



**REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022

with

INDEPENDENT AUDITOR'S REPORT



CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 3
Regulatory Basis Financial Statements:	
Balance Sheet - Regulatory Basis	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Regulatory Basis	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General and Special Revenue Funds - Regulatory Basis	6
Notes to Financial Statements	7 - 14
Other Reports and Supplementary Information:	
Schedule of Capital Assets	15
Schedule of Expenditures of Federal Awards	16 - 17
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>	18 - 19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	20 - 22
Schedule of State Assistance	23
Schedule of Units of Service - Child and Adult Care Food Program	24
Schedule of Findings and Questioned Costs	25 - 27
Independent Auditor's Report on Compliance with Arkansas State Requirements	28
Schedule of Statutes Required by Arkansas Department of Education to be Addressed in Independent Auditor's Report on Compliance	29 - 30
Supplemental Data Sheet as Required by Arkansas Department of Human Services Audit Guidelines	31

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Springdale School District No. 50
Springdale, Arkansas

Opinions

We have audited the accompanying financial statements of each major governmental fund, and the aggregate remaining fund information of the Springdale School District No. 50 (the "District"), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Unmodified 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 the District, as of June 30, 2022, and the respective regulatory basis 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 provision of Arkansas Code Ann. § 10-4-413(c) provided in Act 2201 of 2005 as 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 the District as of June 30, 2022, or the changes in financial position of the District for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Springdale School District No. 50 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, the financial statements are prepared by the District on the basis of the financial reporting provisions of Arkansas 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 determined, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed or permitted by Arkansas Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

To the Board of Education
Page Three

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The schedule of state assistance, schedule of statues required by Arkansas Department of Education and 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*, are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state assistance, schedule of statues required by Arkansas Department of Education and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Information

The schedule of capital assets, schedule of units of service – Child and Adult Care Food Program, and supplemental data sheet as required by Arkansas Department of Health and Human Services audit guidelines 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 8, 2023, on our consideration of the District's internal control over financial reporting and 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 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.

HCI CPAs & Advisors, PLLC

Little Rock, Arkansas
March 8, 2023

FINANCIAL STATEMENTS

SPRINGDALE SCHOOL DISTRICT NO. 50

BALANCE SHEET - REGULATORY BASIS

JUNE 30, 2022

	Governmental Funds			
	Major		Other Governmental Funds	Fiduciary Fund Types
	General Fund	Special Revenue Fund		
ASSETS				
Cash and Cash Equivalents	\$ 24,998,878	\$ 18,619,533	\$ 137,480,049	\$ 1,422,292
Accounts Receivable	644,016	6,640,100	1,043,110	-
Due from Other Funds	6,395,130	33,512	-	-
Total Assets	<u>\$ 32,038,024</u>	<u>\$ 25,293,145</u>	<u>\$ 138,523,159</u>	<u>\$ 1,422,292</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,118,668	\$ 824,034	\$ 1,589,107	\$ 90,744
Accrued Expenses	2,852,474	-	-	-
Due to Other Funds	-	5,385,532	1,043,110	-
Due to Student /Other Groups	-	-	-	1,331,548
Total Liabilities	3,971,142	6,209,566	2,632,217	1,422,292
Fund Balances:				
Restricted:				
State Programs	5,898,903	-	-	-
Federal Programs	-	19,083,579	-	-
Assigned:				
Capital Projects	-	-	135,890,942	-
Unassigned	22,167,979	-	-	-
Total Fund Balances	<u>28,066,882</u>	<u>19,083,579</u>	<u>135,890,942</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 32,038,024</u>	<u>\$ 25,293,145</u>	<u>\$ 138,523,159</u>	<u>\$ 1,422,292</u>

See accompanying notes.

