

Newport School District

Jackson County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2021



NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
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Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Newport School District and School Board Members
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Newport School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or the changes in financial position for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Emphasis of Matter

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
April 12, 2022
EDSD18521

Arkansas

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



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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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

Newport School District 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 Newport School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated April 12, 2022. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
April 12, 2022

Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

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

INDEPENDENT AUDITOR'S REPORT

Newport School District and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Newport School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

ARKANSAS LEGISLATIVE AUDIT

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
April 12, 2022

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2021

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 1,983,953		\$ 4,045,951	\$ 3,244
Investments				12,309
Accounts receivable	245	\$ 1,508,274		
Due from other funds	883,485			
TOTAL ASSETS	<u>\$ 2,867,683</u>	<u>\$ 1,508,274</u>	<u>\$ 4,045,951</u>	<u>\$ 15,553</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 530,693	\$ 43,018	\$ 212,325	
Due to other funds		883,485		
Total Liabilities	<u>530,693</u>	<u>926,503</u>	<u>212,325</u>	
Fund Balances:				
Nonspendable				\$ 10,000
Restricted	161,595	581,771	2,243,393	5,553
Assigned	149,123		1,590,233	
Unassigned	2,026,272			
Total Fund Balances	<u>2,336,990</u>	<u>581,771</u>	<u>3,833,626</u>	<u>15,553</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,867,683</u>	<u>\$ 1,508,274</u>	<u>\$ 4,045,951</u>	<u>\$ 15,553</u>

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

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

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 4,080,961		\$ 1,958,861
State assistance	5,898,557	\$ 7,362	
Federal assistance		4,898,456	
Activity revenues	172,751		
Meal sales		31,753	
Investment income	19,655	3,173	27,818
Other revenues	53,735	24,544	5,000
TOTAL REVENUES	10,225,659	4,965,288	1,991,679
EXPENDITURES			
Regular programs	4,169,597	787,935	139,894
Special education	763,635	380,024	
Career education programs	263,542	15,305	
Compensatory education programs	133,734	618,824	
Other instructional programs	646,297	89,028	
Student support services	359,456	360,868	
Instructional staff support services	339,526	858,491	
General administration support services	318,034	2,220	
School administration support services	649,269	8,485	
Central services support services	276,667	5,428	120,425
Operation and maintenance of plant services	975,182	582,027	1,058,977
Student transportation services	584,419	29,549	
Other support services	187,753	1,320	
Food services operations	6,703	880,291	
Community services operations		7,474	
Facilities acquisition and construction services		19,423	1,093,310
Non-programmed costs		38,453	
Activity expenditures	161,526		
Debt Service:			
Principal retirement	91,509	220,268	390,000
Interest and fiscal charges	14,470	4,185	340,344
TOTAL EXPENDITURES	9,941,319	4,909,598	3,142,950
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	284,340	55,690	(1,151,271)
OTHER FINANCING SOURCES (USES)			
Proceeds from installment contracts	591,118		
Early retirement of debt	(291,142)		
TOTAL OTHER FINANCING SOURCES (USES)	299,976		
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	584,316	55,690	(1,151,271)
FUND BALANCES - JULY 1	1,752,674	526,081	4,984,897
FUND BALANCES - JUNE 30	\$ 2,336,990	\$ 581,771	\$ 3,833,626

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

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 3,984,995	\$ 4,080,961	\$ 95,966			
State assistance	5,705,819	5,898,557	192,738	\$ 6,000	\$ 7,362	\$ 1,362
Federal assistance				12,919,967	4,898,456	(8,021,511)
Activity revenues		172,751	172,751			
Meal sales				48,525	31,753	(16,772)
Investment income	19,500	19,655	155	2,345	3,173	828
Other revenues	29,150	53,735	24,585	9,834	24,544	14,710
TOTAL REVENUES	9,739,464	10,225,659	486,195	12,986,671	4,965,288	(8,021,383)
EXPENDITURES						
Regular programs	4,307,369	4,169,597	137,772	2,890,076	787,935	2,102,141
Special education	907,221	763,635	143,586	449,379	380,024	69,355
Career education programs	272,421	263,542	8,879	15,305	15,305	
Compensatory education programs	134,768	133,734	1,034	1,139,223	618,824	520,399
Other instructional programs	639,720	646,297	(6,577)	89,028	89,028	
Student support services	410,154	359,456	50,698	382,043	360,868	21,175
Instructional staff support services	350,053	339,526	10,527	6,241,593	858,491	5,383,102
General administration support services	333,244	318,034	15,210	33,468	2,220	31,248
School administration support services	660,692	649,269	11,423	8,485	8,485	
Central services support services	321,140	276,667	44,473	7,961	5,428	2,533
Operation and maintenance of plant services	1,527,671	975,182	552,489	584,908	582,027	2,881
Student transportation services	358,329	584,419	(226,090)	29,549	29,549	
Other support services	156,258	187,753	(31,495)	1,320	1,320	
Food services operations		6,703	(6,703)	1,019,607	880,291	139,316
Community services operations				16,290	7,474	8,816
Facilities acquisition and construction services				35,000	19,423	15,577
Non-programmed costs				42,300	38,453	3,847
Activity expenditures		161,526	(161,526)			
Debt Service:						
Principal retirement	91,509	91,509			220,268	(220,268)
Interest and fiscal charges	11,319	14,470	(3,151)		4,185	(4,185)
TOTAL EXPENDITURES	10,481,868	9,941,319	540,549	12,985,535	4,909,598	8,075,937

