



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

**REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

with

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2023 and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective regulatory basis statement of revenues, expenditures and changes in fund balances 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 provision of Arkansas Code Ann. § 10-4-413(c) provided in Act 2201 of 2005 as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2023, or the changes in financial position of the District 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jonesboro School District No. 1 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Arkansas Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the State of Arkansas. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed by Arkansas Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The schedule of state assistance, schedule of statutes required by Arkansas Department of Education and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state assistance, schedule of statutes required by Arkansas Department of Education, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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 Health and Human Services Audit Guidelines but does not include the regulatory financial statements and our auditor's report thereon. Our opinions on the regulatory financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

HCS CPAs & Advisors, PLLC

Little Rock, Arkansas
November 28, 2023

FINANCIAL STATEMENTS

JONESBORO SCHOOL DISTRICT NO. 1**BALANCE SHEET - REGULATORY BASIS****JUNE 30, 2023**

	Governmental Funds		
	Major		
	General Fund	Special Revenue Fund	Other Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 13,115,844	\$ 3,770,471	\$ 20,699,749
Accounts Receivable	86,121	1,545,104	-
Due from Other Funds	888,512	-	-
Total Assets	<u>\$ 14,090,477</u>	<u>\$ 5,315,575</u>	<u>\$ 20,699,749</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 183,333	\$ 804,450	\$ 720,466
Due to Other Funds	-	888,512	-
Total Liabilities	<u>183,333</u>	<u>1,692,962</u>	<u>720,466</u>
Fund Balances:			
Restricted:			
State Programs	2,594,245	-	-
Federal Programs	-	3,622,613	-
Assigned:			
Capital Projects	-	-	19,979,283
Unassigned	11,312,899	-	-
Total Fund Balances	<u>13,907,144</u>	<u>3,622,613</u>	<u>19,979,283</u>
Total Liabilities and Fund Balances	<u>\$ 14,090,477</u>	<u>\$ 5,315,575</u>	<u>\$ 20,699,749</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, 2023

	Major		Other
	General Fund	Special Revenue Fund	Governmental Funds
REVENUES			
Property Taxes	\$ 21,866,045	\$ -	\$ -
Interest	1,073,817	-	386,948
Tuition Charges	305,858	-	-
State Revenues	40,597,382	26,321	3,762,739
Federal Revenues	-	23,677,349	-
Food Services	-	176,788	-
Student Activities	341,145	-	-
Other	2,950,911	10,666	-
	<u>67,135,158</u>	<u>23,891,124</u>	<u>4,149,687</u>
EXPENDITURES			
Current:			
Instruction and Instructional - Related Services	38,279,152	8,575,707	-
Support Services	22,884,912	6,925,944	70,298
Non-Instructional Services	492,664	5,838,446	-
Other	90	231,024	-
Debt Service:			
Principal Retirement	-	-	920,000
Interest and Fiscal Charges	-	-	1,391,379
Paying Agent's Fees	-	-	2,449
Capital Outlay	<u>1,260,508</u>	<u>2,828,220</u>	<u>19,228,250</u>
	<u>62,917,326</u>	<u>24,399,341</u>	<u>21,612,376</u>
Excess (Deficiency) of Revenue Over Expenditures	4,217,832	(508,217)	(17,462,689)
OTHER FINANCING (USES) SOURCES			
Transfers, Net	(3,415,312)	18,259	3,397,053
Compensation for Disposal of Capital Assets	47,826	120	-
Total Other Financing (Uses) Sources	<u>(3,367,486)</u>	<u>18,379</u>	<u>3,397,053</u>
Net Change in Fund Balances	850,346	(489,838)	(14,065,636)
Fund Balance - Beginning	<u>13,056,798</u>	<u>4,112,451</u>	<u>34,044,919</u>
Fund Balance - Ending	<u>\$ 13,907,144</u>	<u>\$ 3,622,613</u>	<u>\$ 19,979,283</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, 2023**