SPRINGDALE SCHOOL DISTRICT NO. 50

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS

YEAR ENDED JUNE 30, 2022

	Major		
	General Fund	Special Revenue Fund	Other Governmental Funds
REVENUES			
Property Taxes	\$ 81,330,946	\$ -	\$ -
Interest	47,169	-	1,163,558
State Revenues	141,496,233	83,507	4,768,514
Federal Revenues	-	58,143,325	-
Food Services	-	284,780	-
Other	1,495,509	67	347,507
	<u>224,369,857</u>	<u>58,511,679</u>	<u>6,279,579</u>
EXPENDITURES			
Current:			
Instruction and Instructional-Related Services	121,882,000	20,134,887	937,886
Support Services	70,015,306	14,537,343	109,350
Non-Instructional Services	59,487	14,300,292	5,083,533
Debt Service:			
Principal	-	-	7,850,457
Interest	-	-	5,428,811
Paying Agent's Fees	-	-	109,276
Capital Outlay	3,004,927	2,825,783	10,063,781
	<u>194,961,720</u>	<u>51,798,305</u>	<u>29,583,094</u>
Excess (Deficiency) of Revenues Over Expenditures	29,408,137	6,713,374	(23,303,515)
OTHER FINANCING SOURCES (USES)			
Proceeds from Refunding Bond Issuance	-	-	269,671,449
Refunding of Outstanding Bond Issues	-	-	(166,810,000)
Payment of Refunding Interest	-	-	(2,677,953)
Bond Issuance Costs	-	-	(4,591,809)
Gain on Sale of Assets	4,257	-	-
Indirect Costs	468,038	(468,038)	-
Transfers, Net	(27,974,783)	(57,069)	28,031,852
Total Other Financing (Uses) Sources	<u>(27,502,488)</u>	<u>(525,107)</u>	<u>123,623,539</u>
Net Change in Fund Balances	1,905,649	6,188,267	100,320,024
Fund Balance - Beginning	<u>26,161,233</u>	<u>12,895,312</u>	<u>35,570,918</u>
Fund Balance - Ending	<u>\$ 28,066,882</u>	<u>\$ 19,083,579</u>	<u>\$ 135,890,942</u>

See accompanying notes.

SPRINGDALE SCHOOL DISTRICT NO. 50

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS

YEAR ENDED JUNE 30, 2022

	General Fund		
	Budget	Actual	Variance
REVENUES			
Property Taxes	\$ 77,000,000	\$ 81,330,946	\$ 4,330,946
Interest	-	47,169	47,169
State Revenues	140,688,592	141,496,233	807,641
Federal Revenues	-	-	-
Food Services	-	-	-
Other	752,270	1,495,509	743,239
	218,440,862	224,369,857	5,928,995
EXPENDITURES			
Current:			
Instruction and Instructional-Related Services	128,968,265	121,882,000	7,086,265
Support Services	79,770,406	70,015,306	9,755,100
Non-Instructional Services	53,200	59,487	(6,287)
Capital Outlay	956,500	3,004,927	(2,048,427)
	209,748,371	194,961,720	14,786,651
Excess of Revenues over Expenditures	8,692,491	29,408,137	20,715,646
OTHER FINANCING SOURCES (USES)			
Gain on Sale of Assets	-	4,257	4,257
Indirect Costs	65,179	468,038	402,859
Transfers, Net	(12,173,569)	(27,974,783)	(15,801,214)
Net Change in Fund Balances	\$ (3,415,899)	\$ 1,905,649	\$ 5,321,548

See accompanying notes.

Special Revenue Fund

Budget	Actual	Variance
\$ -	\$ -	\$ -
-	-	-
85,000	83,507	(1,493)
91,293,412	58,143,325	(33,150,087)
250,000	284,780	34,780
384,172	67	(384,105)
92,012,584	58,511,679	(33,500,905)
47,596,288	20,134,887	27,461,401
28,606,060	14,537,343	14,068,717
12,228,533	14,300,292	(2,071,759)
3,121,339	2,825,783	295,556
91,552,220	51,798,305	39,753,915
460,364	6,713,374	6,253,010
-	-	-
(703,060)	(468,038)	235,022
(110,150)	(57,069)	53,081
\$ (352,846)	\$ 6,188,267	\$ 6,541,113

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The Springdale School District No. 50 (the "District") operates schools for students in grades Pre-Kindergarten through twelfth in Springdale, Arkansas. The District operates under current standards prescribed by the Arkansas Department of Education in accordance with the provision of the School Laws of Arkansas. The Board of Education, a seven (7) 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 District. There are no component units.