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (742,404)	\$ 284,340	\$ 1,026,744	\$ 1,136	\$ 55,690	\$ 54,554
OTHER FINANCING SOURCES (USES)						
Transfers in	13,885,347		(13,885,347)	65,789		(65,789)
Transfers out	(13,143,047)		13,143,047	(65,789)		65,789
Proceeds from installment contracts		591,118	591,118			
Early retirement of debt		(291,142)	(291,142)			
TOTAL OTHER FINANCING SOURCES (USES)	742,300	299,976	(442,324)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(104)	584,316	584,420	1,136	55,690	54,554
FUND BALANCES - JULY 1	1,790,785	1,752,674	(38,111)	526,081	526,081	0
FUND BALANCES - JUNE 30	\$ 1,790,681	\$ 2,336,990	\$ 546,309	\$ 527,217	\$ 581,771	\$ 54,554

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

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

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

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

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

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

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

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

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 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.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Revenue Recognition Policies

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

E. Capital Assets

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

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

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	20
Buildings	10-50
Equipment	5-25

F. Property Taxes

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

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

G. Interfund Receivables and Payables

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

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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.
4. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

I. Budget and Budgetary Accounting

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

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

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

J. Stabilization Arrangements

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

K. Minimum Fund Balance Policies

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

L. Fund Balance Classification Policies and Procedures

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

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balance Classification Policies and Procedures (Continued)

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

M. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 262,309	\$ 262,309
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	5,783,148	6,070,613
Total Deposits	<u>\$ 6,045,457</u>	<u>\$ 6,332,922</u>

The above total deposits include certificates of deposit of \$12,309 reported as investments and classified as nonparticipating contracts.

3: ACCOUNTS RECEIVABLE

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

	Governmental Funds	
	Major	
Description	General	Special Revenue
State assistance	\$ 245	
Federal assistance		\$1,508,274
Totals	<u>\$ 245</u>	<u>\$1,508,274</u>

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS

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

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, 2021	Maturities To June 30, 2021
<u>Bonds</u>					
3/15/14	2/1/28	1 - 2.85%	\$ 2,100,000	\$ 1,125,000	\$ 975,000
5/1/15	2/1/28	1 - 2%	1,555,000	880,000	675,000
3/12/20	2/1/50	2 - 5%	13,185,000	13,055,000	130,000
Total Bonds			<u>16,840,000</u>	<u>15,060,000</u>	<u>1,780,000</u>
<u>Direct Borrowings</u>					
5/25/21	5/25/31	2.85%	296,825	296,825	
5/25/21	5/25/24	2.6%	294,293	294,293	
Total Direct Borrowings			<u>591,118</u>	<u>591,118</u>	
Total Long-Term Debt			<u>\$ 17,431,118</u>	<u>\$ 15,651,118</u>	<u>\$ 1,780,000</u>

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	<u>\$ 15,450,000</u>		<u>\$ 390,000</u>	<u>\$ 15,060,000</u>
<u>Direct Borrowings</u>				
Installment contracts	<u>602,919</u>	<u>\$ 591,118</u>	<u>602,919</u>	<u>* 591,118</u>
Total Long-Term Debt	<u>\$ 16,052,919</u>	<u>\$ 591,118</u>	<u>\$ 992,919</u>	<u>\$ 15,651,118</u>