	General Fund		
	Budget	Actual	Variance
REVENUES			
Property Taxes	\$ 21,527,646	\$ 21,866,045	\$ 338,399
Interest	745,000	1,073,817	328,817
Tuition Charges	400,000	305,858	(94,142)
State Revenues	39,638,870	40,597,382	958,512
Federal Revenues	-	-	-
Food Services	-	-	-
Student Activities	-	341,145	341,145
Other	3,043,539	2,950,911	(92,628)
	<u>65,355,055</u>	<u>67,135,158</u>	<u>1,780,103</u>
EXPENDITURES			
Current:			
Instruction and Instructional-Related Services	39,101,834	38,279,152	822,682
Support Services	23,928,086	22,884,912	1,043,174
Non-Instructional Services	516,741	492,664	24,077
Other	-	90	(90)
Capital Outlay	<u>838,877</u>	<u>1,260,508</u>	<u>(421,631)</u>
	<u>64,385,538</u>	<u>62,917,326</u>	<u>1,468,212</u>
Excess (Deficiency) of Revenue Over Expenditures	969,517	4,217,832	3,248,315
OTHER FINANCING (USES) SOURCES			
Transfers, Net	(2,486,973)	(3,415,312)	(928,339)
Compensation for Disposal of Capital Assets	-	47,826	47,826
Total Other Financing (Uses) Sources	<u>(2,486,973)</u>	<u>(3,367,486)</u>	<u>(880,513)</u>
Net Change in Fund Balances	<u>\$ (1,517,456)</u>	<u>\$ 850,346</u>	<u>\$ 2,367,802</u>

See accompanying notes.

Special Revenue Fund		
Budget	Actual	Variance
\$ -	\$ -	\$ -
-	-	-
-	-	-
25,000	26,321	1,321
34,959,718	23,677,349	(11,282,369)
160,000	176,788	16,788
-	-	-
14,000	10,666	(3,334)
35,158,718	23,891,124	(11,267,594)
14,177,391	8,575,707	5,601,684
11,378,231	6,925,944	4,452,287
7,852,152	5,838,446	2,013,706
492,572	231,024	261,548
4,078,654	2,828,220	1,250,434
37,979,000	24,399,341	13,579,659
(2,820,282)	(508,217)	2,312,065
-	18,259	18,259
-	120	120
-	18,379	18,379
<u>\$ (2,820,282)</u>	<u>\$ (489,838)</u>	<u>\$ 2,330,444</u>

JONESBORO SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023

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 Arkansas Code Ann. 10-4-413(c), as provided in Act 2205 of 2005 and amended by Act 867 of 2019, which required 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, recording a right-of-use asset and liability for leases with a term of greater than 12 months, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the balance sheet. 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 finance 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, 2023

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	10-50
Site Improvements	20
Equipment	3-20

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. Arkansas 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.
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.
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.

JONESBORO SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, then 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.

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.

JONESBORO SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 November 28, 2023, 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>37,336,064</u>	<u>40,535,391</u>
	<u>\$ 37,586,064</u>	<u>\$ 40,785,391</u>

Note 3: Accounts Receivable

The accounts receivable balance in the governmental funds consist of the following at June 30, 2023:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due from Other Governments	\$ 81,109	\$ 1,545,104	\$ 1,626,213
Other	<u>5,012</u>	<u>-</u>	<u>5,012</u>
	<u>\$ 86,121</u>	<u>\$ 1,545,104</u>	<u>\$ 1,631,225</u>

JONESBORO SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4: Commitments

Construction Commitments

At June 30, 2023, the District was contractually obligated for two construction contracts related to construction and renovation projects within the District, with remaining contract balances of approximately \$7,844,847. These projects are estimated to be completed during 2024.

Long-Term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2023</u>	<u>Maturities to June 30, 2023</u>
Bonds Payable:					
10/20/2020	2/1/2050	2.00 – 5.00%	\$ 43,095,000	\$ 41,900,000	\$ 1,195,000
11/24/2020	2/1/2041	1.00 – 5.00%	<u>16,930,000</u>	<u>16,765,000</u>	<u>165,000</u>
Totals			<u>\$ 60,025,000</u>	<u>\$ 58,665,000</u>	<u>\$ 1,360,000</u>

Changes in long-term debt:

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
Bonds Payable	\$ 59,585,000	\$ -	\$ 920,000	\$ 58,665,000

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>
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	1,755,000	1,120,929	2,875,929
2028	1,790,000	1,085,179	2,875,179
2029 - 2033	9,545,000	4,821,071	14,366,071
2034 - 2038	10,565,000	3,792,681	14,357,681
2039 - 2043	11,695,000	2,677,050	14,372,050
2044 - 2048	12,955,000	1,426,594	14,381,594
2049 - 2050	<u>5,575,000</u>	<u>178,288</u>	<u>5,753,288</u>
Totals	<u>\$ 58,665,000</u>	<u>\$ 18,935,029</u>	<u>\$ 77,600,029</u>

JONESBORO SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Operating Leases

The District has entered into an agreement to lease a postage meter. Lease expense totaled approximately \$3,000 for the year ending June 30, 2023.

