



**JONESBORO SCHOOL DISTRICT NO. 1  
JONESBORO, ARKANSAS**

**REGULATORY BASIS FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2021**

**with**

**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**HQ**  
**CPAs & Advisors PLLC**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Education  
Jonesboro School District No. 1  
Jonesboro, Arkansas

**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 Jonesboro School District No. 1 (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 basic 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 practices prescribed by the Arkansas Code Ann. § 10-4-413(c) provided in Act 867 of 2019, which is described in Note 1. 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 entity'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 entity'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 more fully in Note 1, the District has prepared the financial statements using financial reporting practices prescribed or permitted by Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting practices prescribed by Arkansas Code. 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 determined, 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" paragraph, 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 its financial position for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and budgetary results for the year then ended, on the basis of accounting described in Note 1.

***Other Matters***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of capital assets, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of state assistance, schedule of units of service – Child and Adult Care Food Program, and the supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of state assistance are the responsibility of management and were derived from and relate 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 and schedule of state assistance are fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

The schedule of capital assets, schedule of units of service – Child and Adult Care Food Program and supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines 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.

To the Board of Education  
Page Three

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

HCT CPAs & Advisors, PLLC

Little Rock, Arkansas  
January 17, 2022

## **FINANCIAL STATEMENTS**

**JONESBORO SCHOOL DISTRICT NO. 1****BALANCE SHEET - REGULATORY BASIS****JUNE 30, 2021**

	<b>Governmental Funds</b>		
	<b>Major</b>		<b>Other Governmental Funds</b>
	<b>General Fund</b>	<b>Special Revenue Fund</b>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,161,709	\$ 2,692,858	\$ 43,812,943
Accounts Receivable	41,309	1,403,873	-
Due From Other Funds	1,173,413	-	-
Total Assets	<u>\$ 13,376,431</u>	<u>\$ 4,096,731</u>	<u>\$ 43,812,943</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 447,458	\$ 189,086	\$ 156,513
Due to Other Funds	-	1,173,413	-
Total Liabilities	<u>447,458</u>	<u>1,362,499</u>	<u>156,513</u>
<b>Fund Balances:</b>			
Restricted:			
State Programs	3,158,766	-	-
Federal Programs	-	2,734,232	-
Capital Projects	-	-	978,068
Assigned:			
Capital Projects	-	-	42,678,362
Unassigned	9,770,207	-	-
Total Fund Balances	<u>12,928,973</u>	<u>2,734,232</u>	<u>43,656,430</u>
Total Liabilities and Fund Balances	<u>\$ 13,376,431</u>	<u>\$ 4,096,731</u>	<u>\$ 43,812,943</u>

See accompanying notes.

# JONESBORO SCHOOL DISTRICT NO. 1

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS

YEAR ENDED JUNE 30, 2021

	Major		
	General Fund	Special Revenue Fund	Other Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 21,461,525	\$ -	\$ -
Interest	855,774	-	606,504
Tuition Charges	236,505	-	-
State Revenues	39,192,678	30,144	116,500
Federal Revenues	-	17,476,263	-
Food Services	-	46,875	-
Student Activities	160,343	-	-
Other	2,441,073	324	-
	<u>64,347,898</u>	<u>17,553,606</u>	<u>723,004</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction and Instructional - Related Services	34,966,693	5,794,431	-
Support Services	22,638,778	6,288,954	4,647
Non-Instructional Services	258,064	3,596,792	-
Other	-	144,232	-
<b>Debt Service:</b>			
Interest and Fiscal Charges	-	-	514,175
Paying Agent's Fees	-	-	7,045
<b>Capital Outlay</b>	<u>2,392,075</u>	<u>872,875</u>	<u>3,957,259</u>
	<u>60,255,610</u>	<u>16,697,284</u>	<u>4,483,126</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	4,092,288	856,322	(3,760,122)
<b>OTHER FINANCING (USES) SOURCES</b>			
Transfers, Net	(7,318,543)	-	7,318,543
Bond Issuance Costs	-	-	(242,637)
Proceeds from Bond Issue	-	-	60,637,280
Payment to Refunding Agent	-	-	(29,460,000)
Payment of Refunding Interest	-	-	(373,407)
Compensation for Disposal of Capital Assets	94,456	11,794	-
Total Other Financing (Uses) Sources	<u>(7,224,087)</u>	<u>11,794</u>	<u>37,879,779</u>
<b>Net Change in Fund Balances</b>	(3,131,799)	868,116	34,119,657
<b>Fund Balance - Beginning</b>	<u>16,060,772</u>	<u>1,866,116</u>	<u>9,536,773</u>
<b>Fund Balance - Ending</b>	<u>\$ 12,928,973</u>	<u>\$ 2,734,232</u>	<u>\$ 43,656,430</u>

See accompanying notes.



