authorized by the American Recovery and Reinvestment Act. The District will receive periodic reimbursements from the U.S. Treasury for interest paid to the bondholders. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest will be used to retire the debt when due. The yearly deposits required to be made to the sinking fund are \$ 76,471 less interest earned on the fund. The balance of the sinking fund at the end of the year was \$ 735,899 and is shown as deposit with paying agent.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE D – COMMITMENTS – (CONTINUED)**

Future Principal and Interest Payments:

<b>Year Ending</b>			
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	126,210	807,313	933,523
2023	124,795	803,440	928,235
2024	728,762	799,473	1,528,235
2025	1,707,856	786,480	2,494,336
2026	1,785,339	764,454	2,549,793
2027 – 2031	10,625,330	3,269,904	13,895,234
2032 – 2036	10,236,612	2,476,733	12,713,344
2037 - 2041	10,980,086	1,528,553	12,508,639
2042 - 2045	9,620,000	444,675	10,064,675
<b>Totals \$</b>	<b><u>45,934,990</u></b>	<b><u>11,681,025</u></b>	<b><u>57,616,014</u></b>

**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 Arkansas Department of Education (ADE). Depending on the date of the bond issue, ADE 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.



**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE E – ACCOUNTS PAYABLE**

The accounts payable balance of \$ 304,700 was comprised of the following:

Description	Governmental Funds			Fiduciary Fund Types	Total
	Major		Other Aggregate		
	General	Special Revenue			
Vendor payables	\$ 126,599	\$ 149,228	\$ 24,982	\$ 3,891	304,700

**NOTE F – RETIREMENT PLANS**

**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 all Arkansas public school employees, 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 or by calling 1-800-666-2877.

**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 maximum allowed by State law. The District's contributions to ATRS for the year ended June 30, 2021 were \$ 1,995,628 equal to the required contribution.

**Net Pension Liability.** The Arkansas Department of 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 Cooperative's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) is \$ 24,463,399.

**Arkansas Public Employees Retirement System.**

**Plan Description** – The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teachers hired before July 1, 1989. APERS, administered by a Board of Trustees, provides retirement

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE F – RETIREMENT PLAN - (CONTINUED)**

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 Public Employees System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees System, 124 West Capitol, Suite 400, Little Rock, Arkansas, 72201 or by calling 1-800-682-7377.

**Funding Policy** – APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% 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 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2021 were \$ 0 equal to the required contribution.

**Net Pension Liability.** The Arkansas Department of 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, 2021 (actuarial valuation date and measurement date) is \$ 9,583.

**NOTE G – EMPLOYEE FRINGE BENEFITS**

The District has an IRS code section 125 cafeteria plan offering health, dental and vision insurance and medical and child care reimbursement to current employees. Approximately \$ 752,905 of wages were withheld under the plan.

**NOTE H – RISK MANAGEMENT**

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

The District carries commercial insurance for board liability and student accidents. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

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.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE H – RISK MANAGEMENT – (CONTINUED)**

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

**NOTE I – CONTINGENCIES**

The school district participates in federally assisted grant programs. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE J – NON-MONETARY TRANSACTIONS**

Non-monetary transactions are reflected in these financial statements at their fair value. During the fiscal year ended June 30, 2021, commodities were received by the District in the amount of \$ xxx,xxx. The commodities were used in the school lunch program.

