

# **Jasper School District No. 1**

**Newton County, Arkansas**

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

**June 30, 2022**



JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
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# Arkansas

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



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

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

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

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

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

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

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

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Jasper School District No. 1 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

##### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

##### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2022, or the changes in financial position for the year then ended.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of 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*, is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis but does not include the regulatory basis financial statements, supplementary information, and our auditor's report thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2023 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

A handwritten signature in black ink, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas  
June 1, 2023  
EDSD27122

# Arkansas

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



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

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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

Jasper 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 Jasper School District No. 1 (the "District"), as of and for the year ended June 30, 2022, 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 June 1, 2023. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

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

We noted a certain matter that we reported to management of the District in a separate letter dated June 1, 2023.

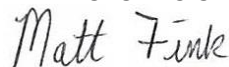
### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit, excluding the management letter finding, and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink that reads "Matt Fink". The signature is written in a cursive, slightly stylized font.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
June 1, 2023

# Arkansas

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



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

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

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

##### ***Opinion on Each Major Federal Program***

We have audited the Jasper School District No. 1's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2022.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

##### ***Responsibilities of Management for Compliance***

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

##### ***Auditor's Responsibilities for the Audit of Compliance***

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



In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
June 1, 2023

# Arkansas

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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

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

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

The District's operating bank account was unreconciled each month for the periods August 2021 through June 2022 with variances ranging from \$91,938 to \$203,847. At June 30, 2022, the operating bank account was unreconciled by \$203,847. ALA staff identified \$197,593 of the unreconciled variance leaving an unexplained variance of \$6,254. Additionally, the June 2022 operating bank reconciliation contained 54 outstanding checks totaling \$13,577 with issued dates over one year old.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Matt Fink".

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
June 1, 2023

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2022

Exhibit A

	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
ASSETS			
Cash	\$ 1,442,862		\$ 2,045,616
Accounts receivable	10,009	\$ 892,514	
Due from other funds	95,618	11,490	
Deposit with paying agent			549,582
TOTAL ASSETS	<u>\$ 1,548,489</u>	<u>\$ 904,004</u>	<u>\$ 2,595,198</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 31,374	\$ 273,870	\$ 41,253
Due to other funds	11,490	95,618	
Total Liabilities	<u>42,864</u>	<u>369,488</u>	<u>41,253</u>
Fund Balances:			
Restricted	453,320	534,516	555,396
Assigned	192,754		1,998,549
Unassigned	859,551		
Total Fund Balances	<u>1,505,625</u>	<u>534,516</u>	<u>2,553,945</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,548,489</u>	<u>\$ 904,004</u>	<u>\$ 2,595,198</u>

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

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,601,721		
State assistance	6,392,767	\$ 5,255	
Federal assistance	255,580	3,517,035	\$ 48,213
Activity revenues	316,050		
Meal sales		31,847	
Investment income	19,145		9,610
Other revenues	265,701	146	
<b>TOTAL REVENUES</b>	<b>9,850,964</b>	<b>3,554,283</b>	<b>57,823</b>
EXPENDITURES			
Regular programs	4,009,401	160,301	
Special education	562,100	160,883	
Career education programs	415,102	3,850	
Compensatory education programs	600	309,426	
Other instructional programs	40,204	375	
Student support services	415,777	192,309	
Instructional staff support services	660,944	545,726	
General administration support services	322,000	57,416	
School administration support services	590,494		
Central services support services	64,070	6,997	
Operation and maintenance of plant services	1,174,634	133,862	205,546
Student transportation services	961,541		
Other support services	14,367		
Food services operations	48,852	1,155,326	
Facilities acquisition and construction services	6,902	631,842	530,028
Activity expenditures	387,363		
Debt Service:			
Principal retirement	185,456		185,000
Interest and fiscal charges	8,346		142,185
<b>TOTAL EXPENDITURES</b>	<b>9,868,153</b>	<b>3,358,313</b>	<b>1,062,759</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(17,189)</b>	<b>195,970</b>	<b>(1,004,936)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			559,000
Transfers out	(559,000)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(559,000)</b>		<b>559,000</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(576,189)</b>	<b>195,970</b>	<b>(445,936)</b>
<b>FUND BALANCES - JULY 1</b>	<b>2,081,814</b>	<b>338,546</b>	<b>2,999,881</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,505,625</b>	<b>\$ 534,516</b>	<b>\$ 2,553,945</b>