**JONESBORO SCHOOL DISTRICT NO. 1****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS -  
REGULATORY BASIS****YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Property Taxes	\$ 20,858,590	\$ 21,461,525	\$ 602,935
Interest	609,000	855,774	246,774
Tuition Charges	350,000	236,505	(113,495)
State Revenues	38,118,447	39,192,678	1,074,231
Federal Revenues	-	-	-
Food Services	-	-	-
Student Activities	-	160,343	160,343
Other	2,484,646	2,441,073	(43,573)
	<u>62,420,683</u>	<u>64,347,898</u>	<u>1,927,215</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction and Instructional-Related Services	36,732,118	34,966,693	1,765,425
Support Services	24,139,649	22,638,778	1,500,871
Non-Instructional Services	521,522	258,064	263,458
Other	-	-	-
<b>Capital Outlay</b>	<u>3,224,636</u>	<u>2,392,075</u>	<u>832,561</u>
	<u>64,617,925</u>	<u>60,255,610</u>	<u>4,362,315</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(2,197,242)	4,092,288	6,289,530
<b>OTHER FINANCING (USES) SOURCES</b>			
Transfers, Net	(2,729,064)	(7,318,543)	(4,589,479)
Compensation for Disposal of Capital Assets	-	94,456	94,456
Total Other Financing (Uses) Sources	<u>(2,729,064)</u>	<u>(7,224,087)</u>	<u>(4,495,023)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (4,926,306)</u>	<u>\$ (3,131,799)</u>	<u>\$ 1,794,507</u>

See accompanying notes.

Special Revenue Fund		
Budget	Actual	Variance
\$ -	\$ -	\$ -
-	-	-
-	-	-
30,188	30,144	(44)
25,167,071	17,476,263	(7,690,808)
136,692	46,875	(89,817)
-	-	-
-	324	324
25,333,951	17,553,606	(7,780,345)
7,485,130	5,794,431	1,690,699
8,882,552	6,288,954	2,593,598
5,636,466	3,596,792	2,039,674
278,568	144,232	134,336
3,430,816	872,875	2,557,941
25,713,532	16,697,284	9,016,248
(379,581)	856,322	1,235,903
-	-	-
-	11,794	11,794
-	11,794	11,794
\$ (379,581)	\$ 868,116	\$ 1,247,697

# **JONESBORO SCHOOL DISTRICT NO. 1**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

### **Note 1: Summary of Significant Accounting Policies**

#### **Reporting Entity**

The Jonesboro School District No. 1 (the "District") operates schools for students in grades Pre-Kindergarten through twelve in Jonesboro, Arkansas. The District operates under current standards prescribed by the Arkansas Department of Education in accordance with the provision of the School Laws of Arkansas. The Board of Education, a seven (7) 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 District. There are no component units.

#### **Fund Accounting**

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue.

**General Fund** - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be reported in another fund. The Activity Funds are included in the General Fund and are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

**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 and state revenues and related expenditures restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes transfers from the general fund to supplement such programs.

Other governmental funds presented in the aggregate, consist of the following:

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

**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.

Fiduciary Fund types including the following:

**Private Purpose** - (trust fund) accounts for activities that are not District programs, but are programs sponsored by individuals, private districts or other governments. Although the District serves as fiscal agent, the funds received and held under these programs are not available to support the District's activities and programs, but are received and held for the benefit of individuals, private districts or other governments participating in the sponsored programs. The programs accounted for within this are expandable trust funds. The District does not have any private purpose accounts at year end.

