

# **Poyen School District No. 1**

**Grant County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**June 30, 2023**



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GRANT COUNTY, ARKANSAS  
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# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

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

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

### **INDEPENDENT AUDITOR'S REPORT**

Poyen School District No. 1 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Poyen 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 Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying 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 changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

##### ***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 accompanying 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 for the year then ended.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the District, 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 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America, 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 determinable, 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 provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinions. 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 GAAS 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 GAAS 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.

### ***Other Information***

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis but does not include the regulatory basis financial statements and our auditor's report thereon. Our opinions on the regulatory basis 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 basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis 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 May 31, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
May 31, 2024  
EDSD14223

# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

### INDEPENDENT AUDITOR'S REPORT

Poyen School District No. 1 and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Poyen 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 May 31, 2024. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2023, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
May 31, 2024

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2023

Exhibit A

	Governmental Funds			
	Major			
	General	Special Revenue	Other Aggregate	Fiduciary Fund Types
ASSETS				
Cash	\$ 1,040,271	\$ 85,481	\$ 1,308,349	\$ 2,643
Accounts receivable	4,374	14,174		
 TOTAL ASSETS	 \$ 1,044,645	 \$ 99,655	 \$ 1,308,349	 \$ 2,643
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 24,070			
Fund Balances:				
Restricted	24,135	\$ 99,655		\$ 2,643
Assigned	203,888		\$ 1,308,349	
Unassigned	792,552			
Total Fund Balances	1,020,575	99,655	1,308,349	2,643
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 1,044,645	 \$ 99,655	 \$ 1,308,349	 \$ 2,643

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



POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 743,859		
State assistance	3,736,185	\$ 961	\$ 56,625
Federal assistance		700,003	
Activity revenues	287,001		
Meal sales		45,062	
Investment income	29,843		
Other revenues	5,935	925	
<b>TOTAL REVENUES</b>	<b>4,802,823</b>	<b>746,951</b>	<b>56,625</b>
EXPENDITURES			
Regular programs	2,031,465	56,312	
Special education	338,364	133,732	
Compensatory education programs	52,217	460	
Other instructional programs	76,302		
Student support services	189,221	54,968	
Instructional staff support services	202,512	171,288	
General administration support services	193,448	7,380	
School administration support services	305,599		
Central services support services	121,412	1,742	
Operation and maintenance of plant services	553,941	77,090	
Student transportation services	146,471		
Other support services	14,216	4,233	
Food services operations	15,758	285,556	
Community services operations		23	
Facilities acquisition and construction services	62,763	4,073	
Activity expenditures	297,643		
Debt Service:			
Principal retirement	11,272		155,000
Interest and fiscal charges	338		40,076
<b>TOTAL EXPENDITURES</b>	<b>4,612,942</b>	<b>796,857</b>	<b>195,076</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>189,881</b>	<b>(49,906)</b>	<b>(138,451)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			212,075
Transfers out	(212,075)		
Federal grant revenue passed through from a cooperative		18,934	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(212,075)</b>	<b>18,934</b>	<b>212,075</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(22,194)</b>	<b>(30,972)</b>	<b>73,624</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,042,769</b>	<b>130,627</b>	<b>1,234,725</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,020,575</b>	<b>\$ 99,655</b>	<b>\$ 1,308,349</b>

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

## POYEN SCHOOL DISTRICT NO. 1

## GRANT COUNTY, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 697,100	\$ 743,859	\$ 46,759			
State assistance	3,708,672	3,736,185	27,513	\$ 1,000	\$ 961	\$ (39)
Federal assistance				719,870	700,003	(19,867)
Activity revenues		287,001	287,001			
Meal sales				55,350	45,062	(10,288)
Investment income	9,500	29,843	20,343			
Other revenues	1,570	5,935	4,365		925	925
TOTAL REVENUES	4,416,842	4,802,823	385,981	776,220	746,951	(29,269)
EXPENDITURES						
Regular programs	2,173,859	2,031,465	142,394	73,993	56,312	17,681
Special education	386,562	338,364	48,198	155,148	133,732	21,416
Compensatory education programs	47,270	52,217	(4,947)		460	(460)
Other instructional programs	77,994	76,302	1,692			
Student support services	196,359	189,221	7,138	86,046	54,968	31,078
Instructional staff support services	223,697	202,512	21,185	203,683	171,288	32,395
General administration support services	193,135	193,448	(313)	8,290	7,380	910
School administration support services	312,352	305,599	6,753			
Central services support services	124,617	121,412	3,205	1,871	1,742	129
Operation and maintenance of plant services	664,227	553,941	110,286	40,861	77,090	(36,229)
Student transportation services	114,592	146,471	(31,879)	12,819		12,819
Other support services	8,500	14,216	(5,716)		4,233	(4,233)
Food services operations	16,000	15,758	242	314,037	285,556	28,481
Community services operations				500	23	477
Facilities acquisition and construction services	55,949	62,763	(6,814)		4,073	(4,073)
Activity expenditures		297,643	(297,643)			
Debt Service:						
Principal retirement	11,272	11,272				
Interest and fiscal charges	338	338				
TOTAL EXPENDITURES	4,606,723	4,612,942	(6,219)	897,249	796,857	100,392

