Pulaski County Special School District

Pulaski County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI COUNTY, ARKANSAS
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Pulaski County Special School District and School Board Members
Legislative Joint Auditing Committee

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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.

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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 March 16, 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

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

Little Rock, Arkansas
March 16, 2022
EDSD32321

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

Pulaski County Special School District and School Board Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Pulaski County Special School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated March 16, 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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a significant deficiency.

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*.

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District's Response to Findings

The District's response to the finding identified in our audit, excluding the management letter finding, is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on it.

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

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 16, 2022

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

Pulaski County Special School District and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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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

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 16, 2022

Arkansas

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

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

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

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Pulaski County Special School District and School Board Members
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment 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. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

The Maumelle Middle School District Secretary received a donation of $700 in cash that was not subsequently deposited into the District's bank account. The custodian of the funds could not be identified due to multiple employees having access to the location where the funds were kept. The District reported the incident to the Arkansas State Police and requested an investigation.

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

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 16, 2022

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Exhibit A

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2021

	Governmental Funds			
	Major			
	General	Special Revenue	Other Aggregate	Fiduciary Fund Types
ASSETS				
Cash	$ 16,668,812		$ 9,313,638	$ 24,432
Accounts receivable	21,808	$ 1,825,335	228,122	
Due from other funds	403,853			
TOTAL ASSETS	$ 17,094,473	$ 1,825,335	$ 9,541,760	$ 24,432
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	$ 1,751,967	$ 335,297	$ 513,916	
Due student groups				$ 9,269
Due to other funds		403,853		
Deferred revenues		64,638		
Total Liabilities	1,751,967	803,788	513,916	9,269
Fund Balances:				
Restricted	3,081,206	1,119,811	9,027,844	15,163
Assigned	2,754,200			
Unassigned	9,507,100	(98,264)		
Total Fund Balances	15,342,506	1,021,547	9,027,844	15,163
TOTAL LIABILITIES AND FUND BALANCES	$ 17,094,473	$ 1,825,335	$ 9,541,760	$ 24,432

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

Exhibit B

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

	Major		
	General	Special Revenue	Other Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	$ 95,854,305		$ 19,253,636
State assistance	25,113,698	$ 28,844	
Federal assistance		19,676,544	
Activity revenues	704,719		
Meal sales		15,370	
Investment income	153,647	7	36,638
Other revenues	1,800,995	18,296	354,599
TOTAL REVENUES	123,627,364	19,739,061	19,644,873
EXPENDITURES			
Regular programs	47,357,240	2,377,694	
Special education	11,337,192	2,104,383	
Career education programs	3,794,920	362,267	
Adult/continuing education program	706,963	305,503	
Compensatory education programs	2,716,157	1,007,740	
Other instructional programs	3,729,702	278,549	
Student support services	7,754,170	1,124,537	
Instructional staff support services	5,964,437	4,261,834	2,019,876
General administration support services	1,864,829	57,876	
School administration support services	9,560,726	378,116	
Central services support services	5,447,319	894,121	1,140,565
Operation and maintenance of plant services	15,938,466	929,665	2,830
Student transportation services	8,776,652	500,228	
Other support services	63,754		
Food services operations	646	5,148,775	
Community services operations	347,425	97,485	
Facilities acquisition and construction services			13,420,994
Non-programmed costs		565,657	
Activity expenditures	690,022		
Debt Service:			
Principal retirement			8,408,192
Interest and fiscal charges			7,300,017
Net debt issuance costs			(1,175,045)
TOTAL EXPENDITURES	126,050,620	20,394,430	31,117,429
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,423,256)	(655,369)	(11,472,556)
OTHER FINANCING SOURCES (USES)			
Transfers in		799,295	
Transfers out	(799,295)		
Proceeds from refunding bond issue			46,205,000
Payment to refunding bond escrow agent			(47,378,221)
Compensation for loss of capital assets	432,099		
Refund to grantor	(7,694)	(14,876)	
TOTAL OTHER FINANCING SOURCES (USES)	(374,890)	784,419	(1,173,221)

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI 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	Other Aggregate
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ (2,798,146)	$ 129,050	$ (12,645,777)
FUND BALANCES - JULY 1	18,140,652	892,497	21,673,621
FUND BALANCES - JUNE 30	$ 15,342,506	$ 1,021,547	$ 9,027,844