# **JONESBORO SCHOOL DISTRICT NO. 1**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

### **Measurement Focus and Basis of Accounting**

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). This basis of accounting is prescribed by Ark. Code Ann. 10-4-413(c), as provided in Act 867 of 2019, 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 requires that basic financial statements present government-wide financial statements. Additionally, GAAP requires 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, 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, if any, 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" page 9).

### **Capital Assets**

Information on capital assets and related depreciation is reported in the accompanying Schedule of Capital Assets. 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 fair value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

## JONESBORO SCHOOL DISTRICT NO. 1

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Buildings and Improvements	20-50
Furniture and Equipment	5-20
Vehicles	8

#### Property Taxes

Property taxes are levied in November based on property assessments made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on 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.

#### Fund Balance Classifications

Under the RBA, fund balance is reported under the following five classifications:

1. **Nonspendable Fund Balance** - includes amounts that are not in a spendable form or are required to be maintained intact. The District does not have any nonspendable fund balance at year end.
2. **Restricted Fund Balance** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The Restricted for State Programs and Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements. The Restricted for Capital Projects balance reflects savings from the refunding of outstanding bonds which are required to be used for academic construction projects and equipment.
3. **Committed Fund Balance** - includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority (the Board of Education) and does not lapse at year end. The District does not have any committed fund balance at year end.
4. **Assigned Fund Balance** - includes amounts intended for a specific purpose by the Board of Education or by a District official that has been delegated authority to assign amounts. The Assigned for Capital Projects balance reflects amounts that are assigned for construction or other capital outlay projects.

# **JONESBORO SCHOOL DISTRICT NO. 1**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

5. **Unassigned Fund Balance** - includes any remaining fund balance that has not been reported in any other classification. 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.

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 has 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. The District's policy is to have expenditures spent from restricted amounts first at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District has 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 fund balance (if any) is reduced first, followed by assigned fund balance, and lastly unassigned fund balance.

### **Cash and Investments**

The District's cash consists of cash on hand and demand deposits maintained at financial institutions. State statutes require that the District's funds be deposited in banks located in the State of Arkansas and that all deposits be secured by general obligation bonds of the United States; bonds, notes, debentures, or other obligations issued by an agency of the United States Government; bonds of the State of Arkansas; or by bonds of a political subdivision which has never defaulted on any of its obligations.

State statutes permit the Districts to invest in general obligation bonds of the United States; in bonds, notes, debentures, or other obligations issued by an agency of the United States Government; in general obligations bonds of the State of Arkansas; or in bank certificates of deposit. The District generally only purchases investments that have remaining maturities of one year or less when purchased.

### **Interfund Receivables and Payables**

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

### **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.

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.

# **JONESBORO SCHOOL DISTRICT NO. 1**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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.

### **Encumbrances**

The District does not utilize encumbrance accounting.

### **Minimum Fund Balance Policies**

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

### **Subsequent Events**

The District has evaluated all subsequent events for potential recognition and disclosure through January 17, 2022, the date these financial statements were available to be issued.

### **Note 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:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized-held by pledging bank or pledging bank's trust department in the District's name	<u>58,417,510</u>	<u>60,245,991</u>
	<u>\$ 58,667,510</u>	<u>\$ 60,495,991</u>

### **Note 3: Accounts Receivable**

The accounts receivable balance in the governmental funds consist of the following at June 30, 2021:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due From Other Governments	\$ 41,309	\$ 1,403,873	\$ 1,445,182

**JONESBORO SCHOOL DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 4: Commitments**

**Construction Commitments**

At June 30, 2021, the District was contractually obligated for two construction contracts related to construction and renovation projects within the District, with remaining contract balances of approximately \$20,136,221. Both projects are estimated to be completed during 2022 and 2024.

