

**HACKETT SCHOOL DISTRICT NO. 17**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**HACKETT SCHOOL DISTRICT NO. 17**  
**CONTENTS**  
**YEAR ENDED JUNE 30, 2022**

<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>	<b>4</b>
<b>INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE.....</b>	<b>6</b>
<b>INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS .....</b>	<b>9</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Balance Sheet – Regulatory Basis.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – Regulatory Basis .....	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Regulatory Basis.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Regulatory Basis .....	13
Notes to the Financial Statements .....	14
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Capital Assets (Unaudited) .....	23
Schedule of Expenditures of Federal Awards.....	24
Schedule of Expenditures of State Awards.....	26
Schedule of Selected Information for the Last Five Years (Unaudited) .....	27
Disclosure of Retirement Plan Information (Unaudited) .....	28
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....</b>	<b>29</b>
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS.....</b>	<b>32</b>
<b>SUPPLEMENTAL DATA SHEET REQUIRED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES .....</b>	<b>33</b>

Cliff Hubbs, CPA  
Kenny Whitehead, CPA  
Justin Anthony, CPA

1111 Fayetteville Road  
Van Buren, AR 72956  
Ph: (479) 474-3454  
Fax: (479) 474-7165  
handwcpas.com

**Hubbs & Whitehead, CPAs**  
Certified Public Accountants



## INDEPENDENT AUDITOR'S REPORT

To the School Board  
Hackett School District No. 17  
Hackett, Arkansas

### Opinions

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of **Hackett School District No. 17**, 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 Opinion 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 **Hackett School District No. 17** 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. Section 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 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 **Hackett School District No. 17**, 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. 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 **Hackett School District No. 17**, 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 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by **Hackett School District No. 17** on the basis of the financial reporting provisions of Ark. Code Ann. Section 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.

#### Member of:

\*American Institute of Certified Public Accountants  
\*Governmental Audit Quality Center

\*Arkansas Society of Certified Public Accountants

\*Oklahoma Society of Certified Public Accountants

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.

### **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. Section 10-4-413(c) as provided in Act 2201 to 2005, as described in Note 1, to meet the requirements of the State of Arkansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 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 opinion. 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 generally accepted 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 generally accepted 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 **Hackett School District No. 17'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 **Hackett School District No. 17's** ability to continue as a going concern for a reasonable period of time.

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

## **Other Matters**

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The Schedule of Capital Assets (Unaudited), the Schedule of Expenditures of State Awards, the Disclosure of Retirement Plan Information (Unaudited), and the Schedule of Selected Information for the Last Five Years (Unaudited), which are the responsibility of management, are presented for the purpose of additional analysis and in compliance with state statute. Such information has 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 it.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit 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) 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated **November 15, 2022** on our consideration of **Hackett School District No. 17'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 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 internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Hackett School District No. 17's** internal control over financial reporting and compliance.



**Hubbs & Whitehead, CPAs**  
**Van Buren, Arkansas**

**November 15, 2022**



Cliff Hubbs, CPA  
Kenny Whitehead, CPA  
Justin Anthony, CPA

1111 Fayetteville Road  
Van Buren, AR 72956  
Ph: (479) 474-3454  
Fax: (479) 474-7165  
handwcpas.com

Hubbs & Whitehead, CPAs

Certified Public Accountants



**INDEPENDENT AUDITOR'S 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**

**To the School Board  
Hackett School District No. 17  
Hackett, Arkansas**

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 **Hackett School District No. 17**, as of and for the year ended **June 30, 2022**, and the related notes to financial statements which collectively comprise **Hackett School District No. 17's** regulatory basis financial statements, and have issued our report thereon dated **November 15, 2022**. We issued an adverse opinion because **Hackett School District No. 17** prepared the financial statements on the basis of financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The effects on the financial statements of the variances between the regulatory basis of accounting and U.S. GAAP, 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 governmental fund and the aggregate remaining fund information of **Hackett School District No. 17** 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 to the financial statements.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered **Hackett School District No. 17's** internal control over financial reporting (internal control) to determine the 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 **Hackett School District No. 17's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Hackett School District No. 17'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 entity'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.