Fund Accounting

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

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be 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 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 expenditures for principal and interest.

Fiduciary Fund types include the following:

Private Purpose Trust Fund - Private Purpose Trust Fund accounts for activities that are not District programs, but are programs sponsored by private districts or other governments. Although the District serves as fiscal agent, the funds received and held under these programs are not available to support the District's activities and programs but are received and held for the benefit of individuals, private districts or other governments participating in the sponsored programs. The programs accounted for within this are expendable trust funds. The District does not have any private purpose accounts at year end.

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 Ann. 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 separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP requires that basic financial statements present government-wide financial statements. Additionally, GAAP requires 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, if any, 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 subtitle on page 9).

Capital Assets

Information on capital assets and related depreciation is reported in the accompanying schedule of capital assets. 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 \$2,500 for capitalizing equipment. Library holdings are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/Infrastructure	20
Building	50
Machinery and Equipment	5-20

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Property Taxes

Property taxes are levied in November based on property assessments made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Amendment No. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Arkansas 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.

Fund Balance Classifications

Fund balance is reported under the following five classifications:

1. **Nonspendable Fund Balance** - includes amounts that are not in a spendable form or are required to be maintained intact. The District does not have any nonspendable fund balance at year end.
2. **Restricted Fund Balance** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The Restricted for State Programs and Restricted for Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements.
3. **Committed Fund Balance** - includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority (the Board of Education) and does not lapse at year end. The District does not have any committed fund balance at year end.
4. **Assigned Fund Balance** - includes amounts *intended* for a specific purpose by the Board of Education or by a District official that has been delegated authority to assign amounts but are neither restricted nor committed. The District has assigned portions of its fund balance for construction or other capital outlay projects.
5. **Unassigned Fund Balance** - includes any remaining fund balance that has not been reported in any other classification. 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.

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 common for an individual source of funds to contain restricted and unrestricted (committed, assigned or unassigned) funds. The District has 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. The District's policy is to have expenditures spent from restricted amounts first at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District has 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 fund balance (if any) is reduced first, followed by assigned fund balance, and lastly unassigned fund balance.

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

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.

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.

Interfund Receivables and Payables

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

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.

Minimum Fund Balance Policies

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

Encumbrances

The District does not utilize encumbrance accounting.

Subsequent Events

The District has evaluated all subsequent event for potential recognition and disclosure through March 8, 2023, the date these financial statements were available to be issued.

Note 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized - Held by Pledging Bank or Pledging Bank's Trust Department in the District's Name	<u>182,270,752</u>	<u>190,874,756</u>
Total Deposits	<u>\$ 182,520,752</u>	<u>\$ 191,124,756</u>

SPRINGDALE SCHOOL DISTRICT NO. 50
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 3: Accounts Receivable

The account receivable balance of \$8,327,226 is comprised of the following at June 30, 2022:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Due from Other Governments	\$ 644,016	\$ 6,640,100	\$ 1,043,110	\$ 8,327,226

Note 4: Commitments

Construction Commitments

The District was contractually obligated for five construction contracts related to construction and renovation projects within the District, with a remaining contract balances of approximately \$44,400,000 at June 30, 2022.