**Long-Term Debt Issued and Outstanding**

The District is presently paying on the following long-term debt, including capital leases:

<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>
<b>Bonds Payable:</b>					
12/1/2012	2/1/2028	1.00 - 1.80%	\$ 2,600,000	\$ -	\$ 2,600,000
5/1/2015	5/1/2028	3.00%	16,105,000	-	16,105,000
11/1/2015	2/1/2041	3.00 - 3.75%	12,370,000	-	12,370,000
2/1/2016	2/1/2041	1.38 - 3.25%	5,650,000	-	5,650,000
10/20/2020	2/1/2050	2.00 - 5.00%	43,095,000	43,095,000	-
11/24/2020	2/1/2041	1.00 - 5.00%	16,930,000	16,930,000	-
Totals			<u>\$ 96,750,000</u>	<u>\$ 60,025,000</u>	<u>\$ 36,725,000</u>

Changes in long-term debt:

<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds Payable	\$ 29,460,000	\$ 60,025,000	\$ 29,460,000	\$ 60,025,000

Total long-term debt principal and interest payments are as follows:

<u>Year ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 440,000	\$ 1,705,214	\$ 2,145,214
2023	920,000	1,391,379	2,311,379
2024	1,530,000	1,345,379	2,875,379
2025	1,590,000	1,283,679	2,873,679
2026	1,665,000	1,204,179	2,869,179
2027 - 2031	9,145,000	5,225,766	14,370,766
2032 - 2036	10,155,000	4,202,881	14,357,881
2037 - 2041	11,225,000	3,141,750	14,366,750
2042 - 2046	12,435,000	1,945,213	14,380,213
2047 - 2051	10,920,000	586,181	11,506,181
Totals	<u>\$ 60,025,000</u>	<u>\$ 22,031,621</u>	<u>\$ 82,056,621</u>



# JONESBORO SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

### Operating Leases

The District has entered into an agreement to lease a postage meter. Lease expense totaled approximately \$2,800 for the year ending June 30, 2021.

At June 30, 2021, the minimum rental commitments under the uncancelable operating lease is as follows:

2022	\$	2,820
2023		2,820
2024		2,820
2025		<u>2,115</u>
	\$	<u>10,575</u>

### Note 5: Accounts Payable

The accounts payable balance in the governmental funds is comprised of the following at June 30, 2021:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Due to Other Governments	\$ 186,254	\$ -	\$ -	\$ 186,254
Vendor Payables	<u>261,204</u>	<u>189,086</u>	<u>156,513</u>	<u>606,803</u>
	<u>\$ 447,458</u>	<u>\$ 189,086</u>	<u>\$ 156,513</u>	<u>\$ 793,057</u>

### Note 6: Interfund Transfers

The following details the transfers between governmental funds for operating purposes:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfers In	\$ 72,704,714	\$ 573,216	\$ 8,933,179	\$ 82,211,109
Transfers Out	<u>(80,023,257)</u>	<u>(573,216)</u>	<u>(1,614,636)</u>	<u>(82,211,109)</u>
	<u>\$ (7,318,543)</u>	<u>\$ -</u>	<u>\$ 7,318,543</u>	<u>\$ -</u>

### Note 7: 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 nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution 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

# **JONESBORO SCHOOL DISTRICT NO. 1**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877 or by visiting the ATRS website at [www.artrs.gov](http://www.artrs.gov).

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.5% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14.5%.

The District's contributions to ATRS for federally-funded and nonfederally-funded employees for the years ended June 30, 2021, 2020, and 2019 were \$5,963,452; \$5,687,276; and \$5,308,787, respectively.

### 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, 2020 (actuarial valuation date and measurement date) was \$72,149,254.

### 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 nonteaching Arkansas public school employees hired before July 1, 1989. APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement 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 Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at [www.apers.org](http://www.apers.org).

Funding policy: APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 5% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current statutory employer rate is 4% of annual covered payroll. The District's contributions to APERS for the years ended June 30, 2021, 2020 and 2019 was \$1,382; \$1,162; and \$1,207, respectively, equal to the required contributions for each year.

### 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, 2020 (actuarial valuation date and measurement date) was \$13,236.

### **Note 8: Litigation and Contingencies**

The District participates in federally assisted grant programs. The 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.

# **JONESBORO SCHOOL DISTRICT NO. 1**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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

The District participates in the Public School Property and Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop and administer, on behalf of the member districts, a program of insurance to obtain lower costs for property and vehicle coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of vehicles.

### **Note 9: Risk Management**

The District is exposed to various risks of loss from torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in the current year.