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

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI 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)	$ 90,163,631	$ 95,854,305	$ 5,690,674			
State assistance	24,535,858	25,113,698	577,840	$ 31,000	$ 28,844	$ (2,156)
Federal assistance				14,993,370	19,676,544	4,683,174
Activity revenues		704,719	704,719			
Meal sales				1,083,299	15,370	(1,067,929)
Investment income	260,222	153,647	(106,575)		7	7
Other revenues	1,605,178	1,800,995	195,817	3,002	18,296	15,294
TOTAL REVENUES	116,564,889	123,627,364	7,062,475	16,110,671	19,739,061	3,628,390
EXPENDITURES						
Regular programs	47,817,411	47,357,240	460,171	362,206	2,377,694	(2,015,488)
Special education	12,072,150	11,337,192	734,958	1,172,789	2,104,383	(931,594)
Career education programs	3,793,102	3,794,920	(1,818)	39,603	362,267	(322,664)
Adult/continuing education program	340,690	706,963	(366,273)	193,825	305,503	(111,678)
Compensatory education programs	3,143,224	2,716,157	427,067	1,165,403	1,007,740	157,663
Other instructional programs	4,187,935	3,729,702	458,233	94,731	278,549	(183,818)
Student support services	7,274,412	7,754,170	(479,758)	1,237,890	1,124,537	113,353
Instructional staff support services	5,396,583	5,964,437	(567,854)	4,258,364	4,261,834	(3,470)
General administration support services	1,640,628	1,864,829	(224,201)	33,037	57,876	(24,839)
School administration support services	9,375,319	9,560,726	(185,407)		378,116	(378,116)
Central services support services	4,608,389	5,447,319	(838,930)	1,142,710	894,121	248,589
Operation and maintenance of plant services	13,252,108	15,938,466	(2,686,358)	224,612	929,665	(705,053)
Student transportation services	6,146,217	8,776,652	(2,630,435)		500,228	(500,228)
Other support services	117,445	63,754	53,691			
Food services operations	4,982	646	4,336	5,450,234	5,148,775	301,459
Community services operations	230,204	347,425	(117,221)	333,459	97,485	235,974
Non-programmed costs				219,183	565,657	(346,474)
Activity expenditures		690,022	(690,022)			
TOTAL EXPENDITURES	119,400,799	126,050,620	(6,649,821)	15,928,046	20,394,430	(4,466,384)

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI 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	$ (2,835,910)	$ (2,423,256)	$ 412,654	$ 182,625	$ (655,369)	$ (837,994)
OTHER FINANCING SOURCES (USES)						
Transfers in	169,689,977		(169,689,977)	594,000	799,295	205,295
Transfers out	(170,067,978)	(799,295)	169,268,683			
Compensation for loss of capital assets		432,099	432,099			
Refund to grantor		(7,694)	(7,694)		(14,876)	(14,876)
TOTAL OTHER FINANCING SOURCES (USES)	(378,001)	(374,890)	3,111	594,000	784,419	190,419
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,213,911)	(2,798,146)	415,765	776,625	129,050	(647,575)
FUND BALANCES - JULY 1	18,281,541	18,140,652	(140,889)	1,005,777	892,497	(113,280)
FUND BALANCES - JUNE 30	$ 15,067,630	$ 15,342,506	$ 274,876	$ 1,782,402	$ 1,021,547	$ (760,855)

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

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 Pulaski County Special School District (District). There are no component units.

B. Description of Funds

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.
Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

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

Fiduciary Fund types include the following:

Custodial Funds – Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).
Private-purpose Funds – Private-purpose funds are used to report all other arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

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

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

C. Measurement Focus and Basis of Accounting (Continued)

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.

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 $5,000 for capitalizing equipment. Library holdings are not capitalized.

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

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

F. Property Taxes

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

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

F. Property Taxes (Continued)

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.

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.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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)	$ 9,643,470	$ 9,657,775
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	16,363,412	21,926,109
Total Deposits	$ 26,006,882	$ 31,583,884

3: ACCOUNTS RECEIVABLE

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Federal assistance		$ 1,823,876	
Meal sales		602	
Other	$ 21,808	857	$ 228,122
Totals	$ 21,808	$ 1,825,335	$ 228,122

4: COMMITMENTS

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

A. Construction Contracts

Project Name	Completion Date	Contract Balance
Mills High School building	January 2022	$ 336,398
Robinson Middle School building	January 2022	154,670
Sylvan Hills High School building	December 2021	1,112,311

B. Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
Bonds					
11/1/12	2/1/35	2 - 3.375%	$ 3,755,000	$ 2,805,000	$ 950,000
3/15/16	2/1/32	2 - 3%	29,080,000	23,155,000	5,925,000
8/1/17	2/1/35	3 - 3.25%	22,295,000	20,535,000	1,760,000
8/23/17	2/1/48	3 - 4%	66,490,000	65,375,000	1,115,000
1/30/19	2/1/48	3.5 - 3.75%	20,475,000	20,170,000	305,000
10/24/19	2/1/35	2.05 - 2.85%	61,540,000	61,540,000	
11/5/20	2/1/35	2%	46,205,000	46,205,000	
Total Bonds			249,840,000	239,785,000	10,055,000
Direct Borrowings					
7/1/18	7/1/21	3.86%	5,301,643	465,614	4,836,029
Total Long-Term Debt			$ 255,141,643	$ 240,250,614	$ 14,891,029

4: COMMITMENTS (Continued)

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

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	$ 246,820,000	$ 46,205,000	$ 53,240,000 *	$ 239,785,000
Direct Borrowings				
Installment contract	2,283,806		1,818,192	465,614
Total Long-Term Debt	$ 249,103,806	$ 46,205,000	$ 55,058,192	$ 240,250,614

* Includes $46,650,000 early retirement of debt – See Note 6.

Future Principal and Interest Payments

Year Ended June 30,	Bonds Principal	Bonds Interest	Bonds Total	Direct Borrowings Principal	Direct Borrowings Interest	Direct Borrowings Total
2022	$ 8,025,000	$ 7,014,839	$ 15,039,839	$ 465,614	$ 4,512	$ 470,126
2023	10,340,000	6,818,874	17,158,874			
2024	10,585,000	6,573,634	17,158,634			
2025	10,835,000	6,320,521	17,155,521			
2026	11,105,000	6,054,963	17,159,963			
2027-2031	59,825,000	25,967,395	85,792,395			
2032-2036	58,320,000	17,759,724	76,079,724			
2037-2041	25,705,000	11,647,856	37,352,856			
2042-2046	30,895,000	6,536,481	37,431,481			
2047-2048	14,150,000	842,588	14,992,588			
Totals	$ 239,785,000	$ 95,536,875	$ 335,321,875	$ 465,614	$ 4,512	$ 470,126

Security for Debt Payments

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

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Vendor payables	$ 1,715,925	$ 335,297	$ 513,916
Payroll withholdings and matching	36,042		
Totals	$ 1,751,967	$ 335,297	$ 513,916

6: DEBT REFUNDING

On November 5, 2020, the District issued refunding bonds of $46,205,000 with an interest rate of 2 percent to refund $46,650,000 of outstanding bonds dated October 15, 2015. The interest rates of the bonds refunded were 3 to 3.5 percent. Net bond proceeds of $47,378,221 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on February 1, 2021. The refunding bonds were sold at a premium of $1,305,182 which is included in the net bond proceeds amount remitted to the escrow agent. The net of the bond premium ($1,305,182) and bond issuance costs ($130,137) resulted in a negative amount for net debt issuance costs of $1,175,045. The remaining proceeds of $1,824 (after payment of $130,137 in bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of $4,964,766 to the District over the life of the bonds.

7: INTERFUND TRANSFERS

The District transferred $799,295 from the general fund to the special revenue fund to supplement the District's food service operations.

8: RETIREMENT PLANS

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers 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 $13,639,150, equal to the required contributions.

8: RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (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 $162,800,984.

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, 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 Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at www.apers.org.

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% 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 for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2021 were $1,301, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2020 (actuarial valuation date and measurement date) was $19,553.

9: CHANGES IN PRIVATE-PURPOSE FUNDS

FUND BALANCE - JULY 1	$ 15,163
FUND BALANCE - JUNE 30	$ 15,163

10: DEFICIT FUND BALANCE

The deficit unassigned fund balance of $98,264 in the special revenue fund, as displayed in the table at Note 14 below, is the result of journal entries to eliminate child nutrition program inventories from the balance sheet for regulatory basis reporting purposes.

11: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of $249,840,000 issued from November 1, 2012 to November 5, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is $335,321,875, payable through February 1, 2048. Principal and interest paid for the current year and total property taxes pledged for debt service were $13,817,480 and $41,857,433, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 33.01 percent.

12: 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 student athletics and legal 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.

13: 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 $2,729,286 for the year ended June 30, 2021.