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

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON 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, 2022

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 1,429,427	\$ 2,601,721	\$ 1,172,294			
State assistance	8,074,472	6,392,767	(1,681,705)	\$ 3,500	\$ 5,255	\$ 1,755
Federal assistance	21,000	255,580	234,580	6,422,881	3,517,035	(2,905,846)
Activity revenues		316,050	316,050			
Meal sales				28,050	31,847	3,797
Investment income	15,000	19,145	4,145			
Other revenues	173,409	265,701	92,292	100	146	46
<b>TOTAL REVENUES</b>	<b>9,713,308</b>	<b>9,850,964</b>	<b>137,656</b>	<b>6,454,531</b>	<b>3,554,283</b>	<b>(2,900,248)</b>
EXPENDITURES						
Regular programs	4,041,030	4,009,401	31,629	2,240,207	160,301	2,079,906
Special education	592,483	562,100	30,383	311,433	160,883	150,550
Career education programs	425,689	415,102	10,587		3,850	(3,850)
Compensatory education programs		600	(600)	345,151	309,426	35,725
Other instructional programs	48,125	40,204	7,921		375	(375)
Student support services	402,139	415,777	(13,638)	167,763	192,309	(24,546)
Instructional staff support services	616,229	660,944	(44,715)	891,821	545,726	346,095
General administration support services	260,270	322,000	(61,730)	77,171	57,416	19,755
School administration support services	583,508	590,494	(6,986)			
Central services support services	62,976	64,070	(1,094)	17,300	6,997	10,303
Operation and maintenance of plant services	1,487,620	1,174,634	312,986	1,428,682	133,862	1,294,820
Student transportation services	829,237	961,541	(132,304)	871,830		871,830
Other support services	19,882	14,367	5,515			
Food services operations		48,852	(48,852)		1,155,326	(1,155,326)
Community services operations				7,885		7,885
Facilities acquisition and construction services	11,000	6,902	4,098	258,437	631,842	(373,405)
Non-programmed costs				5,000		5,000
Activity expenditures	5,000	387,363	(382,363)			
Debt Service:						
Principal retirement		185,456	(185,456)			
Interest and fiscal charges		8,346	(8,346)			
<b>TOTAL EXPENDITURES</b>	<b>9,385,188</b>	<b>9,868,153</b>	<b>(482,965)</b>	<b>6,622,680</b>	<b>3,358,313</b>	<b>3,264,367</b>

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON 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, 2022

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 328,120	\$ (17,189)	\$ (345,309)	\$ (168,149)	\$ 195,970	\$ 364,119
OTHER FINANCING SOURCES (USES)						
Transfers in	11,192,298		(11,192,298)	77,565		(77,565)
Transfers out	(11,443,597)	(559,000)	10,884,597	(77,565)		77,565
TOTAL OTHER FINANCING SOURCES (USES)	(251,299)	(559,000)	(307,701)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	76,821	(576,189)	(653,010)	(168,149)	195,970	364,119
FUND BALANCES - JULY 1	2,147,332	2,081,814	(65,518)	355,510	338,546	(16,964)
FUND BALANCES - JUNE 30	\$ 2,224,153	\$ 1,505,625	\$ (718,528)	\$ 187,361	\$ 534,516	\$ 347,155

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

JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

**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 Jasper School District (District). There are no component units.

**B. Description of Funds**

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

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

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

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

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

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

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

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

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

JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

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

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

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

**D. Revenue Recognition Policies**

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

**E. Capital Assets**

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

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

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

**F. Property Taxes**

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

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

**G. Interfund Receivables and Payables**

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



JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

**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.

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.