The District carries commercial insurance for coverage of buildings' contents, board liability, theft, student accidents, and bus drivers and business trip accidental death and dismemberment. Settled claims did not exceed this commercial coverage in the current year. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

The District is a member of the Arkansas School Board Association self-insurance program, a public entity risk pool currently operating a common risk management and insurance program for its members. The fund was created by members to formulate, develop and administer a program of self-funding for the fund's membership, obtain lower costs for Workmen's Compensation Coverage and develop a comprehensive loss control program. The District pays an annual premium to the fund for its Workmen's Compensation Coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reissue through commercial carriers for claims in excess of specified stop loss amounts.

### **Note 10: On-Behalf Payments**

During the year ended June 30, 2021, health insurance premiums of \$1,079,198 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of District employees.

### **Note 11: Subsequent Events**

In July 2021, the District made several significant purchases using federal and state funding. The purchases were:

- 533 Apple iPads, including AppleCare+, and cases were purchased for student use. 390 units at a cost of \$200,129 were purchased with ESA funds and 143 units at a cost of \$73,397 were purchased with ESA Supplement Grant funds.
- 46 SMART Interactive Display panels were purchased to close learning gaps resulting from the COVID-19 pandemic. These display panels cost \$235,652 and were purchased with ESSER II funds.

## **JONESBORO SCHOOL DISTRICT NO. 1**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

- 197 Redcat Classroom Audio Systems were purchased for assistance in teaching during COVID-19 pandemic. These audio systems cost \$302,449 and were purchased with ESSER II funds.
- McGraw-Hill Networks Grades 7-9 Core Social Studies materials were purchased for \$146,231 using ESSER III funds.
- S.P.I.R.E with Sounds Sensible was purchased for the District's dyslexia and reading intervention program for grades K-12. These teacher and student materials (including digital resources) were purchased for \$239,950 using ESSER III funds.

In October 2021, the District made several significant purchases using federal and state funding. The purchases were:

- 119 SMART Interactive Display panels were purchased to close learning gaps resulting from the COVID-19 pandemic. These display panels cost \$642,267 and were purchased with various federal and state funds.
- Consulting services from The New Teacher Project for all elementary and secondary schools. These services provide support to district administrators, specialists, building administrators, instructional facilitators, and classroom teachers with specific curricula and literacy instruction. The purchases total for elementary was \$136,268 and secondary will be \$101,539 both to be paid with State Professional Development funds.
- 4 new buses to assist with safely transporting students during COVID-19 pandemic for a total cost of \$414,892 paid with ESSER funds.

Also, in October 2021, the District approved construction for new press box and additional grandstand bleachers for the Cooksey-Johns Field at Jonesboro High School. This project will begin March 2022 and expected to be completed by year-end 2022. The total amount for this project is \$322,425.

In December 2021, the District approved the purchase of a welding shop storage building at NEATC. The cost for this project will be \$124,642.

In January 2022, the District approved the purchase of property at 1001 Hester Street. The cost of the property will be \$100,530.

## **OTHER REPORTS AND SUPPLEMENTARY INFORMATION**

**JONESBORO SCHOOL DISTRICT NO.1**

**SCHEDULE OF CAPITAL ASSETS**

**YEAR ENDED JUNE 30, 2021**

**(Unaudited)**

**Nondepreciable Capital Assets:**

Land	\$ 3,961,358
Construction in Progress	5,212,306
Total Nondepreciable Capital Assets	<u>9,173,664</u>

**Depreciable Capital Assets:**

Buildings & Improvements	96,900,421
Site Improvements	5,360,492
Equipment	<u>21,908,459</u>
Total Depreciable Capital Assets	<u>124,169,372</u>

**Less Accumulated Depreciation for:**

Buildings & Improvements	40,964,976
Site Improvements	2,318,626
Equipment	<u>14,650,603</u>
Total Accumulated Depreciation	<u>57,934,205</u>

Total Depreciable Capital Assets, Net	<u>66,235,167</u>
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<b>Capital Assets, Net</b>	<u><u>\$ 75,408,831</u></u>
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**INDEPENDENT AUDITORS' 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***

To the Board of Education  
Jonesboro School District No. 1  
Jonesboro, Arkansas

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 Jonesboro School District No. 1 (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 January 17, 2022.

