

Osceola School District No. 1

Mississippi County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2021



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MISSISSIPPI COUNTY, ARKANSAS
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Arkansas

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



Rep. Richard Womack
House Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Osceola School District No. 1 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 Osceola School District No. 1 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements 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 6, 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 6, 2022
EDSD25521

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 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

Osceola 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 Osceola School District No. 1 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated April 6, 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 6, 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

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

Report on Compliance for Each Major Federal Program

We have audited the Osceola School District No. 1'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 6, 2022

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2021

Exhibit A

	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
ASSETS			
Cash	\$ 2,888,324		\$ 477,976
Accounts receivable	64	\$ 421,928	
Due from other funds	31,761		
Deposit with paying agent			90,122
TOTAL ASSETS	\$ 2,920,149	\$ 421,928	\$ 568,098
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 144,153	\$ 49,354	
Due to other funds		31,761	
Total Liabilities	144,153	81,115	
Fund Balances:			
Restricted	580,415	340,813	\$ 90,122
Assigned	119,454		477,976
Unassigned	2,076,127		
Total Fund Balances	2,775,996	340,813	568,098
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,920,149	\$ 421,928	\$ 568,098

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

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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)	\$ 5,299,690		
State assistance	3,922,290	\$ 5,453	
Federal assistance		4,635,082	\$ 69,655
Activity revenues	164,338		
Meal sales		19,409	
Investment income	2,317		3,748
Other revenues	4,006,015	16,837	
TOTAL REVENUES	13,394,650	4,676,781	73,403
EXPENDITURES			
Regular programs	4,222,548	678,481	
Special education	629,519	286,684	
Career education programs	211,246	40,127	
Compensatory education programs	97,081	646,157	
Other instructional programs	309,566	72,101	
Student support services	520,921	300,785	
Instructional staff support services	1,245,310	1,120,762	
General administration support services	420,623	130,835	
School administration support services	831,451	109,780	
Central services support services	168,297	42,846	
Operation and maintenance of plant services	2,298,261	69,523	
Student transportation services	393,912	102,900	
Other support services	24,348	8,273	
Food services operations	1,469	946,548	
Community services operations		3,028	
Facilities acquisition and construction services	173,866	127,490	
Activity expenditures	107,434		
Debt Service:			
Principal retirement			585,000
Interest and fiscal charges			568,082
Net debt issuance costs			43,707
TOTAL EXPENDITURES	11,655,852	4,686,320	1,196,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,738,798	(9,539)	(1,123,386)
OTHER FINANCING SOURCES (USES)			
Transfers in		200,000	1,524,411
Transfers out	(1,724,411)		
Proceeds from refunding bond issue			1,605,000
Payment to refunding bond escrow agent			(1,556,448)
Refund to grantor	(55,782)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,780,193)	200,000	1,572,963
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(41,395)	190,461	449,577
FUND BALANCES - JULY 1	2,817,391	150,352	118,521
FUND BALANCES - JUNE 30	\$ 2,775,996	\$ 340,813	\$ 568,098

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

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 5,335,900	\$ 5,299,690	\$ (36,210)			
State assistance	4,004,539	3,922,290	(82,249)	\$ 8,000	\$ 5,453	\$ (2,547)
Federal assistance				3,266,613	4,635,082	1,368,469
Activity revenues		164,338	164,338			
Meal sales				117,000	19,409	(97,591)
Investment income	3,600	2,317	(1,283)			
Other revenues	3,908,500	4,006,015	97,515		16,837	16,837
TOTAL REVENUES	13,252,539	13,394,650	142,111	3,391,613	4,676,781	1,285,168
EXPENDITURES						
Regular programs	4,462,137	4,222,548	239,589	93,213	678,481	(585,268)
Special education	565,840	629,519	(63,679)	151,754	286,684	(134,930)
Career education programs	235,915	211,246	24,669		40,127	(40,127)
Compensatory education programs	101,577	97,081	4,496	845,518	646,157	199,361
Other instructional programs	404,994	309,566	95,428	29,800	72,101	(42,301)
Student support services	535,677	520,921	14,756	255,049	300,785	(45,736)
Instructional staff support services	1,653,588	1,245,310	408,278	723,968	1,120,762	(396,794)
General administration support services	375,671	420,623	(44,952)	103,524	130,835	(27,311)
School administration support services	836,197	831,451	4,746		109,780	(109,780)
Central services support services	155,715	168,297	(12,582)	6,231	42,846	(36,615)
Operation and maintenance of plant services	2,112,471	2,298,261	(185,790)	8,500	69,523	(61,023)
Student transportation services	508,239	393,912	114,327	25,610	102,900	(77,290)
Other support services	27,000	24,348	2,652		8,273	(8,273)
Food services operations	87,200	1,469	85,731	960,566	946,548	14,018
Community services operations				4,000	3,028	972
Facilities acquisition and construction services		173,866	(173,866)	150,000	127,490	22,510
Non-programmed costs				19,000		19,000
Activity expenditures		107,434	(107,434)			
TOTAL EXPENDITURES	12,062,221	11,655,852	406,369	3,376,733	4,686,320	(1,309,587)