**Member of:**

\*American Institute of Certified Public Accountants  
\*Governmental Audit Quality Center

\*Arkansas Society of Certified Public Accountants

\*Oklahoma Society of Certified Public Accountants

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 certain deficiencies in internal control, as 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 **Hackett School District No. 17's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, 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*.

#### **Hackett School District No. 17's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on **Hackett School District No. 17's** response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. **Hackett School District No. 17's** response was not subjected to the other auditing procedures applied in the audit of the 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.



**Hubbs & Whitehead, CPAs**  
**Van Buren, Arkansas**

**November 15, 2022**



Cliff Hubbs, CPA  
Kenny Whitehead, CPA  
Justin Anthony, CPA

1111 Fayetteville Road  
Van Buren, AR 72956  
Ph: (479) 474-3454  
Fax: (479) 474-7165  
handwcpas.com

**Hubbs & Whitehead, CPAs**  
Certified Public Accountants



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the School Board  
Hackett School District No. 17  
Hackett, Arkansas

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

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

We have audited **Hackett School District No. 17's** 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 **Hackett School District No. 17's** major federal programs for the year ended **June 30, 2022**. **Hackett School District No. 17'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, **Hackett School District No. 17** 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; 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). 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 **Hackett School District No. 17** 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 **Hackett School District No. 17'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 **Hackett School District No. 17's** federal programs.

**Member of:**

\*American Institute of Certified Public Accountants  
\*Governmental Audit Quality Center

\*Arkansas Society of Certified Public Accountants

\*Oklahoma Society of Certified Public Accountants



### ***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 **Hackett School District No. 17'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 generally accepted auditing standards, *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 **Hackett School District No. 17's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 **Hackett School District No. 17'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 **Hackett School District No. 17'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 **Hackett School District No. 17'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**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

*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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on **Hackett School District No. 17's** response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. **Hackett School District No. 17's** response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Hubbs & Whitehead, CPAs  
Van Buren, Arkansas

November 15, 2022

Cliff Hubbs, CPA  
Kenny Whitehead, CPA  
Justin Anthony, CPA

1111 Fayetteville Road  
Van Buren, AR 72956  
Ph: (479) 474-3454  
Fax: (479) 474-7165  
handwcpas.com

**Hubbs & Whitehead, CPAs**  
Certified Public Accountants



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the School Board  
**Hackett School District No. 17**  
Hackett, Arkansas

We have examined management's assertions that **Hackett School District No. 17** substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended **June 30, 2022**. Management is responsible for **Hackett School District No. 17's** compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about **Hackett School District No. 17's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on **Hackett School District No. 17's** compliance with specified requirements.

In our opinion, **Hackett School District No. 17** complied, in all material respects, with the aforementioned requirements for the year ended **June 30, 2022**.

This report is intended solely for the information and use of the School Board, management, and the Arkansas Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Hubbs & Whitehead, CPAs  
Van Buren, Arkansas

November 15, 2022

### Member of:

\*American Institute of Certified Public Accountants  
\*Governmental Audit Quality Center

\*Arkansas Society of Certified Public Accountants

\*Oklahoma Society of Certified Public Accountants

**HACKETT SCHOOL DISTRICT NO. 17**  
**BALANCE SHEET - REGULATORY BASIS**  
**JUNE 30, 2022**

	Governmental Funds				
	Major				
	General Fund	Special Revenue Fund	Other Funds in Aggregate	Fiduciary Funds	Total
ASSETS					
Cash and cash equivalents	\$ 1,277,546	\$ 178,898	\$ 4,078,801	\$ 56,762	\$ 5,592,007
Deposits with paying agents	-	-	683,768	-	683,768
Receivables	16,213	89,077	-	-	105,290
Total Assets	\$ 1,293,759	\$ 267,975	\$ 4,762,569	\$ 56,762	\$ 6,381,065
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 14,511	\$ -	\$ 217,690	\$ 168	\$ 232,369
Due to student groups	-	-	-	56,594	56,594
Total Liabilities	14,511	-	217,690	56,762	288,963
Fund balances					
Restricted	236,371	267,975	5,446,337	-	5,950,683
Assigned	102,498	-	-	-	102,498
Unassigned	940,379	-	(901,458)	-	38,921
Total Fund Balances	1,279,248	267,975	4,544,879	-	6,092,102
Total Liabilities and Fund Balances	\$ 1,293,759	\$ 267,975	\$ 4,762,569	\$ 56,762	\$ 6,381,065

See Independent Auditor's Report and Notes to the Financial Statements.