Long-Term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2022</u>	<u>Maturities to June 30, 2022</u>
Bonds Payable:					
7/1/2021	6/1/2051	2.00 - 5.00%	\$ 94,600,000	\$ 92,905,000	\$ 1,695,000
3/30/2022	6/1/2051	3.00 - 5.00%	<u>171,345,000</u>	<u>166,305,000</u>	<u>5,040,000</u>
Totals			<u>\$ 265,945,000</u>	<u>\$ 259,210,000</u>	<u>\$ 6,735,000</u>

Changes in long-term debt:

<u>Description</u>	<u>Balance June 30, 2021</u>	<u>Issued</u>	<u>Refunded/ Retired</u>	<u>Balance June 30, 2022</u>
Bonds Payable	\$ 166,810,000	\$ 265,945,000	\$ 173,545,000	\$ 259,210,000
Qualified School Construction Bonds	<u>1,115,456</u>	<u>-</u>	<u>1,115,456</u>	<u>-</u>
Totals	<u>\$ 167,925,456</u>	<u>\$ 265,945,000</u>	<u>\$ 174,660,456</u>	<u>\$ 259,210,000</u>

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Total long-term debt principal and interest payments are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,430,000	7,734,963	13,164,963
2024	5,700,000	7,463,463	13,163,463
2025	5,985,000	7,178,463	13,163,463
2026	6,285,000	6,879,213	13,164,213
2027	6,600,000	6,564,963	13,164,963
2028 - 2032	36,400,000	29,549,613	65,949,613
2033 - 2037	41,580,000	24,460,213	66,040,213
2038 - 2042	47,515,000	18,524,506	66,039,506
2043 - 2047	54,425,000	11,614,488	66,039,488
2048 - 2052	<u>49,290,000</u>	<u>3,542,500</u>	<u>52,832,500</u>
Totals	<u>\$ 259,210,000</u>	<u>\$ 123,512,385</u>	<u>\$ 382,722,385</u>

Debt Refunding

On July 1, 2021, the District issued \$94,600,000 in refunding bonds with an average interest rate of 2.28%. Bond proceeds were used to finance a construction project and refund \$52,025,000 of outstanding bonds dated September 1, 2012, November 1, 2014, and September 1, 2015, with average interest rates of 3.36% to 3.6%, and to pay interest and fees. The bonds were called on August 30, 2021. The new bond issues have final maturity dates of June 1, 2051.

On March 30, 2022, the District issued \$171,345,000 in refunding bonds with an average interest rate of 3.03%. Bond proceeds were used to finance a construction project and refund \$114,785,000 of outstanding bonds dated March 1, 2017, with an average interest rate of 3.67%, and to pay interest and fees. The bonds were called on June 1, 2022. The new bond issues have final maturity dates of June 1, 2051.

Note 5: Accounts Payable and Accrued Expenses

The accounts payable balance of \$3,622,553 is fully comprised of vendor payables at June 30, 2022. Accrued expenses totaling \$2,852,474 include payroll taxes and payroll benefits payable at June 30, 2022.

Note 6: Operating Lease

The District leases office equipment under a non-cancelable operating lease with an original term of 5 years which will be charged to expense over the lease term as it becomes payable. The lease agreement was extended another five years through June 2026. Lease expense totaled approximately \$124,000 for the year ending June 30, 2022. Future minimum rental payments for the next five years are:

2023	\$ 124,422
2024	124,422
2025	124,422
2026	<u>124,422</u>
Total Lease Payments	<u>\$ 497,688</u>

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 7: Interfund Transfers

The following details the transfers between governmental funds for operating purposes:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Transfer in	\$267,512,583	\$ -	\$ 41,617,829	\$ 309,130,412
Transfer out	(295,487,366)	(57,069)	(13,585,977)	(309,130,412)
Totals	<u>\$ (27,974,783)</u>	<u>\$ (57,069)</u>	<u>\$ 28,031,852</u>	<u>\$ -</u>

Note 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 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 1-501-682-1517.

Arkansas Teacher Retirement System

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 nonfederally-funded employees for the years ended June 30, 2022, 2021, and 2020 were \$20,285,854, \$19,955,661, and \$19,369,925 respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2022, 2021, and 2020 were \$3,206,629, \$2,470,673 and \$1,944,289, respectively, 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 net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$131,397,757.