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,190,318	\$ 1,738,798	\$ 548,480	\$ 14,880	\$ (9,539)	\$ (24,419)
OTHER FINANCING SOURCES (USES)						
Transfers in	15,277,615		(15,277,615)	436,252	200,000	(236,252)
Transfers out	(16,823,718)	(1,724,411)	15,099,307	(436,252)		436,252
Refund to grantor		(55,782)	(55,782)			
TOTAL OTHER FINANCING SOURCES (USES)	(1,546,103)	(1,780,193)	(234,090)	0	200,000	200,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(355,785)	(41,395)	314,390	14,880	190,461	175,581
FUND BALANCES - JULY 1	2,944,332	2,817,391	(126,941)	143,402	150,352	6,950
FUND BALANCES - JUNE 30	\$ 2,588,547	\$ 2,775,996	\$ 187,449	\$ 158,282	\$ 340,813	\$ 182,531

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

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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 Osceola 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.

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.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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	19-49
Buildings	49-66
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.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

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.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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)	\$ 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	3,116,300	3,715,148
Total Deposits	<u>\$ 3,366,300</u>	<u>\$ 3,965,148</u>

3: ACCOUNTS RECEIVABLE

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

	Governmental Funds	
	Major	
Description	General	Special Revenue
Federal assistance		\$ 421,928
Other	\$ 64	
Totals	<u>\$ 64</u>	<u>\$ 421,928</u>

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS

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

A. Operating Leases (noncapital leases with initial noncancellable lease terms in excess of one year)

General description of leases and leasing arrangements:

On August 29, 2019, the District executed an operating lease for one 42 passenger bus. The arrangement stipulated three payments of \$17,250 for a period of 36 months.

On February 17, 2021, the District executed an operating lease for two 77 passenger buses. The arrangement stipulated three payments of \$34,000 for period of 36 months.

On March 2, 2021, the District executed an operating lease for 19 copiers. The agreement stipulated monthly payments of \$8,503 for a period of 63 months.

1. Future minimum rental payments (aggregate) at June 30, 2021: \$603,933

2. If applicable, the basis on which contingent rental payments is determined:

For the lease on the two 77- passenger buses, the District is assessed \$0.55 per mile for all miles over 15,000 per year for each individual bus.

3. Future minimum rental payments for the succeeding years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 153,286
2023	136,036
2024	102,036
2025	102,036
2026	102,036
2027	8,503
Total	<u>\$ 603,933</u>

Rental payments for the operating leases described above were approximately \$204,374 for the year ended June 30, 2021.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS (Continued)

B. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
11/1/19	11/1/37	1.5 - 2.5%	\$ 3,735,000	\$ 3,675,000	\$ 60,000
3/1/20	11/1/46	1.25 - 2.25%	9,925,000	9,925,000	
3/1/21	11/1/34	.3 - 1.25%	1,605,000	1,605,000	
Total Bonds			<u>15,265,000</u>	<u>15,205,000</u>	<u>60,000</u>
<u>Direct Borrowings</u>					
10/15/13	10/15/31	1.375 - 5.1%	4,825,000	3,060,000	1,765,000
5/14/15	6/1/33	3.625 - 4.5%	2,355,000	1,720,000	635,000
Total Direct Borrowings			<u>7,180,000</u>	<u>4,780,000</u>	<u>2,400,000</u>
Total Long-Term Debt			<u>\$ 22,445,000</u>	<u>\$ 19,985,000</u>	<u>\$ 2,460,000</u>