* Includes \$291,142 early retirement of debt – See Note 16.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS (Continued)

Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 365,000	\$ 364,186	\$ 729,186	\$ 121,586	\$ 16,335	\$ 137,921
2023	375,000	354,411	729,411	124,857	13,064	137,921
2024	385,000	343,716	728,716	128,190	9,731	137,921
2025	400,000	332,301	732,301	28,349	6,256	34,605
2026	410,000	319,919	729,919	29,168	5,436	34,604
2027-2031	2,200,000	1,456,844	3,656,844	158,968	14,052	173,020
2032-2036	2,425,000	1,221,763	3,646,763			
2037-2041	2,710,000	942,250	3,652,250			
2042-2046	3,050,000	596,125	3,646,125			
2047-2050	2,740,000	182,044	2,922,044			
Totals	<u>\$ 15,060,000</u>	<u>\$ 6,113,559</u>	<u>\$ 21,173,559</u>	<u>\$ 591,118</u>	<u>\$ 64,874</u>	<u>\$ 655,992</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.

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	\$ 85,836	\$ 43,018	\$ 212,325
Salaries payable	284,496		
Payroll withholdings and matching	160,361		
Totals	<u>\$ 530,693</u>	<u>\$ 43,018</u>	<u>\$ 212,325</u>

6: INTERFUND TRANSFERS

The District transferred excess property taxes of \$1,228,517 from the debt service fund to the capital projects fund to supplement future capital projects. This transfer was eliminated for reporting purposes because these funds are included within the other aggregate funds.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

7: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at www.artrs.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.50% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were \$1,015,791, 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, 2020 (actuarial valuation date and measurement date) was \$11,754,144.

8: CHANGES IN PRIVATE-PURPOSE FUNDS

ADDITIONS	
Interest	\$ 6
	<hr/>
CHANGE IN FUND BALANCE	6
	<hr/>
FUND BALANCE - JULY 1	15,547
	<hr/>
FUND BALANCE - JUNE 30	\$ 15,553
	<hr/>

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$16,840,000 issued from March 15, 2014 to March 12, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$21,173,559, payable through February 1, 2050. Principal and interest paid for the current year and total property taxes pledged for debt service were \$728,060 and \$1,958,861, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 37.17 percent.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 (errors and omissions), business trip accidental death and dismemberment, and student accident coverage.

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

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

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 Arkansas Public School 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 member districts, a program of insurance to obtain lower costs for property and vehicles 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.

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 \$225,359 for the year ended June 30, 2021.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 624		
Enhanced student achievement funding	74,822		
English-language learners	4,523		
Professional development	17,546		
Capital projects			\$2,243,393
Child nutrition programs		\$ 516,375	
Medical services		41,423	
Special education programs	14,783		
Other purposes	49,297	23,973	
Total Restricted	<u>161,595</u>	<u>581,771</u>	<u>2,243,393</u>
Assigned to:			
Capital projects			1,590,233
Student activities	119,095		
Other purposes	30,028		
Total Assigned	<u>149,123</u>		<u>1,590,233</u>
Unassigned	<u>2,026,272</u>		
Totals	<u>\$2,336,990</u>	<u>\$ 581,771</u>	<u>\$3,833,626</u>

13: SUBSEQUENT EVENTS

On July 27, 2021 and August 11, 2021, the District executed two contracts totaling \$176,003 for various paving projects.

On September 8, 2021, the District executed a \$177,500 contract for track resurfacing.

14: FINANCIAL SERVICE COOPERATIVE AGREEMENT

For fiscal year 2021, the District entered into a financial service cooperative agreement with the Valley View School District. Under terms of the agreement, the Valley View School District will utilize its employees to provide financial consultant services to the District. The District is billed for their prorated share of consultants' salaries, benefits, and other expenses. The agreement is automatically renewed at the beginning of each fiscal year unless 90 days written notice is given by a district.

15: BENDEL SCHOLARSHIP FUND

A donation of \$10,000 by the Bendel family was used to establish a scholarship fund. The interest earnings fund the scholarships. All funds pertaining to the endowment are maintained in a certificate of deposit.