SPRINGDALE SCHOOL DISTRICT NO. 50

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 9: Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District carries commercial insurance for coverage of buildings' contents, board liability, theft, student accidents, bus drivers, and business trip accidental death and dismemberment. Settled claims have not exceeded this commercial 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.

The District is a member of the Arkansas School Board Association self-insurance program, a public entity risk pool currently operating a common risk management and insurance program for its members. The fund was created by members to formulate, develop and administer a program of self-funding for the fund's membership, obtain lower costs for Workmen's Compensation Coverage and develop a comprehensive loss control program. The District pays an annual premium to the fund for its Workmen's Compensation Coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reissue through commercial carriers for claims in excess of specified stop loss amounts.

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.

Note 10: Litigation and Contingencies

The District participates in federally assisted grant programs. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Note 11: On Behalf Payments

During the year ended June 30, 2022, health insurance premiums of \$3,815,291 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of District employees.

Note 12: Subsequent Events

On August 15, 2022, the District purchased property at 1120 West Center Avenue in Springdale for approximately \$185,000. On September 23, 2022, the District purchased properties at 404 North Kansas Street and 402 North Kansas Street in Springdale for approximately \$200,000 and \$185,000, respectively. All three properties purchased are adjacent to the Springdale High School and were purchased in order for the school to have additional outdoor space.

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

SPRINGDALE SCHOOL DISTRICT NO. 50

SCHEDULE OF CAPITAL ASSETS

YEAR ENDED JUNE 30, 2022

(Unaudited)

Nondepreciable Capital Assets:

Land	\$ 21,645,263
Construction in Progress	12,926,674
Total Nondepreciable Capital Assets	<u>34,571,937</u>

Depreciable Capital Assets:

Site Improvements	15,854,288
Buildings	377,380,599
Machinery and Equipment	41,288,698
Total Depreciable Capital Assets	<u>434,523,585</u>

Less Accumulated Depreciation for:

Site Improvements	3,860,940
Buildings	103,980,129
Machinery and Equipment	25,001,789
Total Accumulated Depreciation	<u>132,842,858</u>

Total Depreciable Capital Assets, Net	<u>301,680,727</u>
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Capital Assets, Net	<u><u>\$ 336,252,664</u></u>
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SPRINGDALE SCHOOL DISTRICT NO. 50
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grant/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
CHILD NUTRITION CLUSTER			
<u>U.S. Department of Agriculture</u>			
Passed through Arkansas Department of Education:			
COVID-19 Emergency Operational Costs	7207	10.555	\$ 1,160,379
National School Lunch Program - Cash Assistance	7207	10.555	12,141,499
Fresh Fruit and Vegetable Program	7207	10.582	18,649
Total Passed through Arkansas Department of Education			13,320,527
Passed through Arkansas Department of Human Services:			
National School Lunch Program - Non-Cash Assistance	6002	10.555	1,172,600
Total Child Nutrition Cluster			14,493,127
SPECIAL EDUCATION CLUSTER (IDEA)			
<u>U.S. Department of Education</u>			
Passed through Arkansas Department of Education:			
Title VI - Part B - Special Education Grants to States	7207	84.027	4,295,026
COVID-19 ARP Title VI - Part B - Special Education Grants to States	7207	84.027X	256,624
Title VI - Special Education - Preschool Grants	7207	84.173	130,273
COVID-19 ARP Title VI - Special Education - Preschool Grants	7207	84.173X	122,771
Total Special Education Cluster			4,804,694
CCDF CLUSTER:			
<u>U.S. Department of Health and Human Services</u>			
Passed through Arkansas Department of Human Services:			
Child Care and Development Block Grant	7207	93.575	607,200
COVID-19 Child Care and Development Block Grant - COVID Child Care	7207	93.575	80,678
COVID-19 Emergency Food Assistance Program COVID CARES Enhance	7207	93.575	80,163
COVID-19 American Rescue Plan Act - Child Care Supplemental	7207	93.575	217,649
COVID-19 American Rescue Plan Act - Child Care Stabilization	7207	93.575	956,376
Total CCDF Cluster			1,942,066
OTHER PROGRAMS:			
<u>U.S. Department of Agriculture</u>			
Direct programs:			
Fresh Fruit and Vegetable Program	N/A	10.575	7,097
Passed through Arkansas Department of Human Services:			
Child and Adult Care Food Program	7207	10.558	353,491
COVID-19 Child and Adult Care Food Program Emergency Costs	7207	10.558	58,383
Total U.S. Department of Agriculture			418,971
<u>U.S. Department of Justice</u>			
Passed through Arkansas Department of Education:			
Stop School Violence	7207	16.839	228,432
Total U.S. Department of Justice			228,432
<u>U.S. Department of Education</u>			
Direct programs:			
Rehabilitation Services Vocational Rehabilitation	N/A	84.126	2,347
Total Direct programs			2,347
Passed through Arkansas Department of Career Education:			
Carl D. Perkins Career and Education Act - Reserve Grants	7207	84.048	118,150
Carl D. Perkins Career and Education Act - Basic Grants	7207	84.048	276,775
Total Basic Grants			394,925
Passed through Arkansas Department of Education:			
Title I, Part A - Grants to Local Education Agencies	7207	84.010	5,701,279
Title I, Part D - Neglected and Delinquent Children	7207	84.010	198,782
Total Title I			5,900,061