We issued an adverse opinion because the District prepared the financial statements in conformity with 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 determined, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position thereof, and the budgetary results 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 financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 entity's 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.

To the Board of Education  
Page Two

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 laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCT CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC  
Little Rock, Arkansas  
January 17, 2022



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

To the Board of Education  
Jonesboro School District No. 1  
Jonesboro, Arkansas

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

We have audited the Jonesboro School District No. 1 (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.

***Auditors' 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 on 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 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, other 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.

*HCS CPAs & Advisors, PLLC*

HCS CPAs & Advisors, PLLC  
Little Rock, Arkansas  
January 17, 2022

**JONESBORO SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

<b>Federal Grant/Pass-Through Grantor/Program Title</b>	<b>Pass Through Entity Identifying Number</b>	<b>Federal Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>CHILD NUTRITION CLUSTER:</b>			
<b><u>U.S. Department of Agriculture</u></b>			
National School Lunch Program - Cash in Lieu of Commodities	N/A	10.555	\$ 354,244
<b>Passed Through Arkansas Department of Education:</b>			
School Breakfast Program - Cash Assistance	1608	10.553	1,320,683
Performance Based Reimbursement from Child Nutrition	1608	10.555	45,021
National School Lunch Program - Cash Assistance	1608	10.555	1,597,107
Total Passed through Arkansas Department of Education			2,962,811
Total Child Nutrition Cluster			3,317,055
<b>CCDF CLUSTER:</b>			
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Passed through Arkansas Department of Human Services:</b>			
Child Care and Development Block Grant	1608	93.575	111,046
COVID-19 Child Care and Development Block Grant	1608	93.575	134,734
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	1608	93.596	2,077
Total CCDF Cluster			247,857
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>			
<b><u>U.S. Department of Education</u></b>			
<b>Passed through Arkansas Department of Education:</b>			
Title VI - Part B - Special Education Grants to States	1608	84.027	1,344,959
Title VI - Special Education - Preschool Grants	1608	84.173	53,739
Total Special Education Cluster (IDEA)			1,398,698
<b>OTHER PROGRAMS:</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed through Arkansas Department of Human Services:</b>			
Child and Adult Care Food Program	1608	10.558	40,260
<b>Passed through Arkansas Department of Education</b>			
Fresh Fruit and Vegetable Program	1608	10.582	102,349
Total U.S. Department of Agriculture			142,609
<b><u>U.S. Department of the Treasury</u></b>			
<b>Passed through Arkansas Department of Education:</b>			
COVID-19 Relief Fund - Emergency Leave	1608	21.019	181,237
Total Department of the Treasury			181,237
<b><u>U.S. Department of Education</u></b>			
<b>Passed through Arkansas Department of Education:</b>			
Title I, Part A - Grants to Local Educational Agencies	1608	84.010	3,269,741
Title I - School Improvement Grants	1608	84.010	467,102
Title I - School Improvement Implementation Grant	1608	84.010	176,226
Migrant Education State Grant Program	1608	84.011	52,088
Twenty-First Century Community Learning Centers	1608	84.287	71,428
Title III - English Language Acquisition	1608	84.365	55,042
Comprehensive Literacy Development	1608	84.371	63,457
COVID-19 Education Stabilization Fund - ESSER I	1608	84.425D	2,115,696
COVID-19 Education Stabilization Fund - ESSER II	1608	84.425D	4,020,323
COVID-19 Education Stabilization Fund - SPED Digital Learning	1608	84.425D	16,060
COVID-19 Education Stabilization Fund - COVID Emergency Leave	1608	84.425D	9,130
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	1608	93.981	7,188
Total Passed through Arkansas Department of Education			10,323,481

**JONESBORO SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

Federal Grant/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Federal Assistance Listing Number	Federal Expenditures
<b>OTHER PROGRAMS (continued):</b>			
<b>Passed through Arkansas Department of Career Education:</b>			
Career and Technical Education - Basic Grants	1608	84,048	136,555
Career and Technical Education - Carl Perkins	1608	84,048	<u>27,952</u>
Total Passed through Arkansas Department of Career Education			164,507
Total U.S. Department of Education			<u>10,487,988</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Passed through Arkansas Department of Human Services:</b>			
Title IV-E - Foster Care	1608	93,658	3,505
<b>Passed through Arkansas Early Learning, Inc.:</b>			
Preschool Development Grant - Head Start	1608	93,600	<u>588,692</u>
Total U.S. Department of Health and Human Services			<u>592,197</u>
Total Other Programs			<u>11,404,031</u>
Total Expenditures of Federal Awards			<u>\$ 16,367,641</u>