At June 30, 2023, the minimum rental commitments under the uncancelable operating lease is as follows:

2024	\$	2,820
2025		<u>2,115</u>
	\$	<u>4,935</u>

Note 5: Accounts Payable

The accounts payable balance in the governmental funds is comprised of the following at June 30, 2023:

	General Fund	Special Revenue Fund	Other Governmental Funds	Total
Vendor Payables	\$ 183,333	\$ 804,450	\$ 720,466	\$ 1,708,249

Note 6: Interfund Transfers

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

	General Fund	Special Revenue Fund	Other Governmental Funds	Total
Transfers In	\$ 76,489,959	\$ 688,653	\$ 4,375,121	\$ 81,553,733
Transfers Out	<u>(79,905,271)</u>	<u>(670,394)</u>	<u>(978,068)</u>	<u>81,553,733</u>
	<u>\$ (3,415,312)</u>	<u>\$ 18,259</u>	<u>\$ 3,397,053</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 Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877 or by visiting the ATRS website at www.artrs.gov.

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 7% 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 15%.

The District's contributions to ATRS for federally-funded and nonfederally-funded employees for the years ended June 30, 2023, 2022, and 2021 were \$7,018,108; \$6,394,500; and \$5,963,452, respectively.

JONESBORO SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2022 (actuarial valuation date and measurement date) was \$67,300,911.

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.

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, 2023, 2022 and 2021 was \$0; \$1,371; and \$1,382, 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, 2022 (actuarial valuation date and measurement date) was \$13,831.

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.

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.

JONESBORO SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 any of the past three fiscal years.

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, 2023, health insurance premiums of \$1,621,431 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 2023, the District was awarded a \$359,950 grant through the Stronger Connections Grant program through the Department of Education. The grant has a 3 year period beginning with the 2023 - 2024 school year. The grant was awarded to provide funding for technology to enhance security among the District.

In August 2023, the Board approved the purchase of a school bus totaling \$125,419 and a Ford Expedition passenger SUV totaling \$68,130. The vehicles were purchased using General funds. Additionally, the Board approved a transfer of \$1,200,000 from General funds to Building funds for the construction, renovation or maintenance of projects.

In September 2023, the District made several significant purchases using federal and state funding. The purchases were:

- 27 SMART Interactive Display Panels totaling \$132,701. All units were purchased using ESA funds.
- A Fortigate 1801F network firewall supported by a 5-year license totaling \$144,989. The firewall was purchased using ESSER III funds.
- 28 electronic access control doors for the MacArthur Junior High School totaling \$265,832. All units were purchased using the DESE School Safety Grant.

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

JONESBORO SCHOOL DISTRICT NO.1

SCHEDULE OF CAPITAL ASSETS

YEAR ENDED JUNE 30, 2023

(Unaudited)

Nondepreciable Capital Assets:

Land	\$ 4,196,339
Construction in Progress	24,667,266
Total Nondepreciable Capital Assets	<u>28,863,605</u>

Depreciable Capital Assets:

Buildings and Improvements	110,471,036
Site Improvements	6,450,449
Equipment	<u>25,430,377</u>
Total Depreciable Capital Assets	<u>142,351,862</u>

Less Accumulated Depreciation for:

Buildings and Improvements	44,403,445
Site Improvements	1,873,522
Equipment	<u>7,504,526</u>
Total Accumulated Depreciation	<u>53,781,493</u>

Total Depreciable Capital Assets, Net	<u>88,570,369</u>
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Capital Assets, Net	<u><u>\$ 117,433,974</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, 2023, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated November 28, 2023.

We issued an adverse opinion because the District prepared the financial statements in conformity with accounting practices prescribed or permitted by the Arkansas Code Ann. §10-4-413(c) provided in Act 867 of 2019, 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, 2023, 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.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of 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.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
November 28, 2023

**INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited the Jonesboro School District No. 1's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jonesboro School District No. 1 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on 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 Auditor's Responsibilities of the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
November 28, 2023