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (189,881)	\$ 189,881	\$ 379,762	\$ (121,028)	\$ (49,906)	\$ 71,122
OTHER FINANCING SOURCES (USES)						
Transfers in	6,171,399		(6,171,399)	18,774		(18,774)
Transfers out	(6,309,974)	(212,075)	6,097,899	(18,774)		18,774
Federal grant revenue passed through from a cooperative				18,943	18,934	(9)
TOTAL OTHER FINANCING SOURCES (USES)	(138,576)	(212,075)	(73,500)	18,943	18,934	(9)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(328,456)	(22,194)	306,262	(102,085)	(30,972)	71,113
FUND BALANCES - JULY 1	1,045,629	1,042,769	(2,860)	117,236	130,627	13,391
FUND BALANCES - JUNE 30	\$ 717,173	\$ 1,020,575	\$ 303,402	\$ 15,150	\$ 99,655	\$ 84,505

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

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**B. Description of Funds**

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

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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

Fiduciary Fund types include the following:

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

**C. Measurement Focus and Basis of Accounting**

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c) and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets, leases, and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**C. Measurement Focus and Basis of Accounting (Continued)**

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and financed purchases are reported as other financing sources. Changes in private-purpose funds will be reflected in the notes to financial statements.

**D. Revenue Recognition Policies**

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see Note 1 F below).

**E. Capital Assets**

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

**F. Property Taxes**

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

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

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**G. Fund Balance Classifications**

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

**H. Budget and Budgetary Accounting**

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund.

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.

**I. 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.

**J. Minimum Fund Balance Policies**

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

**K. Fund Balance Classification Policies and Procedures**

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**K. Fund Balance Classification Policies and Procedures (Continued)**

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

**L. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>2,186,744</u>	<u>2,295,154</u>
Total Deposits	<u>\$ 2,436,744</u>	<u>\$ 2,545,154</u>

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2023, were comprised of the following:

	Governmental Funds	
	Major	
Description	General	Special Revenue
Federal assistance		\$ 14,174
Other	<u>\$ 4,374</u>	
Totals	<u>\$ 4,374</u>	<u>\$ 14,174</u>

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**4: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2023, were comprised of the following:

	Governmental Fund	
	Major	
Description	General	
Vendor payables	\$	24,070

**5: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2023:

Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2023	Maturities To June 30, 2023
<u>Bonds</u>					
12/1/12	3/1/39	1.1 - 2.65%	\$ 1,105,000	\$ 835,000	\$ 270,000
10/1/20	3/1/34	.4 - 1.3%	1,305,000	1,050,000	255,000
8/1/21	3/1/39	.5 - 1.75%	530,000	475,000	55,000
Total Long-Term Debt			<u>\$ 2,940,000</u>	<u>\$ 2,360,000</u>	<u>\$ 580,000</u>

Changes in Long-term Debt

	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
Bonds payable	<u>\$ 2,515,000</u>		<u>\$ 155,000</u>	<u>\$ 2,360,000</u>
<u>Direct Borrowings</u>				
Postdated warrants	<u>11,272</u>		<u>11,272</u>	
Total Long-Term Debt	<u>\$ 2,526,272</u>	<u>\$ 0</u>	<u>\$ 166,272</u>	<u>\$ 2,360,000</u>



POYEN SCHOOL DISTRICT NO. 1  
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JUNE 30, 2023

**5: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2024	\$ 165,000	\$ 37,375	\$ 202,375
2025	160,000	35,938	195,938
2026	165,000	34,148	199,148
2027	170,000	32,183	202,183
2028	170,000	29,933	199,933
2029-2033	885,000	112,658	997,658
2034-2038	545,000	43,985	588,985
2039	100,000	2,335	102,335
Totals	<u>\$ 2,360,000</u>	<u>\$ 328,555</u>	<u>\$ 2,688,555</u>

Security for Debt Payments

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

**6: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$2,940,000 issued from December 1, 2012 through August 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$2,688,555, payable through March 1, 2039. Principal and interest paid for the current year and total property taxes pledged for debt service were \$193,698 and \$345,648, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 56.04 percent.