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022

**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)	\$ 304,127	\$ 317,022
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	3,184,351	3,439,258
Total Deposits	<u>\$ 3,488,478</u>	<u>\$ 3,756,280</u>

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022, were comprised of the following:

	Governmental Funds	
	Major	
Description	General	Special Revenue
Federal assistance		\$ 891,250
Meal sales		1,264
Other	\$ 10,009	
Totals	<u>\$ 10,009</u>	<u>\$ 892,514</u>

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2022:

A. Construction Contract

<u>Project Name</u>	<u>Completion Date</u>	<u>Contract Balance</u>
FEMA Safe Room	December 1, 2022	\$ 1,397,453

B. Lease (lease of nonfinancial assets with initial noncancelable lease terms in excess of one year)

General description of lease and leasing arrangement:

On May 5, 2021, the District entered into a noncancelable lease agreement for 19 copiers with SumnerOne. The terms of the lease agreement for the 19 copiers is 60 months. The lease payments are \$1,490 monthly (plus applicable taxes).

1. Future minimum lease payments (aggregate) at June 30, 2022: \$71,520
2. Future minimum lease payments for the succeeding years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 17,880
2024	17,880
2025	17,880
2026	17,880
Total	<u>\$ 71,520</u>

Lease payments for the lease described above were approximately \$19,221 for the year ended June 30, 2022.

C. 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, 2022</u>	<u>Maturities To June 30, 2022</u>
<b><u>Bonds</u></b>					
9/1/11	9/1/28	4.625%	\$ 925,000	\$ 925,000	
4/1/13	2/1/31	1 - 2.6%	1,140,000	675,000	\$ 465,000
10/1/19	2/1/41	1.55 - 2.5%	3,720,000	3,520,000	200,000
Total Long-Term Debt			<u>\$ 5,785,000</u>	<u>\$ 5,120,000</u>	<u>\$ 665,000</u>

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022

**4: COMMITMENTS** (Continued)

C. Long-term Debt Issued and Outstanding (Continued)

Changes in Long-term Debt

	Balance July 1, 2021	Issued	Retired	Balance June 30, 2022
Bonds payable	\$ 5,305,000		\$ 185,000	\$ 5,120,000
<u>Direct Borrowings</u>				
Postdated warrants	185,456		185,456	
Total Long-Term Debt	\$ 5,490,456	\$ 0	\$ 370,456	\$ 5,120,000

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2023	\$ 190,000	\$ 137,811	\$ 327,811
2024	195,000	134,286	329,286
2025	205,000	130,649	335,649
2026	200,000	126,621	326,621
2027	210,000	122,461	332,461
2028-2032	2,115,000	386,412	2,501,412
2033-2037	1,065,000	192,095	1,257,095
2038-2041	940,000	58,685	998,685
Totals	\$ 5,120,000	\$ 1,289,020	\$ 6,409,020

Qualified School Construction Bonds

On September 1, 2011, the District obtained funding of \$ \$925,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

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.

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2022, were comprised of the following:

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	\$ 31,252	\$ 273,870	\$ 41,253
Payroll withholdings and matching	122		
Totals	<u>\$ 31,374</u>	<u>\$ 273,870</u>	<u>\$ 41,253</u>

**6: INTERFUND TRANSFERS**

The District transferred \$559,000 from the general fund to the other aggregate funds for debt related payments of \$156,947 and for future capital projects of \$402,053.

**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](http://www.artrs.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.75% 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 14.75% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2022, were \$984,785 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, 2021, (actuarial valuation date and measurement date) was \$5,371,214.

JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

**8: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$5,785,000 issued from September 1, 2011 to October 1, 2019. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$6,409,020, payable through February 1, 2041. Principal and interest paid for the current year and total property taxes pledged for debt service were \$325,874 and \$834,247, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 39.06 percent.

**9: 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.

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, and vehicles.

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.

**10: 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 \$223,223 for the year ended June 30, 2022.

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 8,458		
Enhanced student achievement funding	53,533		
English-language learners	1,345		
Professional development	2,085		
Capital projects			\$ 5,814
Child nutrition programs		\$ 356,785	
Debt service			549,582
Medical services		170,528	
Special education programs	243,585		
Title I programs		6,017	
Share our strength	55,000		
Other purposes	89,314	1,186	
Total Restricted	<u>453,320</u>	<u>534,516</u>	<u>555,396</u>
Assigned to:			
Capital projects			1,998,549
Student activities	192,754		
Total Assigned	<u>192,754</u>		<u>1,998,549</u>
Unassigned	<u>859,551</u>		
Totals	<u>\$1,505,625</u>	<u>\$ 534,516</u>	<u>\$2,553,945</u>

**12: SUBSEQUENT EVENTS**

On October 24, 2022, the District entered into a contract in the amount of \$499,891 with H. Craig Boone for HVAC upgrades at the Kingston campus.