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	$ 314,570		
Enhanced student achievement funding	773,663		
Enhanced student achievement match	52,038		
Impact aid	8,054		
Arkansas school recognition program	77,135		
English-language learners	284,827		
Professional development	40,483		
Capital projects			$5,493,055
Arkansas Better Chance program	534,997		
Debt service			3,534,789
Career new program start-up	73,797		
Medical services		$1,097,998	
Special education programs	753,995	1,646	
Adult education	75,932		
Other purposes	91,715	20,167	
Total Restricted	3,081,206	1,119,811	9,027,844
Assigned to:			
Federal indirect costs	1,845,188		
Student activities	889,851		
Other purposes	19,161		
Total Assigned	2,754,200		
Unassigned	9,507,100	(98,264)	
Totals	$ 15,342,506	$1,021,547	$9,027,844

15: SUBSEQUENT EVENTS

On July 1, 2021, the District entered into a Government Obligation Contract in the amount of $6,643,360 with Acer Financial Services for the purchase of 13,000 Chromebook Spins with assorted accessories.

On August 24, 2021, the District issued refunding bonds of $69,120,000 to refund the bond issue dated August 23, 2017.

On December 30, 2021, the District issued refunding and construction bonds series 2021A of $21,675,000 to refund the bond issue dated August 1, 2017 and series 2021B of $108,750,000 to refund the bond issues dated March 15, 2016 and November 1, 2012.

16: COMPENSATION FOR LOSS OF CAPITAL ASSETS

The District received insurance proceeds of $345,806 for water damage to Chenal Elementary, $40,519 for damage to various vehicles, $43,439 for storm damage to Landmark Elementary, and $2,335 for lost/damaged Chromebooks from various schools.

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

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	$ 8,554,644
Construction in progress	155,856,746
Total nondepreciable capital assets	164,411,390
Depreciable capital assets:	
Buildings	166,143,583
Improvements/infrastructure	59,643,691
Equipment	28,237,158
Total depreciable capital assets	254,024,432
Less accumulated depreciation for:	
Buildings	54,038,690
Improvements/infrastructure	21,547,760
Equipment	21,071,759
Total accumulated depreciation	96,658,209
Total depreciable capital assets, net	157,366,223
Capital assets, net	$ 321,777,613

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI 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. S. Department of Agriculture				
Arkansas Department of Education - School Breakfast Program	10.553	6003		$ 1,100,866
National School Lunch Program (Note 3)	10.555			107,401
Arkansas Department of Education - National School Lunch Program	10.555	6003		2,318,242
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	6003000		342,365
Total for National School Lunch Program				2,768,008
Total U. S. Department of Agriculture				3,868,874
TOTAL CHILD NUTRITION CLUSTER				3,868,874
SPECIAL EDUCATION CLUSTER (IDEA)				
U. S. Department of Education				
Arkansas Department of Education - Special Education - Grants to States	84.027A	6003		2,377,357
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	6003		67,481
Total U. S. Department of Education				2,444,838
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				2,444,838
OTHER PROGRAMS				
U. S. Department of Defense				
ROTC (Note 5)	12.AR060081			80,417
Total U. S. Department of Defense				80,417
U.S. Department of the Treasury				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	6003		477,652
Total U.S. Department of the Treasury				477,652
U. S. Department of Education				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	6003		7,333,342
Total Education Stabilization Fund				7,333,342
Arkansas Division of Workforce Services - Adult Education - Basic Grants to States	84.002A	6003		217,835
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	6003		3,400,200
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	6003		158,947
Arkansas Department of Education - Education for Homeless Children and Youth	84.196A	6003		33,277
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	6003		67,825
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	6003		426,019
Arkansas Department of Human Services - Preschool Development Grants	84.419B	6003		75,606
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	6003		139,013
Total U. S. Department of Education				11,852,064

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
PULASKI 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
U. S. Department of Health and Human Services				
Arkansas Division of Workforce Services - Temporary Assistance for Needy Families	93.558	6003		$ 70,335
Arkansas Hunger Relief Alliance - Temporary Assistance for Needy Families	93.558	not available		13,000
Total for Temporary Assistance for Needy Families				83,335
Total U. S. Department of Health and Human Services				83,335
TOTAL OTHER PROGRAMS				12,493,468
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 0	$ 18,807,180

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 Pulaski County Special School District (District) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.

Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

Note 5: The Federal Assistance Listing Number was not available. An alternative identifying number was utilized.

Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 7: During the year ended June 30, 2021, the District received Medicaid funding of $203,892 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

Schedule 3

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

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:

• Material weakness(es) identified?		yes	X	no
• Significant deficiency(ies) identified?	X	yes		none reported
Noncompliance material to financial statements noted?		yes	X	no

FEDERAL AWARDS

Internal control over major federal programs:

• Material weakness(es) identified?		yes	X	no
• Significant deficiency(ies) identified?		yes	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)?		yes	X	no

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?		yes	X	no

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

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2021-001. Internal Control

Criteria: An effective internal control system is the responsibility of management and requires sound accounting policies and proper oversight that will, among other things, help to ensure the proper initiating, authorization, recording, processing, and reporting of transactions consistent with management's assertions embodied in the financial statements.

Condition: Financial accounting duties pertaining to activity funds were not adequately segregated among employees at the offices at the individual campuses located throughout the District to properly receipt, record, and safeguard assets of the District. Specifically, the key weakness at the level of the individual campuses is that one employee is responsible for maintaining the accounting records, without adequate compensating controls.

Cause: District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees at the multiple campuses did not effectively address the deficiency in internal control.

Effect or potential effect: The District's ability to initiate, authorize, record, process, and report activity fund transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weakness in the above internal control component.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report activity fund transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets at the individual campuses throughout the District.

Views of responsible officials: We concur with the recommendation and will implement corrective procedures to the extent possible.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

PULASKI COUNTY SPECIAL SCHOOL DISTRICT
925 East Dixon Road, Little Rock, AR 72206 • 501.234.2000 • Website: pcssd.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

2020 – Finding 2020-001: Internal Control

2019 – Finding 2019-001: Internal Control

Condition: Financial accounting duties pertaining to activity funds were not adequately segregated among employees at the offices at the individual campuses located throughout the District to properly receipt, record, and safeguard assets of the District. Specifically, the key weakness at the level of the individual campuses is that one employee is responsible for maintaining the accounting records, without adequate compensating controls.

Current Status: Lack of segregation of financial accounting duties pertaining to the activity funds continued during the audit period. See finding 2021-001 at Schedule 3.

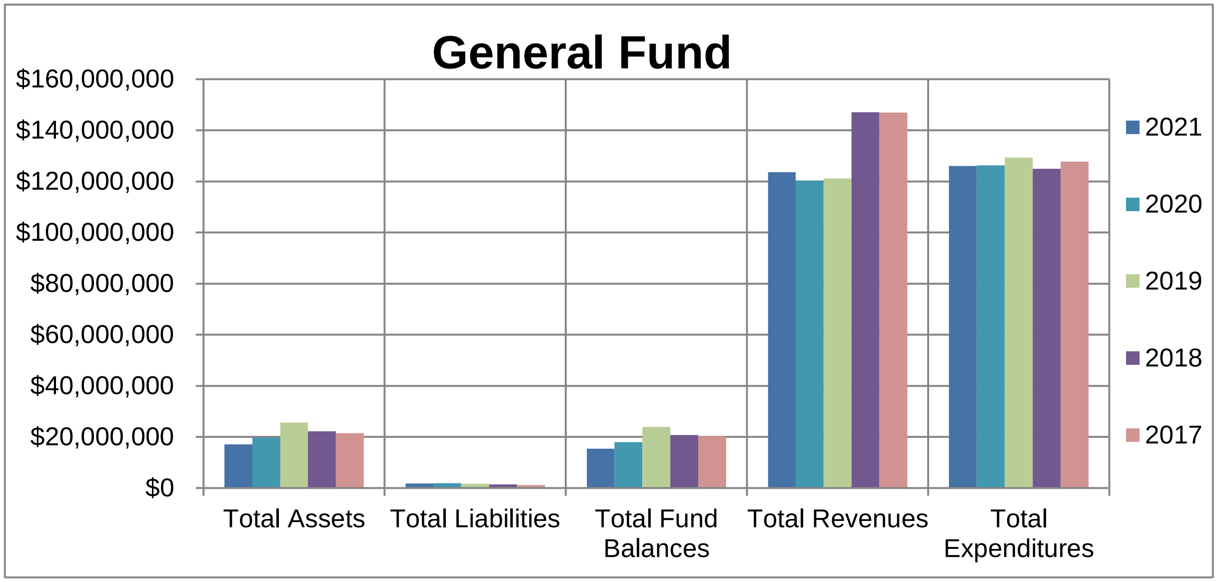
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