Changes in Long-term Debt

	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds payable	\$ 15,290,000	\$ 1,605,000	\$ 1,690,000 *	\$ 15,205,000
<u>Direct Borrowings</u>				
Installment contracts	5,210,000		430,000	4,780,000
Total Long-Term Debt	<u>\$ 20,500,000</u>	<u>\$ 1,605,000</u>	<u>\$ 2,120,000</u>	<u>\$ 19,985,000</u>

* Includes \$1,535,000 early retirement of debt – See Note 6.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4: COMMITMENTS (Continued)

B. 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	\$ 195,000	\$ 295,598	\$ 490,598	\$ 440,000	\$ 202,986	\$ 642,986
2023	435,000	288,893	723,893	465,000	185,211	650,211
2024	480,000	282,805	762,805	475,000	165,976	640,976
2025	490,000	276,210	766,210	480,000	146,379	626,379
2026	500,000	269,191	769,191	470,000	125,976	595,976
2027-2031	2,635,000	1,224,072	3,859,072	2,020,000	342,681	2,362,681
2032-2036	2,875,000	972,263	3,847,263	430,000	19,345	449,345
2037-2041	3,225,000	651,609	3,876,609			
2042-2046	3,600,000	289,256	3,889,256			
2047	770,000	8,662	778,662			
Totals	<u>\$ 15,205,000</u>	<u>\$ 4,558,559</u>	<u>\$ 19,763,559</u>	<u>\$ 4,780,000</u>	<u>\$ 1,188,554</u>	<u>\$ 5,968,554</u>

Qualified Energy Conservation Bonds and Educational Facilities Revenue Bonds

On October 15, 2013, the District executed an agreement with the Arkansas Development Finance Authority (ADFA) for \$4,825,000 to finance energy conservation projects for the District's facilities. Funding for this agreement was obtained by ADFA through Qualified Energy Conservation Bonds (\$4,495,000) and Education Facilities Revenue Bonds (\$330,000).

On May 14, 2015, the District executed an agreement with the Arkansas Development Finance Authority for \$2,355,000 to finance energy conservation projects for the District's facilities. Funding for this agreement was obtained by ADFA through Qualified Energy Conservation Bonds (\$1,585,000) and Education Facilities Revenue Bonds (\$770,000).

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.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 134,999	\$ 49,354
Payroll withholdings and matching	9,154	
Totals	<u>\$ 144,153</u>	<u>\$ 49,354</u>

6: DEBT REFUNDING

On March 1, 2021, the District issued refunding bonds of \$1,605,000 with interest rates of .3 to 1.25 percent to refund \$1,535,000 of outstanding bonds dated February 1, 2012. The interest rates of the bonds refunded were .9 to 3.25 percent. Net bond proceeds of \$1,556,448 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on April 26, 2021. The remaining proceeds of \$4,845 (after payment of \$43,707 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$136,313 to the District over the life of the bonds.

7: INTERFUND TRANSFERS

The District transferred \$1,524,411 from the general fund to other aggregate funds for debt payments of \$1,046,435 and future capital expenditures of \$477,976. Additionally, the District transferred \$200,000 from the general fund to the special revenue fund to supplement food service operations.

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 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 \$1,251,550, equal to the required contributions.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

8: RETIREMENT PLAN (Continued)

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 \$13,001,246.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$15,265,000 issued from November 1, 2019 through March 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$19,763,559, payable through November 1, 2046. Principal and interest paid for the current year and total property taxes pledged for debt service were \$489,426 and \$1,962,354, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 24.94 percent.

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, 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, 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 \$231,521 for the year ended June 30, 2021.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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:			
Enhanced student achievement funding	\$ 407,198		
English-language learners	20,574		
Professional development	26,554		
Child nutrition programs		\$ 39,468	
Debt service			\$ 90,122
Medical services		209,266	
Special education programs	4,786		
Rural education		86,049	
Preschool programs	118,882		
Other purposes	2,421	6,030	
Total Restricted	<u>580,415</u>	<u>340,813</u>	<u>90,122</u>
Assigned to:			
Capital projects			477,976
Student activities	119,454		
Total Assigned	<u>119,454</u>		<u>477,976</u>
Unassigned	<u>2,076,127</u>		
Totals	<u>\$2,775,996</u>	<u>\$ 340,813</u>	<u>\$ 568,098</u>