16: EARLY RETIREMENT OF DEBT

In May 2021, the District paid \$291,142 to retire the outstanding principal balance of an installment contract dated January 17, 2014, prior to the scheduled maturity of January 15, 2024.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 1,011,683
Depreciable capital assets:	
Buildings	23,706,993
Improvements/infrastructure	575,248
Equipment	4,756,750
Total depreciable capital assets	<u>29,038,991</u>
Less accumulated depreciation for:	
Buildings	4,839,776
Improvements/infrastructure	203,874
Equipment	3,327,996
Total accumulated depreciation	<u>8,371,646</u>
Total depreciable capital assets, net	<u>20,667,345</u>
Capital assets, net	<u><u>\$ 21,679,028</u></u>

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	3403		\$ 166,677
National School Lunch Program (Note 3)	10.555			36,659
Arkansas Department of Education - National School Lunch Program	10.555	3403		335,049
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	3403000		20,997
Total for National School Lunch Program				392,705
Arkansas Department of Education - Child Nutrition Discretionary Grants Limited Availability	10.579	3403		31,335
Total U. S. Department of Agriculture				590,717
TOTAL CHILD NUTRITION CLUSTER				590,717
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	3403		300,363
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	3403		33,467
Total U. S. Department of Education				333,830
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				333,830
OTHER PROGRAMS				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	3403		25,832
Total U. S. Department of Agriculture				25,832
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR080014			81,942
Total U. S. Department of Defense				81,942
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	3403		37,886
Total U.S. Department of the Treasury				37,886
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	3403		2,187,586
Total Education Stabilization Fund				2,187,586
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	3403		819,140
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	3403		30,859
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	3403		32,001
Arkansas Department of Education - Rural Education	84.358B	3403		18,803

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	3403		\$ 64,731
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	3403		65,789
Total U. S. Department of Education				<u>3,218,909</u>
 TOTAL OTHER PROGRAMS				 <u>3,364,569</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 0</u>	 <u>\$ 4,289,116</u>

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Newport School District (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The Federal Assistance Listing Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2021, the District received Medicaid funding of \$79,124 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

NEWPORT SCHOOL DISTRICT
JACKSON COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse
Regulatory basis - unmodified

Internal control over financial reporting:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported

Noncompliance material to financial statements noted?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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FEDERAL AWARDS

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
84.425D	COVID-19 - Education Stabilization Fund
84.010A	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

NEWPORT SCHOOL DISTRICT

406 Wilkerson Drive
Newport, Arkansas 72112
(870) 523-1311 • Fax (870) 523-1388

Mr. Brett Bunch, Superintendent,

Schedule 4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

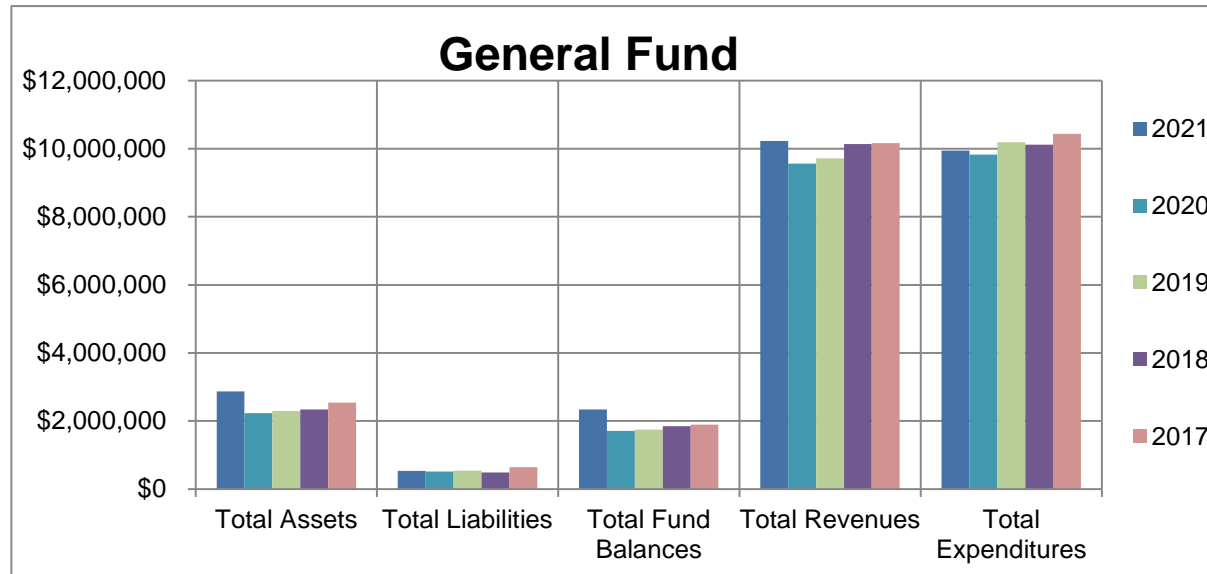


"The Tradition Continues"