**NOTE K – INTERFUND TRANSFERS**

The District had the following interfund transfers for the year ended June 30, 2021:

From: General fund to building fund (for capital projects)	\$ 3,152,156
General fund to debt service fund (for debt payments)	<u>798,656</u>

<b>Total Interfund Transfers</b>	<b><u>\$ 3,950,812</u></b>
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**NOTE L – ON-BEHALF PAYMENTS**

During the year ended June 30, 2021 health insurance premiums of \$ 399,890 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of District employees.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE M – SOUTH CONWAY COUNTY PUBLIC SCHOOL FOUNDATION**

The South Conway County Public Education Foundation (the Foundation) was established as a non-profit organization under the laws of the state of Arkansas to conduct fundraising activities exclusively for the educational benefit of the District's students and staff. Management believes that the activities and balances of the Foundation are not material to the District's financial statements taken as a whole. Such amounts are not reflected therein. Condensed financial information (unaudited) for the Foundation as of, and for the year ended June 30, 2021, is as follows:

<b>Support and Revenues</b>	<b>\$ <u>50,766</u></b>
<b>Expenses</b>	
Grants and scholarships	12,450
Other expenses	<u>1,132</u>
	<b><u>13,582</u></b>
 Increase (Decrease) in Net Assets	 37,184
Net Assets, Beginning of Year	<u>187,023</u>
<b>Net Assets, End of Year</b>	<b>\$ <u><u>224,207</u></u></b>

**NOTE N – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 31, 2022, the date the financial statements were available to be issued.

**NOTE O – PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire debt of \$ 45,934,990 issued from October 1, 2010 through February 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$ 57,616,014, payable through June 1, 2045. Principal and interest paid for the current year and total property taxes pledged for debt service were \$ 829,919 and \$ 4,086,747 respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 20.31 percent.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE P - DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS  
DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds			Total
	Major		Other Aggregate	
	General	Special Revenue		
Fund Balances:				
Restricted for:				
State programs	\$ 148,562		\$	\$ 148,562
Federal programs		(59,144)		(59,144)
Building projects			4,640,704	4,640,704
Child nutrition programs		424,580		424,580
<b>Total Restricted</b>	<b>148,562</b>	<b>365,436</b>	<b>4,640,704</b>	<b>5,154,702</b>
Assigned to:				
Student activities	<b>93,135</b>			<b>93,135</b>
Unassigned:	<b>2,505,235</b>			<b>2,505,235</b>
Totals	\$ 2,746,932	\$ 365,436	\$ 4,640,704	\$ 7,753,072

## **OTHER REPORTS AND SUPPLEMENTARY INFORMATION**



**Doug Dobbs, CPA, P.A.**

*Certified Public Accountant*  
2123 W. Colonel Glenn Road  
Little Rock, AR 72210  
(501) 821-2600

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**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**

To the Board of Education  
South Conway County School District  
Morrilton, Arkansas

I have audited, 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, the financial statements of each major governmental fund and the aggregate remaining fund information of the South Conway County School District (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 my report thereon dated March 30, 2022. I issued an adverse opinion because the District prepared the financial statements using accounting practices prescribed or permitted by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices 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 fund and special revenue funds for the year then ended, on the basis of accounting described in Note A.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the regulatory basis financial statements, I considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my 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, I 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.


My 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 those limitations, during my audit I did not identify any deficiencies in internal control that I 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 of material misstatement, I 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my 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 report is not suitable for any other purpose.

 Doug Dobbs, CPA, P.A.

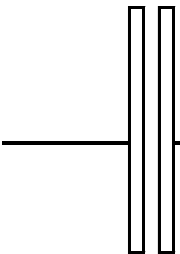
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Doug Dobbs, CPA, P.A.

Little Rock, Arkansas

March 30, 2022





**Doug Dobbs, CPA, P.A.**

*Certified Public Accountant*

2123 W. Colonel Glenn Road

Little Rock, AR 72210

(501) 821-2600

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

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
South Conway County School District  
Morrilton, Arkansas

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

I have audited the South Conway County School District (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 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**

My responsibility is to express an opinion on compliance for each of the District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the District's compliance.

### **Opinion on Each Major Federal Program**

In my opinion, the South Conway County School 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 my audit of compliance, I 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 Guide, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider 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 my 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.

*Doug Dobbs, CPA, P.A.*

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Doug Dobbs, CPA, P.A.