On January 17, 2023, the District entered into a construction manager contract with Circle M Construction Management, Inc. for the renovation of a gym. The contract has a guaranteed maximum price (GMP) of \$1,022,409.

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2022  
 (Unaudited)

Schedule 1

	Balance June 30, 2022
Nondepreciable capital assets:	
Land	\$ 354,280
Depreciable capital assets:	
Buildings	14,094,558
Improvements/infrastructure	3,490,924
Equipment	4,961,420
Total depreciable capital assets	<u>22,546,902</u>
Less accumulated depreciation for:	
Buildings	4,882,020
Improvements/infrastructure	1,247,721
Equipment	3,396,884
Total accumulated depreciation	<u>9,526,625</u>
Total depreciable capital assets, net	<u>13,020,277</u>
Capital assets, net	<u><u>\$ 13,374,557</u></u>



JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2022

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
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	5102		\$ 432,907
National School Lunch Program (Note 3)	10.555			14,999
Arkansas Department of Education - National School Lunch Program	10.555	5102		673,976
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	5102000		28,238
Total for National School Lunch Program				717,213
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	5102		17,705
Total U. S. Department of Agriculture				1,167,825
<b>TOTAL CHILD NUTRITION CLUSTER</b>				1,167,825
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	5102		189,826
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education Grants to States	84.027X	5102		7,243
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	5102		13,628
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education - Preschool Grants	84.173X	5102		4,270
Total U. S. Department of Education				214,967
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				214,967
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Child Nutrition Discretionary Grants Limited Availability	10.579	5102		10,990
Total U. S. Department of Agriculture				10,990
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5102		287,829
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5102		380,728
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	5102		12,563
Total Education Stabilization Fund				681,120
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	5102		490,002
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	5102		32,306
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	5102		3,850
Arkansas Department of Education - Rural Education	84.358B	5102		19,163
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	5102		46,114
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	5102		31,355
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	5102		31,570
Total U. S. Department of Education				1,335,480

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2022

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
<u>U. S. Department of Homeland Security</u>				
Arkansas Division of Emergency Management - Building Resilient Infrastructure and Communities	97.047	5102		\$ 491,149
Total U. S. Department of Homeland Security				<u>491,149</u>
TOTAL OTHER PROGRAMS				<u>1,837,619</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 3,220,411</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 Jasper School District No. 1 (District) under programs of the federal government for the year ended June 30, 2022. 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 District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2022, the District received Medicaid funding of \$31,192 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

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 checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

**FEDERAL AWARDS**

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	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="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U, and 84.425W	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 checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
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JASPER SCHOOL DISTRICT NO. 1  
NEWTON COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

2022-001. Misstatements not Detected by Internal Control System

Criteria: Financial accounting records should be accurate to ensure the preparation of reliable financial statements that are fairly presented, in conformity with the regulatory basis of accounting.

Condition: The District's internal control system did not prevent or detect significant errors in the financial accounting records, which are utilized to prepare the District's financial statements. Significant errors in the general fund included:

- Unrecorded Qualified School Construction Bond principal and interest payments totaling \$193,802
- Error in recording a wire transfer from the Qualified School Construction Bond sinking fund in the amount of \$185,470
- Unrecorded transfer of \$185,428 to the debt service fund
- Overstatement of accounts receivable of \$11,490
- Unrecorded bank withdrawals of \$3,792
- Revenue misclassifications totaling \$184,903

The financial statements were subsequently corrected by adjusting entries during audit fieldwork.

Cause: Financial records were not properly monitored.

Effect or potential effect: Material misstatements were not detected by the District's internal control system.

Recommendation: To achieve reliable financial reporting, the District should exercise due care to ensure applicable general ledger accounts are properly stated.