**HACKETT SCHOOL DISTRICT NO. 17**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - REGULATORY BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Major</b>		<b>Other Funds</b>	
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>in Aggregate</b>	<b>Total</b>
<b>REVENUES</b>				
Local property taxes	\$ 2,685,107	\$ -	\$ -	\$ 2,685,107
State assistance	4,743,007	60,479	17,517	4,821,003
Federal assistance	14,591	3,111,374	-	3,125,965
Activity revenues	44,045	-	-	44,045
Meal sales	-	1,539	-	1,539
Interest income	6,264	-	32,581	38,845
Other revenues	106,702	-	49,200	155,902
<b>Total Revenues</b>	<b>7,599,716</b>	<b>3,173,392</b>	<b>99,298</b>	<b>10,872,406</b>
<b>EXPENDITURES</b>				
Regular programs	2,837,669	145,743	-	2,983,412
Special education	269,932	142,672	-	412,604
Workforce education	308,758	-	-	308,758
Compensatory education	63,372	304,585	-	367,957
Other instructional programs	127,626	11,533	-	139,159
Student support services	275,200	143,634	-	418,834
Instructional staff support services	544,425	122,507	-	666,932
General administration support services	197,475	-	-	197,475
School administration support services	340,763	-	-	340,763
Operation and maintenance of plant services	887,318	81,827	20,975	990,120
Student transportation services	386,110	295,785	-	681,895
Central support services	174,504	27,667	-	202,171
Other support services	32,569	-	-	32,569
Food services operations	142	590,966	-	591,108
Activity expenditures	42,710	-	-	42,710
Building improvements	-	1,393,029	1,479,053	2,872,082
Education specific development	6,902	-	-	6,902
Debt service:				
Principal retirement	20,000	-	230,000	250,000
Interest and fiscal charges	1,980	-	63,739	65,719
<b>Total Expenditures</b>	<b>6,517,455</b>	<b>3,259,948</b>	<b>1,793,767</b>	<b>11,571,170</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>1,082,261</b>	<b>(86,556)</b>	<b>(1,694,469)</b>	<b>(698,764)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain on sale of fixed assets	22,754	-	-	22,754
Transfers in	8,776,257	36,512	956,922	9,769,691
Transfers out	(9,696,056)	(46,310)	(27,325)	(9,769,691)
<b>Total Other Financing Sources (Uses)</b>	<b>(897,045)</b>	<b>(9,798)</b>	<b>929,597</b>	<b>22,754</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>185,216</b>	<b>(96,354)</b>	<b>(764,872)</b>	<b>(676,010)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>1,094,032</b>	<b>364,329</b>	<b>5,309,751</b>	<b>6,768,112</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,279,248</b>	<b>\$ 267,975</b>	<b>\$ 4,544,879</b>	<b>\$ 6,092,102</b>

See Independent Auditor's Report and Notes to the Financial Statements.

**HACKETT SCHOOL DISTRICT NO. 17**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**REGULATORY BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Local property taxes	\$ 2,566,500	\$ 2,685,107	\$ 118,607
State assistance	4,527,823	4,743,007	215,184
Federal assistance	10,175	14,591	4,416
Activity revenues	-	44,045	44,045
Interest income	5,700	6,264	564
Other revenues	98,825	106,702	7,877
<b>Total Revenues</b>	<b>7,209,023</b>	<b>7,599,716</b>	<b>390,693</b>
<b>EXPENDITURES</b>			
Regular programs	3,027,552	2,837,669	189,883
Special education	289,612	269,932	19,680
Workforce education	332,058	308,758	23,300
Compensatory education	75,254	63,372	11,882
Other instructional programs	131,800	127,626	4,174
Student support services	375,763	275,200	100,563
Instructional staff support services	616,476	544,425	72,051
General administration support services	205,104	197,475	7,629
School administration support services	345,394	340,763	4,631
Operation and maintenance of plant services	899,730	887,318	12,412
Student transportation services	388,967	386,110	2,857
Central support services	172,645	174,504	(1,859)
Other support services	22,775	32,569	(9,794)
Food services operations	45,780	142	45,638
Activity expenditures	-	42,710	(42,710)
Education specific development	7,000	6,902	98
Debt service:			
Principal retirement	20,000	20,000	-
Interest and fiscal charges	1,980	1,980	-
<b>Total Expenditures</b>	<b>6,957,890</b>	<b>6,517,455</b>	<b>440,435</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>251,133</b>	<b>1,082,261</b>	<b>831,128</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Gain on sale of fixed assets	-	22,754	22,754
Transfers in	9,112,679	8,776,257	(336,422)
Transfers out	(9,421,059)	(9,696,056)	(274,997)
<b>Total Other Financing Sources (Uses)</b>	<b>(308,380)</b>	<b>(897,045)</b>	<b>(588,665)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (57,247)</b>	<b>185,216</b>	<b>\$ 242,463</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>1,094,032</b>	
<b>FUND BALANCE, END OF YEAR</b>		<b>\$ 1,279,248</b>	