**Notes to Schedule:**

1. The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal awards activity of the District and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District did not elect to use the 10% de minimis indirect cost rate.
2. Medicaid reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling \$389,493 are not covered by the reporting requirements of the Uniform Guidance, and therefore, not included on the Schedule.
3. Nonmonetary assistance is reported at the approximate value as provided by the U.S. Department of Agriculture.
4. The District received approval from the Arkansas Department of Education to transfer \$364,745 Title II - Part A - Improving Teacher Quality State Grants and \$208,471 Title IV - Student Support and Academic Enrichment funds to Title I, Part A - Grants to Local Education Agencies.

# JONESBORO SCHOOL DISTRICT NO. 1

## SCHEDULE OF STATE ASSISTANCE

YEAR ENDED JUNE 30, 2021

### **Arkansas Department of Education**

State Foundation Funding	\$ 28,790,934
National School Lunch Student Funding	4,982,791
98% Uniform Rate of Tax Assessment	16,569
Gifted and Talented - Advanced Placement	14,050
Declining Enrollment	244,261
National Board Certification	360,343
Professional Development Funding	229,600
English Language Learners	195,360
Debt Service Supplement	116,500
School Food Service State Matching	30,144
Special Education Catastrophic Loss Funding	142,523
Special Education Extended School Year	58,608
Alternative Learning Environment	495,322
Arkansas Better Chance Program	542,490
Obesity Prevention	6,729
Computer Science Bonus	8,795
Computer Science Grant	7,450
Juvenile Detention	435,116
NSL Match Grant	364,337
Early Childhood Special Education	239,841
Special Education Early Intervention Day	85,161
Children with Disabilities	33,861
	<hr/>
	37,400,785

### **Arkansas Department of Career Education**

Secondary Career Centers	1,936,595
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### **Arkansas Game and Fish Commission**

Other State Grants/Aid	<hr/> 1,942
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Total State Assistance	<hr/> <hr/> \$ 39,339,322
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# **JONESBORO SCHOOL DISTRICT NO. 1**

## **SCHEDULE OF UNITS OF SERVICE - CHILD AND ADULT CARE FOOD PROGRAM**

**YEAR ENDED JUNE 30, 2021  
(UNAUDITED)**

<b>Month</b>	<b>Meals Served</b>			
	<b>Breakfast</b>	<b>Lunch</b>	<b>Dinner</b>	<b>Snack</b>
July, 2020	36,534	36,537	-	-
August, 2020	11,048	12,860	-	1,157
September, 2020	63,089	66,871	165	5,209
October, 2020	74,632	80,395	559	5,584
November, 2020	51,800	55,877	438	4,263
December, 2020	38,837	42,795	312	3,516
January, 2021	61,977	70,400	338	4,725
Februray, 2021	36,949	42,780	301	3,202
March, 2021	56,763	65,827	345	4,448
April, 2021	70,479	81,696	419	5,581
May, 2021	53,702	64,169	-	4,381
June, 2021	32,107	32,403	-	1,082
Total	<u>587,917</u>	<u>652,610</u>	<u>2,877</u>	<u>43,148</u>

**JONESBORO SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

**A. SUMMARY OF AUDITORS' RESULTS**

1. Our report expresses an adverse opinion based on generally accepted accounting principles and an unmodified opinion based on the regulatory basis of accounting used in preparing the financial statements of Jonesboro School District No. 1.