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 359,267
Depreciable capital assets:	
Buildings	34,911,028
Improvements/infrastructure	3,380,479
Equipment	5,633,106
Total depreciable capital assets	43,924,613
Less accumulated depreciation for:	
Buildings	11,336,004
Improvements/infrastructure	1,290,675
Equipment	4,238,442
Total accumulated depreciation	16,865,121
Total depreciable capital assets, net	27,059,492
Capital assets, net	\$ 27,418,759

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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	4713		\$ 163,642
National School Lunch Program (Note 3)	10.555	4713		13,538
Arkansas Department of Education - National School Lunch Program	10.555	4713		319,802
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	4713000		23,200
Total for National School Lunch Program				356,540
Total U. S. Department of Agriculture				520,182
TOTAL CHILD NUTRITION CLUSTER				520,182
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	4713		331,209
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	4713		6,564
Total U. S. Department of Education				337,773
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				337,773
OTHER PROGRAMS				
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR092015			26,361
Total U. S. Department of Defense				26,361
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	4713		214,170
Total U.S. Department of the Treasury				214,170
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4713		1,870,157
Total Education Stabilization Fund				1,870,157
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	4713		1,228,685
Arkansas Department of Education - Rural Education	84.358B	4713		17,052
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	4713		65,034
Arkansas Department of Education - School Improvement Grants	84.377A	4713		107,685
Total U. S. Department of Education				3,288,613
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Career Education - Temporary Assistance for Needy Families	93.558	4713		8,092
Total U. S. Department of Health and Human Services				8,092
TOTAL OTHER PROGRAMS				3,537,236
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 4,395,191

The accompanying notes are an integral part of this schedule.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

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 Osceola School District No. 1 (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 \$36,586 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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

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
21.019	COVID-19 - Coronavirus Relief Fund
84.425D	COVID-19 - Education Stabilization Fund

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.

Osceola School District #1

Board of Education

Jacqueline Baker, President
Kristain Dedmon, Vice-president
Torian Bell, Secretary
James Baker
Ollie Collins
Kristie Hopper
Denise Williams



Dr. Toriano Green, Superintendent
2720 West Semmes
PO Box 528
Osceola, AR 72370
Phone: 870-563-2561
Fax: 870-563-2181

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.

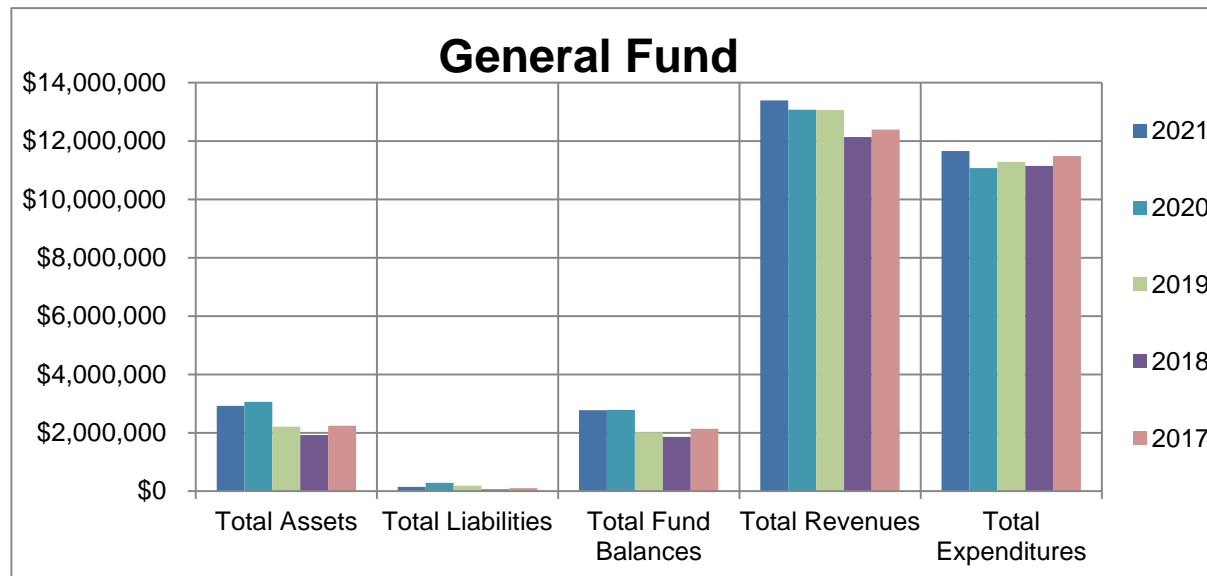
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