See Independent Auditor's Report and Notes to the Financial Statements.

**HACKETT SCHOOL DISTRICT NO. 17**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**REGULATORY BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
State assistance	\$ 3,325	\$ 60,479	\$ 57,154
Federal assistance	4,342,757	3,111,374	(1,231,383)
Meal sales	46,250	1,539	(44,711)
<b>Total Revenues</b>	<u>4,392,332</u>	<u>3,173,392</u>	<u>(1,218,940)</u>
<b>EXPENDITURES</b>			
Regular programs	330,157	145,743	184,414
Special education	176,075	142,672	33,403
Compensatory education	421,893	304,585	117,308
Other instructional programs	11,450	11,533	(83)
Student support services	133,566	143,634	(10,068)
Instructional staff support services	254,602	122,507	132,095
Operation and maintenance of plant services	24,634	81,827	(57,193)
Central support services	30,603	27,667	2,936
Student support services	304,608	295,785	8,823
Food services operations	529,757	590,966	(61,209)
Building improvements	2,363,968	1,393,029	970,939
Indirect costs	14,710	-	14,710
Community service operations	6,000	-	6,000
<b>Total Expenditures</b>	<u>4,602,023</u>	<u>3,259,948</u>	<u>1,342,075</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(209,691)</u>	<u>(86,556)</u>	<u>123,135</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	36,415	36,512	97
Transfers out	(36,415)	(46,310)	(9,895)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(9,798)</u>	<u>(9,798)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (209,691)</u>	<u>(96,354)</u>	<u>\$ 113,337</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>364,329</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 267,975</u>	

See Independent Auditor's Report and Notes to the Financial Statements.

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**Note 1: Summary of Significant Accounting Policies**

***Reporting Entity***

Hackett School District No. 17 (the District) is a political subdivision of the Arkansas Department of Education, governed by an elected five-member school board. The statements reflect all funds and accounts directly under the control of the District. Using the criteria of financial accountability, there are no component units that are or should be included in the District's report.

***Measurement Focus and Basis of Accounting***

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). This basis of accounting is prescribed by Arkansas Code Annotated §10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separate 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, separate identification of special and extraordinary items, inclusion of capital assets and debt 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. 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 trust funds will be reflected in the notes to the financial statements.

***Revenue Recognition Policies***

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



**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

***Capital Assets***

Information on capital assets and related depreciation is reported in the supplementary information. 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 fair 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 estimated useful lives of the assets, which range from 5 to 50 years.

***Cash and Cash Equivalents***

The District considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents at June 30, 2022 totaled \$2,197,278. The District's cash and cash equivalents consist of demand deposits and certificates of deposit maintained at financial institutions. State statutes require that the District's funds be deposited in banks located in the State of Arkansas and that all deposit balances in excess of Federal Deposit Corporation (FDIC) insurance limits be collateralized.

***Deposits with Paying Agents***

Deposits with paying agents include funds held in escrow with banks totaling \$683,768 at June 30, 2022. The balance includes sinking fund deposits that are required to be used for future principal payments on some of the District's long-term debt

***Property Taxes***

Property taxes are levied (tax rates are established) in November 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.