2. The independent auditors' report on internal control over financial reporting described:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditors' report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

5. The opinion expressed in the independent auditors' report on compliance with requirements applicable to major federal awards was:

☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance? ☐ Yes ☒ No

7. The Auditee's major programs were:

Cluster/Program	Federal Assistance Listing Number
• Education Stabilization Fund	84.425D
• Special Education Cluster (IDEA)	84.027 and 84.173

8. The threshold used to distinguish between Type A & Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

**JONESBORO SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

9. The Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☒  
Yes

☐  
No

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None noted

**C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT**

None noted

**D. PRIOR YEAR FINDINGS AND QUESTIONED COST**

None noted



**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

To the Board of Education  
Jonesboro School District No. 1  
Jonesboro, Arkansas

We have examined management's assertions that Jonesboro School District No. 1 (the "District") substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations including those listed in the accompanying schedule of statutes required to be addressed by the Arkansas Department of Education during the year ended June 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, Jonesboro School District No. 1 complied with the aforementioned requirements for the year ended June 30, 2021.

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.

*HICJ CPAs & Advisors, PLLC*

HICJ CPAs & Advisors, PLLC  
Little Rock, Arkansas  
January 17, 2022

**JONESBORO SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE**  
**ADDRESSED IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**  
**YEAR ENDED JUNE 30, 2021**

<b><u>DESCRIPTION</u></b>	<b><u>STATUTES</u></b>
<b>Bidding &amp; Purchasing Commodities</b>	6-21-301 – 6-21-305
<b>Ethical Guidelines and Prohibitions</b>	6-13-628; 6-24-101 et seq.
<b>Collateralization &amp; Investment of Funds</b>	6-20-222; 19-1-504
<b>Deposit of Funds</b>	19-8-104; 19-8-106
<b>District Finances</b>	
• Bonded & Non-bonded Debt, District School Bonds	6-20-402 6-20-1201 – 6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals – declining accrual percentages)	6-20-401
• Investment of Fund	19-1-504
<b>Management of Schools</b>	
• Board of Directors	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.
• District Treasurer	6-13-701
o Warrants/checks	6-17-918; 6-17-919; 6-20-403
<b>Management Letter for Audit</b>	14-75-101 – 14-75-104
<b>Nonrecurring Salary Payments</b>	6-20-412
<b>Revolving Loan Fund</b>	6-19-114; 6-20-801 et seq.
<b>Salary Laws - Classified</b>	6-17-2201 et seq.; 6-17-2301 et seq.
<b>Salary Increases 5% or More (Certified &amp; Classified)</b>	6-13-635
<b>School Elections</b>	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
<b>Teachers and Employees</b>	
• Personnel Policies	6-17-201 et seq., 6-17-2301
• <u>Employment and Assignment</u>	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.
• Minimum Wage Act	11-4-213; 11-4-218; 11-4-403; 11-4-405
<b>Teacher Salaries and Foundation Funding Aid</b>	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
<b>Trust Funds (Education Excellence)</b>	6-5-307
<b>Use of Contractors, Improvement Contracts</b>	22-9-201 – 22-9-205

**JONESBORO SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE**  
**ADDRESSED IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**  
**YEAR ENDED JUNE 30, 2021**

<b><u>DESCRIPTION</u></b>	<b><u>STATUTES</u></b>
<b>Use of DM&amp;O Millage</b>	26-80-110
<b>On Behalf Payments</b>	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
<b>Regulatory Basis of Accounting</b>	10-4-413(c)
<b>Real Estate and Personal Property Tax Appeals</b>	26-35-802
<b>Arkansas Procurement Law</b>	19-11-201 et. Seq.
<b>Fiscal Accountability</b>	6-20-1901 et. Seq
<b>Enhanced Student Achievement Funding ESA</b>	6-20-2305(B)(4)(F)(I)
<b>Limitation on Fund Balances</b>	6-20-2210 (Waived for 2019-2020 only)
<b>CARES Act (COVID-19) Education Funding</b>	Commissioner's Memo LS-20-089
<b>Charter Facilities Funding</b>	6-23-908

**JONESBORO SCHOOL DISTRICT NO. 1**

**SUPPLEMENTAL DATA SHEET**

**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:

1. Entity's Full Name: Jonesboro School District No. 1
2. Entity's Address: 2506 Southwest Square  
Jonesboro, AR 72401
3. Entity's FEIN: 71-6021029
4. Entity's Telephone Number: 870-933-5800
5. Name of Director: Dr. Kim Wilbanks, Superintendent
6. Name of Contact Person: Belinda Locke