Little Rock, Arkansas

March 30, 2022

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
JUNE 30, 2021**

(Unaudited)

	<u><b>Balance June 30, 2021</b></u>
<i><b>Nondepreciable capital assets:</b></i>	
Land	\$ <u>417,956</u>
<b>Total nondepreciable cost</b>	<u><b>417,956</b></u>
<i><b>Capital assets that are depreciated:</b></i>	
Buildings	58,140,442
Improvements/infrastructure	3,993,518
Furniture and equipment	<u>6,535,756</u>
<b>Total depreciable historical cost</b>	<u><b>68,669,716</b></u>
<i><b>Less accumulated depreciation for:</b></i>	
Buildings	15,488,155
Improvements/infrastructure	3,151,037
Furniture and equipment	<u>3,162,994</u>
<b>Total accumulated depreciation</b>	<u><b>21,802,186</b></u>
<b>Total depreciable cost, net</b>	<u><b>46,867,530</b></u>
Capital assets, net	\$ <u><u><b>47,285,486</b></u></u>

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS- THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b><i>CHILD NUTRITION CLUSTER</i></b>			
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b><u>Passed Through State Department of Human Services</u></b>			
National School Lunch Program – Non-Cash Assistance (Food Distribution) (Note 3)	10.555	1507000	<u>77,237</u>
<b><u>Passed Through State Department of Education</u></b>			
School Breakfast Program – Cash Assistance	10.553	15-07	532,801
National School Lunch Program-Cash Assistance	10.555	15-07	<u>1,020,788</u>
<b>Total State Department of Education</b>			<u>1,553,589</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>			<u><b>1,630,826</b></u>
<b><i>SPECIAL EDUCATION CLUSTER</i></b>			
<b><u>Passed Through State Department of Education</u></b>			
Special Education Grants to States	84.027	15-07	603,380
Special Education Preschool Grants	84.173	15-07	<u>37,567</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER</b>			<u><b>640,947</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b><u>Passed Through State Department of Education</u></b>			
Title I - Part A - Grants to Local Education Agencies	84.010	15-07	777,497
Rural Education	84.358	15-07	197,733
Comprehensive Literacy Development	84.371	15-07	96,649
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	15-07	<u>2,448,971</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><b>3,520,850</b></u>

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b><u>Passed Through State Department of Education</u></b>			
Fresh Fruit & Vegetable Program	10.582	15-07	<b>16,557</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<b><u>Passed Through State Department of Education</u></b>			
Coronavirus Relief Fund	21.019	15-07	<b>26,942</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b><u>Passed Through Arkansas Department of Education</u></b>			
Child Care and Development Block Grant	93.575	15-07	10,067
Medical assistance program	93.778	15-07	119,483
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>129,550</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>5,965,672</u></b>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. Basis of Presentation - This schedule includes the federal grant activity of the 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.
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.
3. Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

4. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
5. During the year ended June 30, 2021, the District received Medicaid funding of \$ 632,232 from the State Department of Human Services under two separate programs. Such payments are not considered Federal awards expended and therefore are not included in the above schedule.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. My report expresses an adverse opinion on the GAAP basis of reporting and an unqualified opinion on the regulatory basis opinion units.
2. There were no material weaknesses identified in internal control over financial reporting.
3. There were no significant deficiencies identified in internal control over financial reporting.
4. There was no noncompliance material to the financial statements noted.
5. There were no material weaknesses identified in internal control over major federal programs.
6. There were no significant deficiencies identified in internal control over major federal programs.
7. My report on compliance for the major federal award programs expresses an unqualified opinion.
8. There were no audit findings relative to the major federal award programs required to be reported in accordance with 2 CFR 200.516(a).
9. The programs tested as major were: Child Nutrition Cluster, CFDA # 10.553, 10.555 and Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act, CFDA # 84.425.
10. The threshold for distinguishing types A and B programs was \$ 750,000.
11. The South Conway County School District was determined not to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

No findings.