Arkansas Code Ann. Section 6-20-401 allows, but does not mandate, the District to accrue the difference between the 2021 calendar year taxes collected by June 20, 2022 and 8 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue these property taxes.

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. Arkansas Code Annotated 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 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.

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

***Fund Balance Classifications***

Fund balances represent the difference between assets and liabilities and are categorized as follows:

*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.

*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.

*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.

For the purpose of fund balance classifications, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

***Interfund Receivables and Payables***

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

***Budget and Budgetary Accounting***

The District is required by law to prepare an annual budget. The annual budget is prepared on a fiscal year basis and is required to be submitted to the Arkansas Department of Education no later than September 30 of that year. The District does not prepare and submit amended budgets during the fiscal year. The annual budget is prepared on the RBA.

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.

***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.

***Use of Estimates***

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates.

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

***Description of Funds***

Major governmental funds (per the RBA) are defined as General and Special Revenue.

*General Fund* – The General Fund is used to account for all 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 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 Project 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 funds include the following:

*Agency Funds* – Agency Funds are used to report resources held by the reporting government in a purely custodial capacity.

***Subsequent Events***

Subsequent events are evaluated through November 15, 2022, the date the financial statements were available to be issued.

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**Note 2: Deposits in Financial Institutions**

Deposits in financial institutions are carried at cost (carrying value) and are reflected as cash, cash equivalents, and certificates of deposit on the Balance Sheet. A comparison of the bank balance and carrying value is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name.	<u>6,025,775</u>	<u>6,268,304</u>
Total Deposits	<u>\$ 6,275,775</u>	<u>\$ 6,518,304</u>

**Note 3: Receivables**

Receivables at June 30, 2022 were comprised of the following:

	<u>Governmental Funds</u>		
	<u>Major</u>		
<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Funds in Aggregate</u>
Federal aid	<u>\$ 16,213</u>	<u>\$ 89,077</u>	<u>\$ -</u>

**Note 4: On-Behalf Payments**

The allocation of health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$165,430 for the year ended June 30, 2022.



**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**Note 5: Interfund Transfers**

Transfers between funds during the year ended June 30, 2022 were as follows:

<u>Description</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Operating Fund	\$ 5,503,007	\$ 9,696,056
Teacher Salary Fund	3,273,250	-
Special Revenue Fund	36,512	46,310
Other Funds in Aggregate		
Debt Service	303,547	27,325
Building Fund	<u>653,375</u>	<u>-</u>
	<u>\$ 9,769,691</u>	<u>\$ 9,769,691</u>

**Note 6: Commitments**

***Operating Leases***

The District maintains operating leases (non-capital leases with initial non-cancellable lease terms in excess of one year) for office equipment and buses. Rental payments for the operating leases were approximately \$37,060 for the year ended June 30, 2022. Future minimum rental payments for the succeeding years are as follows:

Year ended June 30,	
2023	\$ 12,060
2024	12,060
2025	<u>12,060</u>
	<u>\$ 36,180</u>

***General Obligation Bonds and Revolving Loan***

The District issues general obligation bonds to provide funds for the acquisition, construction, and operation of major capital facilities. General obligation bonds have been issued for the general government and to refund general obligation bonds. General obligation bonds are direct obligations and are secured by the full faith credit and resources of the District and all its revenues from whatever source derived (which are legally pledgeable). Each issue contains an option allowing bonds to be called in inverse numerical order on or after a specific date for redemption prior to maturity.

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

The District is currently paying on the following bonds and revolving loan:

<u>Date of issue</u>	<u>Date of Final Maturity</u>	<u>Interest rate percent</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2022</u>	<u>Maturities to June 30, 2022</u>
8/1/2010	6/1/2028	1.00 - 3.25%	\$ 985,000	\$ 410,000	\$ 575,000
4/1/2012	6/1/2028	2.25%	695,000	280,000	415,000
12/15/2009	12/15/2025	2.06%	750,000	750,000	-
12/1/2009	6/1/2034	4.00%	450,000	265,000	185,000
6/7/2016	6/1/2028	1.00 - 1.85%	1,265,000	690,000	575,000
6/18/2013	5/1/2023	4.95%	200,000	20,000	180,000
			<u>\$ 4,345,000</u>	<u>\$ 2,415,000</u>	<u>\$ 1,930,000</u>