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

Schedule 5

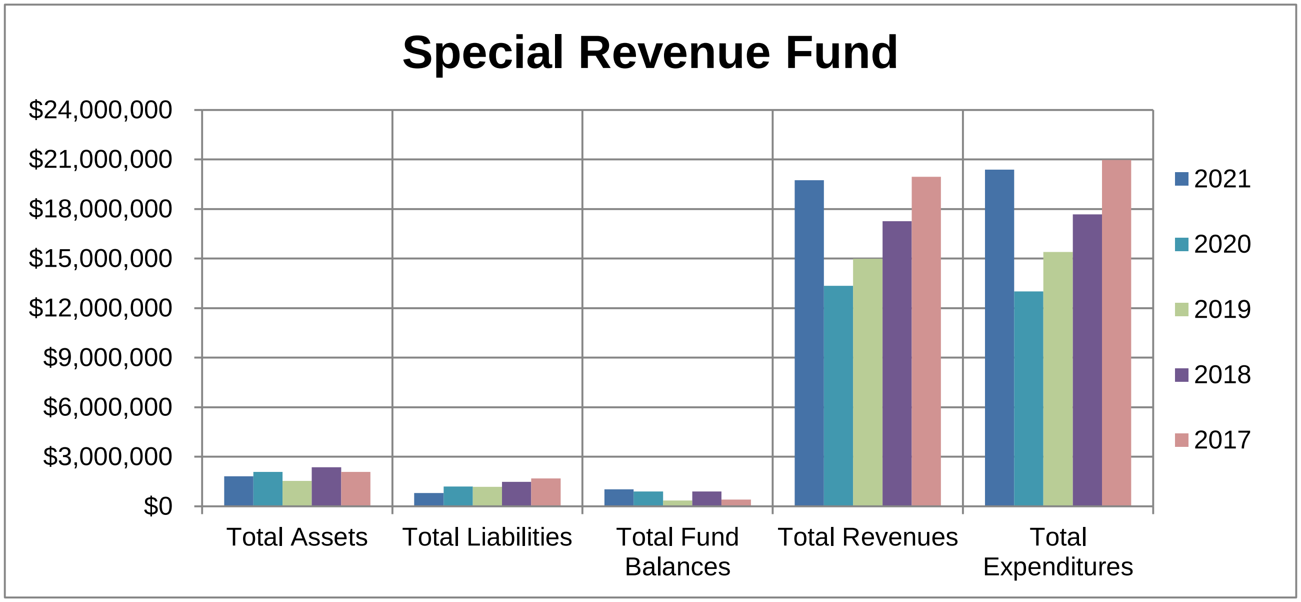
	Year Ended June 30,				
General Fund	2021	2020	2019	2018	2017
Total Assets	$ 17,094,473	$ 19,759,416	$ 25,574,737	$ 22,191,752	$ 21,474,907
Total Liabilities	1,751,967	1,841,527	1,691,619	1,412,868	1,165,999
Total Fund Balances	15,342,506	17,917,889	23,883,118	20,778,884	20,308,908
Total Revenues	123,627,364	120,337,962	121,171,139	147,123,702	146,897,507
Total Expenditures	126,050,620	126,291,817	129,264,609	124,927,506	127,758,667
Total Other Financing Sources (Uses)	(374,890)	(11,374)	11,212,872	(21,726,220)	(18,792,808)



Schedule 5

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

	Year Ended June 30,				
Special Revenue Fund	2021	2020	2019	2018	2017
Total Assets	$ 1,825,335	$ 2,085,011	$ 1,530,278	$ 2,370,611	$ 2,092,389
Total Liabilities	803,788	1,192,514	1,182,310	1,475,674	1,683,724
Total Fund Balances	1,021,547	892,497	347,968	894,937	408,665
Total Revenues	19,739,061	13,358,678	14,992,962	17,259,659	19,958,143
Total Expenditures	20,394,430	13,014,939	15,410,004	17,687,245	20,974,328
Total Other Financing Sources (Uses)	784,419	200,790	(129,927)	913,858	555,104



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

Schedule 5

	Year Ended June 30,				
Other Aggregate Funds	2021	2020	2019	2018	2017
Total Assets	$ 9,541,760	$ 25,866,164	$ 48,326,646	$ 77,859,440	$ 49,965,486
Total Liabilities	513,916	4,192,543	3,989,091	11,209,645	11,561,016
Total Fund Balances	9,027,844	21,673,621	44,337,555	66,649,795	38,404,470
Total Revenues	19,644,873	20,624,083	18,811,862	13,513,636	12,142,326
Total Expenditures	31,117,429	44,243,550	55,389,352	67,510,182	51,179,865
Total Other Financing Sources (Uses)	(1,173,221)	955,533	14,265,250	82,241,871	7,089,939