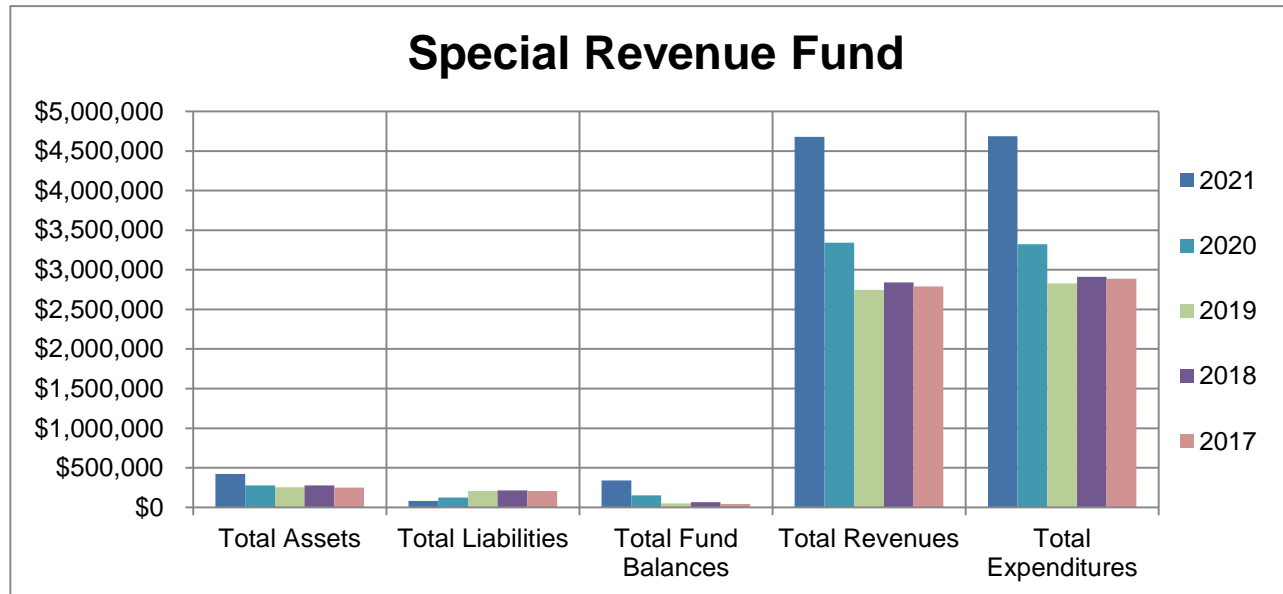
General Fund	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 2,920,149	\$ 3,063,909	\$ 2,204,529	\$ 1,921,995	\$ 2,237,241
Total Liabilities	144,153	283,027	187,940	58,955	102,794
Total Fund Balances	2,775,996	2,780,882	2,016,589	1,863,040	2,134,447
Total Revenues	13,394,650	13,067,333	13,060,849	12,135,332	12,392,753
Total Expenditures	11,655,852	11,068,984	11,278,883	11,149,449	11,484,640
Total Other Financing Sources (Uses)	(1,780,193)	(1,234,056)	(1,628,417)	(1,257,290)	(3,003,266)



OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI 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	\$ 421,928	\$ 275,775	\$ 255,182	\$ 278,835	\$ 251,105
Total Liabilities	81,115	125,423	205,266	214,741	207,237
Total Fund Balances	340,813	150,352	49,916	64,094	43,868
Total Revenues	4,676,781	3,342,686	2,745,210	2,841,304	2,789,354
Total Expenditures	4,686,320	3,324,250	2,829,388	2,909,133	2,887,352
Total Other Financing Sources (Uses)	200,000	82,000	70,000	88,055	



OSCEOLA SCHOOL DISTRICT NO. 1
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(Unaudited)

Schedule 5

Other Aggregate Funds	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 568,098	\$ 118,521	\$ 123,625	\$ 3,216,852	\$ 6,302,994
Total Liabilities			23,980	1,199,160	77,782
Total Fund Balances	568,098	118,521	99,645	2,017,692	6,225,212
Total Revenues	73,403	160,884	177,265	198,500	211,165
Total Expenditures	1,196,789	1,618,463	3,653,729	5,575,255	3,761,270
Total Other Financing Sources (Uses)	1,572,963	1,476,455	1,588,417	1,169,235	9,314,954