Changes in bond and revolving loan activity for the year ended June 30, 2022 were as follows:

	<u>Balance July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
Bonds payable	\$ 2,625,000	\$ -	\$ 230,000	\$ 2,395,000
Revolving loan	40,000	-	20,000	20,000
Total	<u>\$ 2,665,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 2,415,000</u>

Maturities of bonds and revolving loans are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 235,000	\$ 56,980	\$ 291,980
2024	245,000	51,848	296,848
2025	240,000	46,230	286,230
2026	1,005,000	40,545	1,045,545
2027	255,000	18,997	273,997
2028-2032	360,000	31,258	391,258
2033-2034	55,000	3,400	58,400
Total	<u>\$ 2,395,000</u>	<u>\$ 249,258</u>	<u>\$ 2,644,258</u>

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**Note 7: 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; and natural disasters.

The District carries commercial insurance for buildings, board liability, student accidents, and business trip accidental death and dismemberment.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. The 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 \$250,000 with a \$1,000 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School fund.

The District participates in the Arkansas School Board 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 exceeds 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 buildings and contents coverage.

The District also participates in the Public School Property and Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program’s general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of vehicles.

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

**Note 9: Contingencies**

The District has received federal and state assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of the District’s management such disallowance, if any, will not be significant.

**Note 10: Pledged Revenues**

The District has pledged a portion of its property taxes to retire bonds of \$3,290,000 issued December 15, 2009, December 1, 2009, June 7, 2016, August 1, 2010, and April 1, 2012. The bonds were issued for various capital projects and refunding of previous bonds. Total principal and interest remaining on the bonds is \$2,644,258, payable through June 1, 2034. Principal and interest paid for the current year and total property taxes pledged for debt service were \$291,878 and \$918,589, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was approximately 32 percent.

**HACKETT SCHOOL DISTRICT NO. 17**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**

**Note 11: Governmental Fund Balances**

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
ALE	\$ 1,782	\$ -	\$ -
ARMAC	-	16,937	-
Building fund	-	-	4,762,569
CCDF	-	79,795	-
DHS Stab Grnt Op	-	20,794	-
DHS Stab Qlty Imprv	-	29,125	-
Early Childhood SPED	15,556	-	-
ELL	1,265	-	-
ESA	89,183	-	-
Food Service	-	119,695	-
Gifted/Talented Aegis Program	3,000	-	-
GT - AP	134	-	-
LEA Special Education	2,820	-	-
Medicaid	-	1,629	-
Prof Development Grant	2,604	-	-
Sinking nund	-	-	683,768
SPED EIDT	5,392	-	-
Student Growth	114,635	-	-
Total Restricted	236,371	267,975	5,446,337
Assigned for:			
Student activities	102,498	-	-
Total Assigned	102,498	-	-
Unassigned	940,379	-	(901,458)
Totals	\$ 1,279,248	\$ 267,975	\$ 4,544,879



## **SUPPLEMENTARY INFORMATION**

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF CAPITAL ASSETS (UNAUDITED)**  
**JUNE 30, 2022**

	<b>Balance</b>
	<b><u>June 30, 2022</u></b>
Non-depreciable capital assets	
Land	<u>\$        183,669</u>
Depreciable capital assets	
Buildings	8,303,265
Improvements	2,153,406
Vehicles and equipment	2,404,431
Construction in progress	<u>2,673,308</u>
	15,534,410
Less accumulated depreciation	<u>5,589,790</u>
Total depreciable capital assets	<u>9,944,620</u>
Capital assets, net	<u><u>\$      10,128,289</u></u>

See Independent Auditor's Report.