SPRINGDALE SCHOOL DISTRICT NO. 50
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Federal Grant/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
Migrant Education	7207	84.011	257,557
Comprehensive Literacy Development	7207	84.371	104,905
Title IV - B, 21st Century Community Learning Centers	7207	84.287	1,223,688
Title III, English Language Acquisition	7207	84.365	617,226
Title II, Part A - Improving Teacher Quality	7207	84.367	689,825
Education for Homeless Children and Youth	7207	84.196	56,884
COVID-19 Education Stabilization Fund - ESSER I	7207	84.425D	9,221
COVID-19 Education Stabilization Fund - ESSER II	7207	84.425D	13,136,847
COVID-19 Education Stabilization Fund - ESSER III	7207	84.425U	4,197,208
Total Arkansas Department of Education			26,193,422
Total U.S. Department of Education			26,590,694
<u>U.S. Department of Health and Human Services</u>			
Passed through Arkansas Department of Education:			
Temporary Assistance for Needy Families	7207	93.558	2,600,000
Comprehensive School Health - Social Emotional Learning	7207	93.981	349
Comprehensive School Health - Aids Education Act	7207	93.981	19,720
Passed through Arkansas Department of Human Services:			
AWARE Arkansas	7207	93.243	9,184
Total U.S. Department of Health and Human Services			2,629,253
Total Other Programs			29,867,350
Total Expenditures of Federal Awards			\$ 51,107,237

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule includes the federal awards activity of the District and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District did elect to use the 10% de minimis indirect cost rate.
2. Medicaid reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling \$1,282,865 are not covered by the reporting requirements of the Uniform Guidance.
3. Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

**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 Board of Education
Springdale School District No. 50
Springdale, 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 Springdale School District No. 50 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated March 8, 2023.

We issued an adverse opinion because the District prepared the financial statements in conformity with accounting practices prescribed or permitted by the Arkansas Code Arkansas 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 these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position thereof, and the budgetary results for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for determining 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 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.

To the Board of Education
Page Two

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
March 8, 2023

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

To the Board of Education
Springdale School District No. 50
Springdale, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the Springdale School District No. 50 (the "District") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 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 Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities of Management for Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the District'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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

To the Board of Education
Page Three

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.