JONESBORO SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grant/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Federal Assistance Listing Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U.S. Department of Agriculture</u>			
National School Lunch Program - Cash in Lieu of Commodities	N/A	10.555	\$ 299,376
Passed Through Arkansas Department of Education:			
School Breakfast Program - Cash Assistance	1608	10.553	1,662,118
Supply Chain Assistance Year 1	1608	10.555	134,485
Supply Chain Assistance Year 2	1608	10.555	126,447
Supply Chain Assistance Year 3	1608	10.555	59,302
National School Lunch Program - Cash Assistance	1608	10.555	3,452,355
Snack Reimbursement	1608	10.555	486
Fresh Fruit and Vegetable Program	1608	10.582	135,602
Total Passed through Arkansas Department of Education			5,570,795
Total Child Nutrition Cluster			5,870,171
SPECIAL EDUCATION CLUSTER (IDEA)			
<u>U.S. Department of Education</u>			
Passed through Arkansas Department of Education:			
Title VI - Part B - Special Education Grants to States	1608	84.027	1,615,117
COVID-19 ARP Special Education School Age Funding	1608	84.027X	86,778
Title VI - Special Education - Preschool Grants	1608	84.173	58,411
Total Special Education Cluster (IDEA)			1,760,306
CCDF CLUSTER:			
<u>U.S. Department of Health and Human Services</u>			
Passed through Arkansas Department of Human Services:			
Child Care and Development Block Grant	1608	93.575	278,844
COVID-19 Child Care and Development Block Grant - Administration	1608	93.575	3,750
COVID-19 Stabilization Grants Operational Funds	1608	93.575	105,467
COVID-19 Stabilization Grants Quality Improvement Funds	1608	93.575	206,655
COVID-19 Stabilization Grants Essential Workers	1608	93.575	139,652
COVID-19 Stabilization Grants Operational Maintenance Grants	1608	93.575	98,113
COVID-19 Stabilization Grants Expansion Funds	1608	93.575	2,500
Total CCDF Cluster			834,981
OTHER PROGRAMS:			
<u>U.S. Department of Agriculture</u>			
Passed through Arkansas Department of Human Services:			
Child and Adult Care Food Program	1608	10.558	37,319
<u>U.S. Department of Education</u>			
Passed through Arkansas Department of Education:			
Title I, Part A - Grants to Local Educational Agencies	1608	84.010	4,708,926
Title I - School Improvement Grants	1608	84.010	557,481
Title I - School Improvement Planning Grant	1608	84.010	212,094
Title I - School Improvement Implementation Grant Year 2	1608	84.010	122,710
Title III - English Language Acquisition	1608	84.365	53,547
Comprehensive Literacy Development	1608	84.371	75,498
COVID-19 Education Stabilization Fund - ESSER I	1608	84.425D	654
COVID-19 Education Stabilization Fund - ESSER II	1608	84.425D	1,098,258
COVID-19 Education Stabilization Fund - ESSER III	1608	84.425U	7,261,372
COVID-19 Education Stabilization Fund - ABC Stipends	1608	84.425U	3,675
Total Passed through Arkansas Department of Education			14,094,215

JONESBORO SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grant/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Federal Assistance Listing Number	Federal Expenditures
OTHER PROGRAMS (continued):			
Passed through Arkansas Department of Career Education:			
Career and Technical Education - Carl Perkins	1608	84.048	241,298
Total U.S. Department of Education			14,335,513
<u>U.S. Department of Health and Human Services</u>			
Cooperative Agreement to Promote Adolescent Health	1608	93.079	399
Passed through Arkansas Early Learning, Inc.:			
Preschool Development Grant - Head Start	N/A	93.600	566,976
Passed through Crowley's Ridge Educational Co-op:			
COVID-19 Epidemiology and Laboratory Capacity Reopening of School	N/A	93.323	71,586
Total U.S. Department of Health and Human Services			638,961
Total Other Programs			15,011,793
Total Expenditures of Federal Awards			\$ 23,477,251

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 \$500,303 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 \$406,258 Title II - Part A - Improving Teacher Quality Grants and \$210,136 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, 2023

Arkansas Department of Education

State Foundation Funding	\$ 30,143,732
National School Lunch Student Funding	5,000,172
98% Uniform Rate of Tax Assessment	69,700
Gifted and Talented - Advanced Placement	10,650
Student Growth Funding	426,544
National Board Certification	275,963
Professional Development Funding	235,063
English Language Learners	214,842
Debt Service Supplement	116,774
School Food Service State Matching	26,321
Special Education Catastrophic Loss Funding	70,163
Special Education Extended School Year	64,010
Alternative Learning Environment	420,100
Arkansas Better Chance Program	542,490
Academic Facilities Partnership Program	3,645,965
Computer Science Bonus	4,906
Computer Science Initiative	300
Juvenile Detention	459,606
National School Lunch Match Grant	335,641
Early Childhood Special Education	231,897
Special Education Early Intervention Day	82,340
Children with Disabilities	37,344
EAST Upgrade Grant	4,186
State School Safety Grant	46,625
	<hr/>
	42,465,334