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

	Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Amount Expended
<b>U.S. Department of Education</b>			
<i>Passed through State Department of Education:</i>			
<b>Special Education Cluster:</b>			
	Special Education - Grants to States (IDEA, Part B)	84.027	\$ 234,036
	Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>14,184</u>
	<b>Total Special Education Cluster</b>		<u>248,220</u>
<b>Other Programs:</b>			
	Title I Grants to Local Education Agencies (Title I, Part A of the ESEA)	84.010	353,019
	Title VI-RLIS REAP Rural and Low-Income Schools	84.358	9,156
	Supporting Effective Instruction State Grants	84.367	36,513
	COVID-19 - Education Stabilization Fund - State Educational Agency (Outlying Areas)	84.425A	20,533
	COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	<u>687,813</u>
	<b>Total Other Programs</b>		<u>1,107,034</u>
	<b>Total U.S. Department of Education</b>		<u>1,355,254</u>
<b>U.S. Department of Agriculture</b>			
<i>Passed through State Department of Education:</i>			
<b>Child Nutrition Cluster:</b>			
	School Breakfast Program	10.553	169,477
	National School Lunch Program	10.555	<u>390,916</u>
	<b>Total Child Nutrition Cluster</b>		<u>560,393</u>
<i>Passed through State Department of Human Services:</i>			
<b>Food Distribution Cluster:</b>			
	Commodity Supplemental Food Program	10.565	<u>35,113</u>
	<b>Total Food Distribution Cluster</b>		<u>35,113</u>
<b>Other Programs:</b>			
	Fresh Fruit and Vegetable Program	10.582	<u>5,000</u>
	<b>Total Other Programs</b>		<u>5,000</u>
	<b>Total U.S. Department of Agriculture</b>		<u>600,506</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through State Department of Education:</i>			
<b>Medicaid Cluster:</b>			
	Medical Assistance Program (Medicaid, Title XIX)	93.778	<u>30,216</u>
	<b>Total Medicaid Cluster</b>		<u>30,216</u>
<b>477 Cluster:</b>			
	Child Care and Development Block Grant	93.575	<u>179,683</u>
	<b>Total 477 Cluster</b>		<u>179,683</u>
	<b>Total U.S. Department of Health and Human Services</b>		<u>209,899</u>
	<b>Total Expenditures of Federal Awards</b>		<u>\$ 2,165,659</u>

See Independent Auditor's Report.

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

- Note 1:**     **Basis of Presentation** - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of Hackett School District No. 17 (the District). 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- Note 2:**     **Summary of Significant Accounting Policies** - Expenditures reported on the Schedule are reported on the modified accrual 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. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- Note 3:**     **Medicaid** - During the year ended June 30, 2022, the District received Medicaid funding of \$5,174 from the State Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.
- Note 4:**     **Subrecipients** - Of the Federal expenditures presented in this schedule, the District did not provide any Federal awards to subrecipients.

See Independent Auditor's Report.

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED JUNE 30, 2022**

Program Grantor Program Title	State Revenues	State Expenditures
<b>Arkansas Department of Education</b>		
Medicaid	\$ 5,174	\$ 3,546
Rehabilitation Services Vocational Grant	2,740	2,740
	<u>7,914</u>	<u>6,286</u>
<b>Total</b>	<u><u>\$ 7,914</u></u>	<u><u>\$ 6,286</u></u>

**Note 1:** Basis of Presentation- This Schedule of Expenditures of State Awards includes the state program activity of **Hackett School District No. 17** and is presented on the regulatory basis of accounting.

See Independent Auditor's Report.

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>General Fund</u></b>					
Total Assets	\$ 1,293,759	\$ 1,099,823	\$ 1,312,261	\$ 1,374,870	\$ 1,174,140
Total Liabilities	14,511	5,791	69,533	53,342	27,188
Total Fund Balance	1,279,248	1,094,032	1,242,728	1,321,528	1,146,952
Total Revenue	7,599,716	6,907,404	7,067,748	7,597,845	7,305,758
Total Expenditures	6,517,455	6,626,492	6,125,413	6,252,943	7,271,520
Total Other Financing Sources (Uses)	(897,045)	(429,608)	(1,021,135)	(1,170,326)	(40,612)
<b><u>Special Revenue Fund</u></b>					
Total Assets	267,975	364,697	147,260	146,379	69,464
Total Liabilities	-	368	23,416	-	1,347
Total Fund Balance	267,975	364,329	123,844	146,379	68,117
Total Revenue	3,173,392	2,135,467	1,255,645	1,265,432	1,294,418
Total Expenditures	3,259,948	1,882,413	1,268,116	1,173,189	1,293,637
Total Other Financing Sources (Uses)	(9,798)	(12,569)	(10,064)	(13,981)	(11,120)
<b><u>Other Aggregate Fund</u></b>					
Total Assets	4,762,569	5,369,109	4,899,059	4,259,765	3,327,499
Total Liabilities	217,690	59,358	-	28,175	-
Total Fund Balance	4,544,879	5,309,751	4,899,059	4,231,590	3,327,499
Total Revenue	99,298	68,274	66,353	59,923	45,122
Total Expenditures	1,793,767	468,784	441,746	340,139	295,735
Total Other Financing Sources (Uses)	929,597	811,202	1,042,862	1,184,307	51,732

See Independent Auditor's Report.