Views of responsible officials: The District will exercise due diligence to ensure all general ledger accounts are properly balanced and reported. The District currently has a journal entry to correct the unrecorded bond, error in wire transfer and unrecorded transfer. The District will take greater care in analyzing negative revenue balances at the end of the year to ensure the District gets reimbursed correctly. The District will also take greater care in ensuring all debits have been correctly posted at the end of each month. In addition, the District will ensure that correct revenue codes are used to post all receipts. The District will refer to an updated APSCN Financial Handbook for all correct coding. The District understands the severity of this matter and is committed to taking all actions necessary to strengthen our internal control system. As a result, the District is in the process of implementing the E-Finance PO system, which will provide additional security measures and will help streamline purchasing procedures. Also, to correct the errors identified in this audit and to prevent future errors, we are realigning some of the duties in the District office to allow personnel additional time to focus on these areas of concern.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



**Dr. Candra Brasel, Superintendent**  
**P.O. Box 446**  
**Jasper, Arkansas 72641**

**TELEPHONE**

**(870)446-2223**

**BOARD MEMBERS:**

Joel Brasel, President  
Stacey Root, Vice President  
Quentin Rylee, Secretary

Jim Lavery

Lisa Snow

Kevin Hasty

Garrett Davidson

Schedule 4

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL STATEMENT FINDINGS**

There are no findings in the prior audit.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

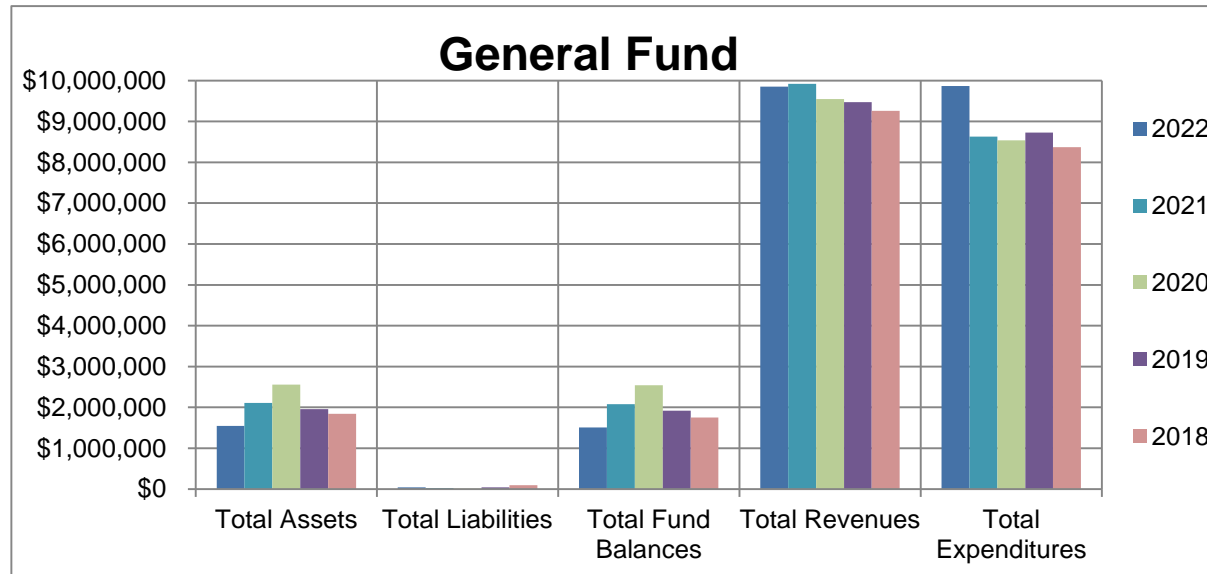
There are no findings in the prior audit.