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

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

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
March 8, 2023

SPRINGDALE SCHOOL DISTRICT NO. 50

SCHEDULE OF STATE ASSISTANCE

YEAR ENDED JUNE 30, 2022

Arkansas Department of Education

State Foundation Funding	\$ 109,125,008
98% Uniform Rate of Tax Funding	328,244
Declining Enrollment	1,087,965
Bonded Debt Assistance	845,321
State Partnership Funding	4,768,514
Professional Development Funding	784,966
AR School Recognition Program	658,200
LEP Allocation	2,704,347
Food Service State Matching	83,507
Special Education - Catastrophic Occurrences	596,763
Alternative Learning	3,125,508
Enhanced Student Achievement Funding	16,763,510
Enhanced Student Achievement Funding Matching Grant	206,309
Arkansas Better Chance Program	779,561
AP Exam Award	41,021
Wellness Center	97,500
Extended School Year Funding	203,510
Child Supervision Extended School Year Funding	103,659
National Board Certification	1,523,880
Early Childhood Special Education	453,172
Residential Treatment	1,823,091
Computer Science Bonus	15,065
National Board of Professional Teaching	8,600
Early Intervention Day Treatment Centers	160,909
	<hr/>
	146,288,130

Arkansas Department of Career Education

VOC New Program Start-Up	<hr/> 60,124
Total State Assistance	<hr/> \$ 146,348,254 <hr/>

SPRINGDALE SCHOOL DISTRICT NO. 50

SCHEDULE OF UNITS OF SERVICE - CHILD AND ADULT CARE FOOD PROGRAM

YEAR ENDED JUNE 30, 2022
(UNAUDITED)

Month	Meals Served			
	Breakfast	Lunch	Dinner	Snack
July 2021	-	-	-	-
August 2021	-	160	-	7,343
September 2021	-	5,833	-	15,908
October 2021	-	8,931	-	15,700
November 2021	-	9,175	-	13,597
December 2021	-	5,354	-	10,609
January 2022	-	5,572	-	12,664
February 2022	-	6,691	-	10,571
March 2022	-	7,906	-	12,793
April 2022	-	10,708	-	16,946
May 2022	-	5,274	-	16,258
June 2022	-	-	-	-
Total	-	65,604	-	132,389

SPRINGDALE SCHOOL DISTRICT NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. Our report expresses an adverse opinion based on generally accepted accounting principles and an unmodified opinion based on a regulatory basis of accounting on the basic financial statements of Springdale School District No. 50.

2. The independent auditor's report on internal control over financial reporting described:

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Material weakness(es) identified? ☐ Yes ☒ No

5. The opinion expressed in the independent auditor's report on compliance with requirements applicable to major federal awards was:

☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by The Uniform Guidance? ☐ Yes ☒ No

7. The Auditee's major programs were:

Cluster/Program	Assistance Listing Number(s)
• Education Stabilization Fund	84.425D and 84.425U
• Temporary Assistance for Needy Families	93.558
• Title I, Part A – Grants to Local Education Agencies	84.010
• Child Care and Development Fund Cluster	93.575

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$1,533,217.

SPRINGDALE SCHOOL DISTRICT NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

9. The Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☐
Yes

☒
No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT

NONE

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESSES

2020-001 Theft of District Property

Statement of Condition: The lead employee in the HVAC department of the District purchased HVAC systems on behalf of the District and then installed the systems at jobs associated with his personal HVAC business. The employee would provide District vendors with a completed District Purchase Authorization (PA) listing the school and room number of the system to be replaced. In some instances, the HVAC system listed on the PA was repaired instead of being replaced. In other instances, no repairs were needed to the units listed on the PA. Once the new HVAC equipment arrived, the employee would pick up the units either at the vendor or the District's warehouse and take them to his personal residence to use in his personal HVAC business.

Recommendation: Implement controls requiring more than one person assess condition of property and implement a supervisory review process in which someone other than the employee who performed the maintenance work verify that the work was performed.

Current Status: The recommendation was implemented in 2022. No similar findings were noted in the June 30, 2022 audit.