**HACKETT SCHOOL DISTRICT NO. 17**  
**DISCLOSURE OF RETIREMENT PLAN INFORMATION (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2022**

***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 all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution 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 or by calling 1-800-666-2877.

*Funding Policy* - ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.75% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14.75%. The District's contributions to ATRS for the year ended June 30, 2022 was \$690,574, equal to the required contributions for each year.

*Net Pension Liability* - The Arkansas Department of 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 pension liability. The District's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$3,711,440.

**HACKETT SCHOOL DISTRICT NO. 17  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**I. Summary of Independent Auditor's Results**

**Financial Statement**

Type of report issued:	GAAP basis of reporting – adverse Regulatory basis of opinion units - unmodified
------------------------	---

Internal control over financial reporting:

Material weakness identified?	See finding 2022-001
-------------------------------	----------------------

Significant deficiencies identified that are not considered to be material weakness?	No significant deficiencies
--	-----------------------------

Noncompliance statement:	No material noncompliance
--------------------------	---------------------------

**Federal Awards**

Internal control over major programs:

Material weakness identified?	See finding 2022-002
-------------------------------	----------------------

Significant deficiencies identified that are not considered to be material weakness?	None reported
--	---------------

Type of report issued on major programs:	Unmodified Opinion
---	--------------------

Any audit finding disclosed that are required to be reported in accordance with the Uniform Guidance?	No
---	----

Major programs identified:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
---	-----------

Statement of Risk of the Auditee	High Risk
----------------------------------	-----------

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2022**

**II. Findings related to the financial statement audit as required to be reported in accordance with Generally Accepted *Government Auditing Standards***

**2022-001: Segregation of Duties**

Criteria or specific requirement: Internal control is a process consisting of five interrelated components – *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: The deficiency in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was more than a remote likelihood that a misstatement of the District's financial statements that would be more than inconsequential would not be prevented or detected. The District has not segregated financial accounting duties among appropriate employees to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting.

Context: An understanding of the five components of internal control sufficient the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

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

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

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

Views of responsible officials and planned corrective actions: The District will establish segregation of duties to the extent possible.

**HACKETT SCHOOL DISTRICT NO. 17**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2022**

**III. Findings and Questioned Costs for Federal Awards**

**2022-002: Segregation of Duties**

Criteria or specific requirement: Internal control is a process consisting of five interrelated components – *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: The deficiency in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was more than a remote likelihood that a misstatement of the District's financial statements that would be more than inconsequential would not be prevented or detected. The District has not segregated financial accounting duties among appropriate employees to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting.

Context: An understanding of the five components of internal control sufficient the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

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

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

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

Views of responsible officials and planned corrective actions: The District will establish segregation of duties to the extent possible.

**HACKETT SCHOOL DISTRICT NO. 17  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022**

**Financial Statement Findings**

The 2021 – 001 Segregation of Duties finding was restated.

**Federal Award Findings**

The 2021 – 002 Segregation of Duties finding was restated.

**HACKETT SCHOOL DISTRICT NO. 17  
SUPPLEMENTAL DATA SHEET REQUIRED BY THE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
YEAR ENDED JUNE 30, 2022**

<b>Name and address:</b>	Hackett School District No. 17 102 North Oak Street Hackett, Arkansas 72937
<b>Employer Identification Number:</b>	71-6020450
<b>Telephone Number:</b>	(479) 638-8822
<b>Superintendent:</b>	Eddie Ray
<b>Contact Person:</b>	Eddie Ray

**OTHER INFORMATION**

<b>School Locations:</b>	Hackett Elementary Hackett High School Hartford Elementary Hartford High School
--------------------------	--