“An Equal Opportunity Educational Institution”

JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2022  
 (Unaudited)

Schedule 5

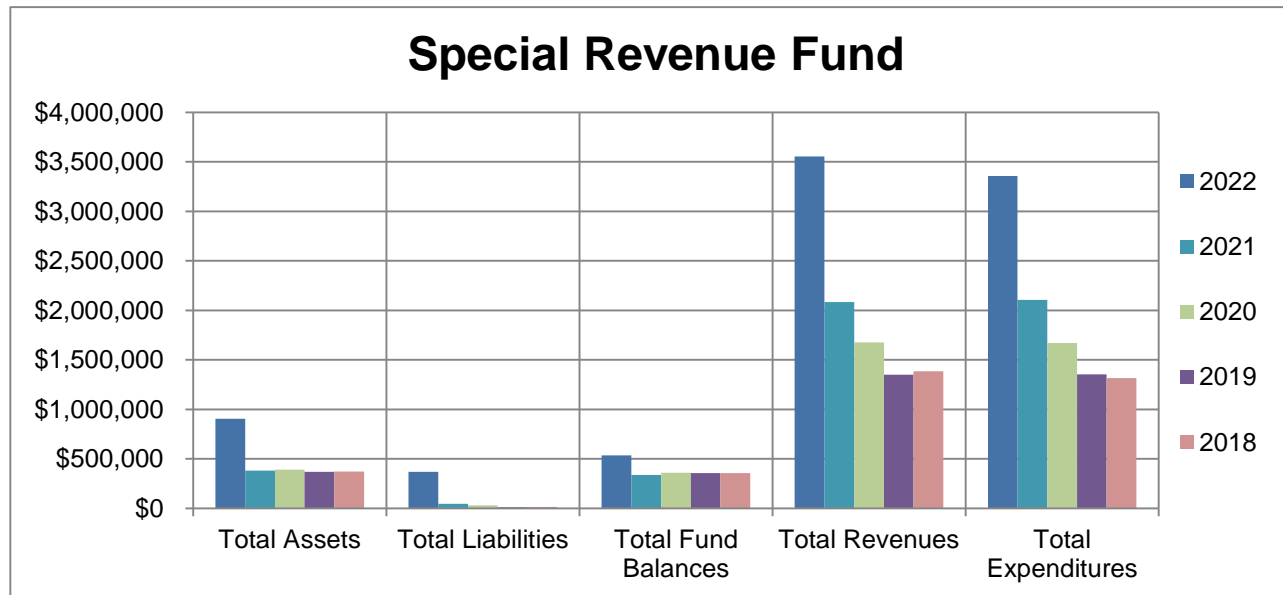
<b>General Fund</b>	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets	\$ 1,548,489	\$ 2,107,456	\$ 2,556,281	\$ 1,959,072	\$ 1,842,126
Total Liabilities	42,864	25,642	13,698	41,360	92,257
Total Fund Balances	1,505,625	2,081,814	2,542,583	1,917,712	1,749,869
Total Revenues	9,850,964	9,921,107	9,549,834	9,470,559	9,256,826
Total Expenditures	9,868,153	8,632,678	8,541,613	8,725,084	8,370,205
Total Other Financing Sources (Uses)	(559,000)	(1,855,913)	(383,350)	(577,632)	(1,077,950)



JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2022  
 (Unaudited)

Schedule 5

<u><b>Special Revenue Fund</b></u>	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets	\$ 904,004	\$ 383,361	\$ 392,155	\$ 368,835	\$ 372,177
Total Liabilities	369,488	44,815	31,223	13,301	14,283
Total Fund Balances	534,516	338,546	360,932	355,534	357,894
Total Revenues	3,554,283	2,083,651	1,676,893	1,351,746	1,384,845
Total Expenditures	3,358,313	2,106,037	1,671,495	1,354,106	1,315,341
Total Other Financing Sources (Uses)					42,480



JASPER SCHOOL DISTRICT NO. 1  
 NEWTON COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2022  
 (Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total Assets	\$ 2,595,198	\$ 3,005,461	\$ 1,532,649	\$ 1,497,796	\$ 1,469,808
Total Liabilities	41,253	5,580	15,075		28,500
Total Fund Balances	2,553,945	2,999,881	1,517,574	1,497,796	1,441,308
Total Revenues	57,823	65,828	151,474	135,049	74,146
Total Expenditures	1,062,759	439,434	616,173	646,421	456,102
Total Other Financing Sources (Uses)	559,000	1,855,913	484,477	567,860	1,034,455