Arkansas Department of Career Education

Secondary Career Centers	1,912,291
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Arkansas Department of Commerce

Other State Grants/Aid	<hr/> 8,817
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Total State Assistance	<hr/> <hr/> \$ 44,386,442
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JONESBORO SCHOOL DISTRICT NO. 1

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

YEAR ENDED JUNE 30, 2023

(UNAUDITED)

Month	Meals Served			
	Breakfast	Lunch	Dinner	Snack
July, 2022	25,233	25,519	-	979
August, 2022	44,012	51,597	-	2,696
September, 2022	99,256	106,749	-	5,662
October, 2022	95,823	101,026	-	5,473
November, 2022	80,311	85,529	-	4,365
December, 2022	54,158	58,809	-	3,125
January, 2023	88,638	95,465	-	5,135
Februray, 2023	78,976	86,102	-	4,462
March, 2023	77,447	83,446	-	4,454
April, 2023	87,195	95,548	-	5,122
May, 2023	81,627	88,614	-	5,141
June, 2023	7,040	8,294	-	1,471
Total	819,716	886,698	-	48,085

JONESBORO SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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 - ESSER	84.425D and 84.425U
• Child Nutrition Cluster	10.553, 10.555, and 10.582
• Child Care and Development Cluster	93.575

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

9. The Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance? ☒ Yes ☐ No

JONESBORO SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None noted

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT

Significant Deficiency

**2023-001 COVID-19 Education Stabilization Fund – ESSER I, ESSER II, ESSER III, and ABC Stipends:
ALN# 84.425D/84.425U; Year Ended June 30, 2023**

Statement of Condition: Four of the ten current year ESSER construction contracts did not included the Wage Rate Requirement (Davis-Bacon Act) notification to the contractors.

Criteria: 29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326 require the following for construction contracts in excess of \$2,000 financed by federal assistance funds.

- Construction contracts shall include a provision that contractors or subcontractors comply with the provisions of the Wage Rate Requirements (Davis-Bacon Act).
- These provisions include a requirement for the contractor or subcontractor to submit to the District weekly, for each week in which any contract work is performed, a copy of certified payroll.

Cause of Condition: District employees involved in the construction contract writing overlooked this requirement on four construction contracts.

Effect of condition: Four of the ten construction contracts financed by the ESSER program originated during 2023 did not include the Wage Rate Requirements provision. However, weekly certified payroll was received by the District from contractors and their subcontractors in accordance with the Davis-Bacon Act.

Context: All ten applicable contracts were reviewed. This finding was present in four contracts.

Recommendation: To ensure that all construction contracts in excess of \$2,000 that are financed by federal assistance funds include the required Wage Rate Requirements provision, additional training in ESSER requirements should be provided for employees involved in the construction contract writing process. Further, a review process should be put in place for all such contracts written in order to ensure that they comply with all the requirements within the Compliance Supplement.

Views of responsible officials and planned corrective actions: The District agrees with the finding and will institute the additional training and review process recommended.

D. PRIOR YEAR FINDINGS AND QUESTIONED COST

None noted

INDEPENDENT AUDITOR'S 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, 2023. 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 in accordance with the criteria, 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.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, Jonesboro School District No. 1 complied with the aforementioned requirements for the year ended June 30, 2023.

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.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
November 28, 2023

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, 2023

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding & Purchasing Commodities	6-21-301 – 6-21-305
Ethical Guidelines and Prohibitions	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	
• Bonded & Non-bonded Debt, District	6-20-402
School Bonds	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
Management of Schools	
• 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
○ 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.
Salary Laws - Classified	6-17-2201 et seq.; 6-17-2301 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
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.
• 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

**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, 2023**

<u>DESCRIPTION</u>	<u>STATUTES</u>
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)
Real Estate and Personal Property Tax Appeals	26-35-802
Arkansas Procurement Law	19-11-201 et. Seq.
Fiscal Accountability	6-20-1901 et. Seq
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210
CARES Act (COVID-19) Education Funding	Commissioner's Memo LS-20-089
Charter Facilities Funding	6-23-908

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, 2023

The following information is being provided to satisfy the requirements of Arkansas Department of Health and Human Services Audit Guidelines:

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