**7: INTERFUND TRANSFERS**

The District transferred \$212,075 from the general fund to the other aggregate funds for debt related payments of \$138,451 and future capital projects of \$73,624.

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

**8: RETIREMENT PLAN**

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 501-682-1517, or by visiting the ATRS website at [www.artrs.gov](http://www.artrs.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2023, were \$430,063, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2022, (actuarial valuation date and measurement date) was \$4,739,188.

**9: CHANGES IN PRIVATE-PURPOSE FUNDS**

FUND BALANCE - JULY 1	<u>2,643</u>
FUND BALANCE - JUNE 30	<u>\$ 2,643</u>

**10: RISK MANAGEMENT**

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

The District carries commercial insurance for board liability, student accident, and accidental death and dismemberment.

The District participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994, pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

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

**10: RISK MANAGEMENT (Continued)**

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

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

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

**11: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$143,684 for the year ended June 30, 2023.

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

Description	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 1,692		
Enhanced student achievement funding	17,547		
English-language learners	1,217		
Professional development	427		
Child nutrition programs		\$ 38,297	
Medical services		61,358	
Other purposes	3,252		
Total Restricted	<u>24,135</u>	<u>99,655</u>	
Assigned to:			
Capital projects			\$ 1,308,349
Student activities	203,888		
Total Assigned	<u>203,888</u>		<u>1,308,349</u>
Unassigned	<u>792,552</u>		
Totals	<u>\$ 1,020,575</u>	<u>\$ 99,655</u>	<u>\$ 1,308,349</u>

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

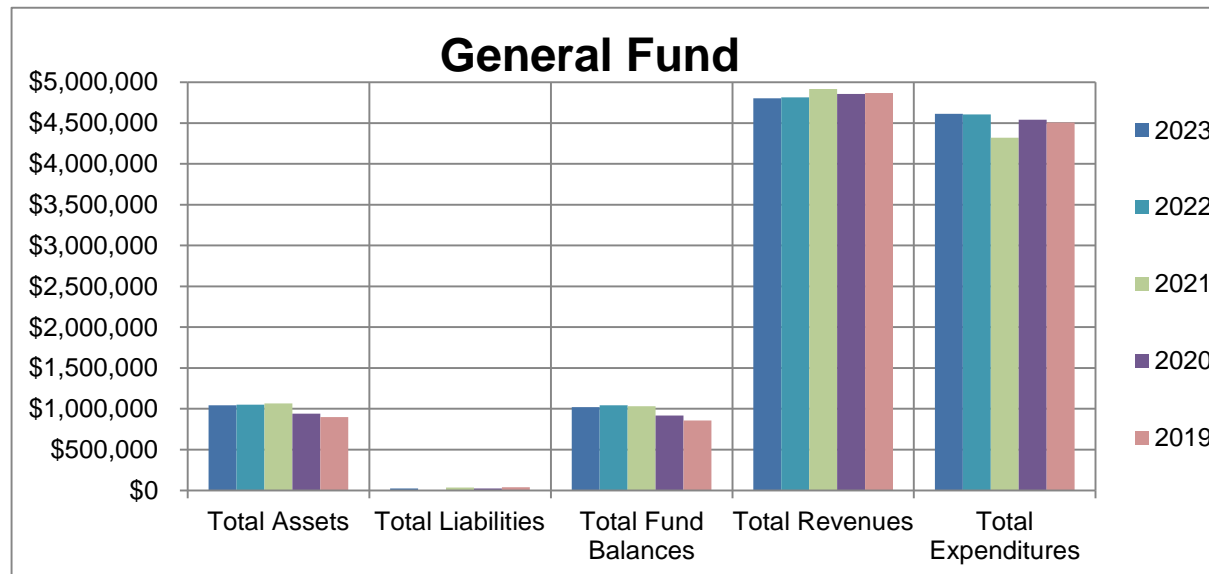
Schedule 1

	Balance June 30, 2023
Nondepreciable capital assets:	
Land	\$ 146,684
Depreciable capital assets:	
Buildings	17,120,195
Improvements/infrastructure	819,747
Equipment	1,422,141
Total depreciable capital assets	19,362,083
Less accumulated depreciation for:	
Buildings	3,540,192
Improvements/infrastructure	445,972
Equipment	1,129,202
Total accumulated depreciation	5,115,366
Total depreciable capital assets, net	14,246,717
Capital assets, net	\$ 14,393,401

POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 2

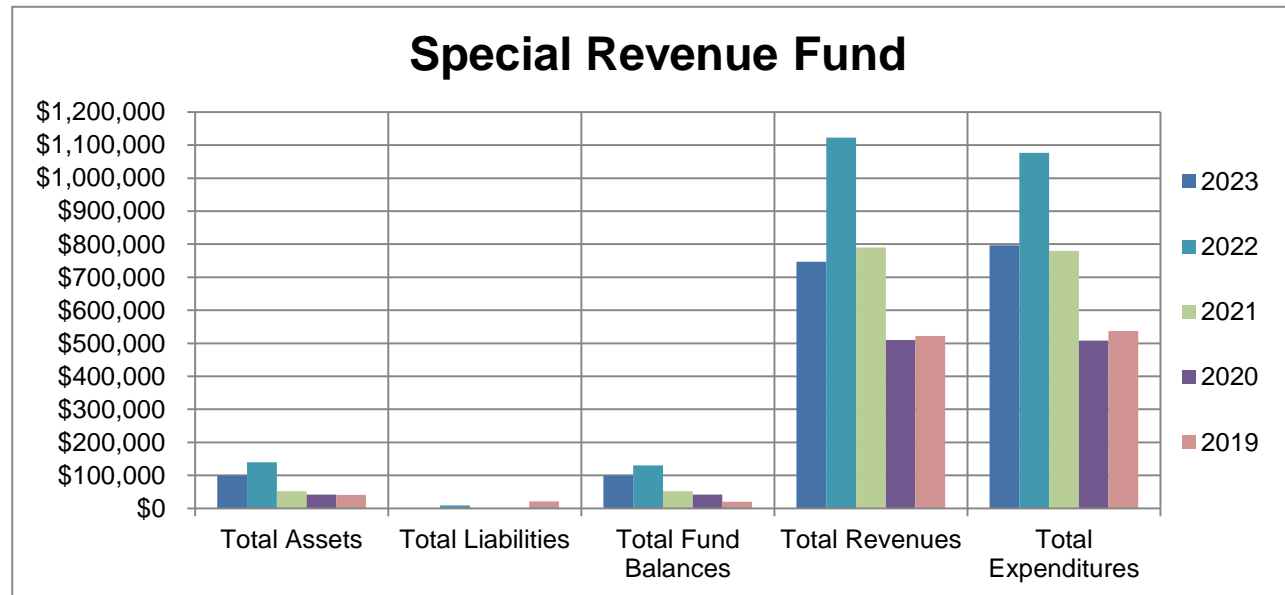
<u>General Fund</u>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 1,044,645	\$ 1,050,293	\$ 1,065,215	\$ 942,772	\$ 897,945
Total Liabilities	24,070	7,524	34,506	25,427	41,877
Total Fund Balances	1,020,575	1,042,769	1,030,709	917,345	856,068
Total Revenues	4,802,823	4,816,506	4,919,284	4,855,258	4,867,674
Total Expenditures	4,612,942	4,605,183	4,320,949	4,539,219	4,507,775
Total Other Financing Sources (Uses)	(212,075)	(199,263)	(575,272)	(254,762)	(386,991)



POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 2

<b><u>Special Revenue Fund</u></b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 99,655	\$ 139,791	\$ 52,004	\$ 42,283	\$ 41,461
Total Liabilities		9,164	60	390	20,973
Total Fund Balances	99,655	130,627	51,944	41,893	20,488
Total Revenues	746,951	1,122,748	789,524	510,368	522,276
Total Expenditures	796,857	1,076,896	779,473	507,601	537,652
Total Other Financing Sources (Uses)	18,934	32,831		18,638	



POYEN SCHOOL DISTRICT NO. 1  
GRANT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 2

<b><u>Other Aggregate Funds</u></b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 1,308,349	\$ 1,242,676	\$ 1,758,347	\$ 1,341,498	\$ 1,233,977
Total Liabilities		7,951	87,443		
Total Fund Balances	1,308,349	1,234,725	1,670,904	1,341,498	1,233,977
Total Revenues	56,625	1,540,130	220,147	76,044	84,526
Total Expenditures	195,076	2,705,572	511,600	204,647	264,483
Total Other Financing Sources (Uses)	212,075	729,263	620,859	236,124	386,991