U.S. Department of Health and Human Services Passed through Arkansas Department of Education

Temporary Assistance for Needy Families: Assistance Listing Number 93.558

2020-002 Eligibility Determination

Statement of Condition: Eligibility determination performed by District management for the Temporary Assistance for Needy Families was performed incorrectly.

Recommendation: Ensure all staff performing eligibility determination are properly informed of eligibility requirements or establish review procedure in which individuals with proper knowledge review all eligibility determination documentation prior to making determination.

SPRINGDALE SCHOOL DISTRICT NO. 50
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Current Status: The recommendation was implemented in 2022. No similar findings were noted in the June 30, 2022 audit.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS

To the Board of Education
Springdale School District No. 50
Springdale, Arkansas

We have examined management's assertions that Springdale School District No. 50 (the "District") substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations including those listed in the accompanying schedule of statutes required to be addressed by the Arkansas Department of Education during the year ended June 30, 2022. Management is responsible for the District'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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. In our opinion, Springdale School District No. 50 complied with the aforementioned requirements for the year ended June 30, 2022.

This report is intended solely for the information and use of the Board of Education, 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.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
March 8, 2023

SPRINGDALE SCHOOL DISTRICT NO. 50
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE
ADDRESSED IN INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
YEAR ENDED JUNE 30, 2022

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding & Purchasing Commodities	6-21-301 – 6-21-305
Ethical Guidelines and Prohibitions	6-13-628; 6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20-402
• Bonded & Non-bonded Debt, District School Bonds	6-20-1201 – 6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals – declining accrual percentages)	6-20-401
• Investment of Fund	19-1-504
Management of Schools	
• Board of Directors	6-13-604; 6-13-606; 6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-24-101 et seq.
• District Treasurer	6-13-701
◦ Warrants/checks	6-17-918; 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 – 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
Salary Laws - Classified	6-17-2201 et seq.; 6-17-2301 et seq.
Salary Increases 5% or more (certified and classified)	6-13-635
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• Personnel Policies	6-17-201 et seq., 6-17-2301
• Employment and Assignment	6-17-301 et seq.
• Teacher's License Requirement	6-17-401 et seq.
• Contracts	6-17-801 et seq.
• Certification Requirements	6-17-309; 6-17-401
• Fair Dismissal Act	6-17-1501 et seq.; 6-17-1701 et seq.
• Sick Leave Policies	6-17-1201 et seq.; 6-17-1301 et seq.
• Minimum Wage Act	11-4-213, 11-4-218, 11-4-403, 11-4-405
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
Trust Funds (Education Excellence)	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205

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YEAR ENDED JUNE 30, 2022**

<u>DESCRIPTION</u>	<u>STATUTES</u>
Use of DM&O Millage	26-80-110
On Behalf Payments	The amounts of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District employees
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
Arkansas Procurement Law	19-11-201 et seq.
Limitation on Fund Balances	6-20-2210
Fiscal Accountability	6-20-1901 et seq.
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
CARES ACT (COVID-19) Education Training	Commissioner's Memo LS-20-089
Charter Facilities Funding	6-23-908

**SPRINGDALE SCHOOL DISTRICT NO. 50
SUPPLEMENTAL DATA SHEET AS REQUIRED BY ARKANSAS DEPARTMENT OF HUMAN SERVICES
AUDIT GUIDELINES**

YEAR ENDED JUNE 30, 2022

The following information is being provided to satisfy the requirements of Arkansas Department of Human Services Audit Guidelines:

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| 1. <u>Entity's Full Name:</u> | Springdale School District No. 50 of Washington County |
| 2. <u>Entity's Address:</u> | P.O. Box 8
Springdale, AR 72765 |
| 3. <u>Entity's FEIN:</u> | 71-6021364 |
| 4. <u>Entity's Telephone Number:</u> | (479) 750-8804 |
| 5. <u>Name of Director:</u> | Dr. Jared Cleveland, Superintendent |
| 6. <u>Name of Contact Person:</u> | Kelly Hayes, Deputy Superintendent/Finance |