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

Schedule 5

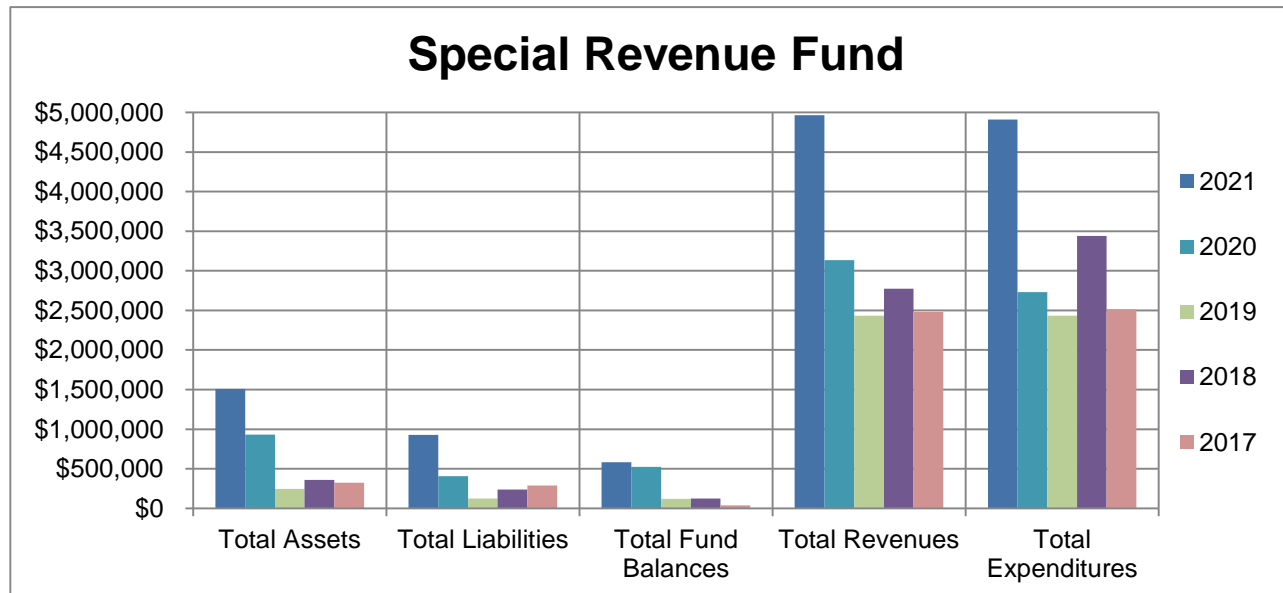
<u>General Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 2,867,683	\$ 2,233,791	\$ 2,294,788	\$ 2,340,004	\$ 2,541,217
Total Liabilities	530,693	518,750	543,737	488,020	648,400
Total Fund Balances	2,336,990	1,715,041	1,751,051	1,851,984	1,892,817
Total Revenues	10,225,659	9,560,542	9,713,184	10,133,670	10,161,234
Total Expenditures	9,941,319	9,830,811	10,195,157	10,119,800	10,441,057
Total Other Financing Sources (Uses)	299,976	234,259	381,040	(54,703)	200,523



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

Schedule 5

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 1,508,274	\$ 933,505	\$ 246,783	\$ 359,860	\$ 324,000
Total Liabilities	926,503	407,424	126,193	237,161	287,526
Total Fund Balances	581,771	526,081	120,590	122,699	36,474
Total Revenues	4,965,288	3,136,146	2,432,907	2,775,544	2,479,782
Total Expenditures	4,909,598	2,730,655	2,434,109	3,441,843	2,513,677
Total Other Financing Sources (Uses)			(907)	752,524	30,568



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

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 4,045,951	\$ 5,004,291	\$ 479,033	\$ 554,889	\$ 1,698,215
Total Liabilities	212,325	19,394			16,542
Total Fund Balances	3,833,626	4,984,897	479,033	554,889	1,681,673
Total Revenues	1,991,679	1,781,340	1,840,558	1,780,688	1,609,006
Total Expenditures	3,142,950	1,838,157	1,535,374	2,851,903	2,126,754
Total Other Financing Sources (Uses)		4,562,681	(381,040)	(55,569)	