**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**C. FINDINGS – FEDERAL AWARDS AUDIT**

No findings.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

No findings.

**Doug Dobbs, CPA, P.A.**

*Certified Public Accountant*  
2123 W. Colonel Glenn Road  
Little Rock, AR 72210  
(501) 821-2600

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

To the Board of Education  
South Conway County School District  
Morrilton, Arkansas

I have examined management's assertions, included in its representation letter dated, March 30, 2022 that South Conway County School District substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended June 30, 2021. As discussed in that representation letter, management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on management's assertions about the District's compliance based on my examination.

My examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the District's compliance with specified requirements.

In my opinion, management's assertions that South Conway County School District complied with the aforementioned requirements for the year ended June 30, 2021, are fairly stated, in all material respects.

This report is intended solely for the information and use of the School Board, management, and the Arkansas Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Doug Dobbs, CPA, P.A.*

Doug Dobbs, CPA, P.A.  
Little Rock, Arkansas  
March

30,

2022

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE ADDRESSED  
IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

<b><u>DESCRIPTION</u></b>	<b><u>STATUTES</u></b>
District Bonded & Non-bonded Debt, School Bonds	6-20-1201 – 6-20-1208; 6-20-1210
Ethical Guidelines and Prohibitions for Board Members, Administrators, and Employees	6-13-628; 6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20-402
• Bidding & Purchasing Commodities	6-21-301 – 6-21-305
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals - declining accrual percentages)	6-20-401
• Investment of Funds	19-1-504
Management of Schools	6-13-604; 6-13-606; 6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-24-101 et seq.
• Board of Directors	
• District Treasurer	6-13-701
◦ Warrants/checks	6-17-918; 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 – 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Salary increases 5% or more (certified & Classified)	6-13-635
Teachers and Employees	
• Personnel Policies	6-17-201 et seq., 6-17-2301
• Employment and Assignment	6-17-301 et seq.
• Teacher's License Requirement	6-17-401 et seq.
• Contracts	6-17-801 et seq.
• Certification Requirements	6-17-309; 6-17-401
• Fair Dismissal Act	6-17-1501 et seq.; 6-17-1701 et seq.
• Sick Leave Policies	6-17-1201 et seq.; 6-17-1301 et seq.
• Salary Laws – Classified	6-17-2201 et seq.; 6-17-2301 et seq.
• Minimum Wage Act	11-4-213, 11-4-218, 11-4-403, 11-4-405
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
Trust Funds (Education Excellence)	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
Regulatory Basis of Accounting	10-4-413 (c) (Act 867 of 2019)
Real Estate and Personal Property Tax Appeals	26-35-802 (Act 657 of 2019)
Arkansas Procurement Law	19-11-201 et. seq.
Fiscal Accountability	6-20-1901, et. seq. (Act 929 of 2019)
Limitation on Fund Balance	6-20-2210 (Waived for 2019-2020 only)
Enhanced Student Achievement Funding	6-20-2305 (B)(4)(F)(1)
Cares Act (COVID-19) Education Funding	Commissioner's Memo LS-20-089
Charter Facilities Funding	6-23-908

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF STATE ASSISTANCE - ABC  
FOR THE YEAR ENDED JUNE 30, 2021**

<u>PROGRAM GRANTOR/PROGRAM TITLE</u>	<u>STATE REVENUES</u>	<u>STATE EXPENDITURES</u>
<b>ARKANSAS DEPARTMENT OF EDUCATION</b>		
Arkansas Better Chance (ABC)	\$ <u>407,350</u>	\$ <u>401,830</u>
<b>TOTAL STATE ASSISTANCE - ABC</b>	<b>\$ <u>407,350</u></b>	<b>\$ <u>401,830</u></b>

**NOTES TO THE SCHEDULE OF STATE ASSISTANCE - ABC**

1. This schedule is presented on the modified accrual basis of accounting. This is not intended to be an all-inclusive presentation of state awards and expenditures. See Statement of Revenues, Expenditures and Changes in Fund Balance for total state assistance received.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SUPPLEMENTAL DATA SHEET  
FOR THE YEAR ENDED JUNE 30, 2021**

The following information is being provided to satisfy the requirements of Arkansas Department of Health and Human Services Audit Guidelines, Section IX. C – Special Requirements:

- |                               |  |
|-------------------------------|--|
| 1. Entity's Full Name:        | South Conway County School District        |
| 2. Entity's Address:          | 100 Baramore Street<br>Morrilton, AR 72110 |
| 3. Entity's FEIN:             | 71-0536414                                 |
| 4. Entity's Telephone Number: | (501) 354-9400                             |
| 5. Name of Director:          | Shawn Halbrook, Superintendent             |
| 6. Name of Contact Person:    | Shawn Halbrook, Superintendent             |

**SOUTH CONWAY COUNTY SCHOOL DISTRICT  
SCHEDULE OF BILLABLE UNITS  
SCHOOL BREAKFAST AND NATIONAL SCHOOL  
LUNCH PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2021**

Meals Rendered in Accordance with U.S. Department of Agriculture Child Nutrition Program:

<b>DESCRIPTION</b>	<b>NUMBER OF UNITS</b>	<b>RATE</b>	<b>TOTAL INCOME</b>
<b>Breakfast - Severe Need</b>			
Paid	-	0.35	\$ -
Free	235,753	2.26	532,802
Reduced	-	1.96	-
<b>Total Breakfast</b>	<b>235,753</b>		<b>532,802</b>
<b>Lunch - Safety Net</b>			
Paid	-	0.35	-
Free	283,552	3.53	1,000,939
Reduced	-	3.13	-
<b>Total Lunch</b>	<b>283,552</b>		<b>1,000,939</b>
<b>Performance based reimbursement</b>	<b>283,552</b>	0.07	<b>19,849</b>
<b>Total</b>			<b>\$ 1,553,589</b>

**SOUTH CONWAY COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
(Unaudited)

<b><u>General Fund</u></b>	<b>YEAR ENDED JUNE 30,</b>				
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Total Assets	\$ 2,873,531	\$ 2,789,900	\$ 3,106,820	\$ 2,790,478	\$ 2,831,165
Total Liabilities	126,599	548,526	144,015	128,087	425,898
Total Fund Balances	2,746,932	2,241,374	2,962,805	2,919,515	2,405,267
Total Revenues	23,137,864	22,897,593	22,505,793	22,847,501	20,944,154
Total Expenditures	18,725,864	19,604,373	19,064,736	18,981,288	16,850,580
Total Other Financing Sources (Uses)	(3,906,442)	(4,014,951)	(3,140,643)	(3,609,089)	(4,448,922)
<b><u>Special Revenue Fund</u></b>					
Total Assets	514,663	361,765	275,925	302,669	334,283
Total Liabilities	149,228	8,331	13,720	27,114	8,084
Total Fund Balances	365,435	353,434	262,205	224,911	326,199
Total Revenues	6,611,349	3,904,340	3,735,525	3,527,888	3,532,969
Total Expenditures	6,562,542	3,813,111	3,719,194	3,578,532	3,463,348
Total Other Financing Sources (Uses)	(36,806)	-	(29,681)	-	
<b><u>Other Aggregate Funds</u></b>					
Total Assets	4,665,686	2,536,412	8,327,358	2,900,917	11,912,928
Total Liabilities	24,982	394,361	1,111,806	540,351	2,186,766
Total Fund Balances	4,640,704	2,142,051	7,215,552	(5,005,030)	9,726,162
Total Revenues	92,651	117,249	167,223	979,244	403,491
Total Expenditures	1,544,810	9,318,641	5,581,349	14,074,064	20,184,768
Total Other Financing Sources (Uses)	3,950,812	4,127,891	10,269,112	5,729,224	4,459,991