

Western Yell County School District No. 9

Yell County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2024



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YELL COUNTY, ARKANSAS
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Arkansas



Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Western Yell County School District No. 9 and School Board Members
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Western Yell County School District No. 9 (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2024, or the changes in financial position for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
May 20, 2025
EDSD41724

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Western Yell County School District No. 9 and School Board Members
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of each major governmental fund and the aggregate remaining fund information of the Western Yell County School District No. 9 (the "District"), as of and for the year ended June 30, 2024, 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 May 20, 2025. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated May 20, 2025.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 20, 2025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Western Yell County School District No. 9 and School Board Members
Legislative Joint Auditing Committee

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

A review of payroll records revealed the District failed to record an employee's resignation timely, resulting in an overpayment of \$922. As of report date, the District has not recouped any of the overpayment.

The District did not have adequate internal controls relating to the use of credit cards. Our examination of one credit card account for three months revealed the following questionable transactions:

- \$27,401 without any form of approval/authorization indicated.
- \$4,633 without adequate supporting documentation; therefore, the validity of these transactions could not be determined.

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

ARKANSAS LEGISLATIVE AUDIT

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

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 20, 2025

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2024

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 600,508	\$ 244,928	\$ 1,499,238	\$ 5,190
Investments				200,000
Accounts receivable	52,687	65,136		164
TOTAL ASSETS	\$ 653,195	\$ 310,064	\$ 1,499,238	\$ 205,354
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 20,095	\$ 2,581		
Fund Balances:				
Nonspendable				\$ 200,000
Restricted	39,380	307,483	\$ 204,193	5,354
Assigned	55,215		1,295,045	
Unassigned	538,505			
Total Fund Balances	633,100	307,483	1,499,238	205,354
TOTAL LIABILITIES AND FUND BALANCES	\$ 653,195	\$ 310,064	\$ 1,499,238	\$ 205,354

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

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 1,326,419		
State assistance	2,428,936	\$ 7,532	\$ 81,060
Federal assistance	66,792	823,108	
Activity revenues	86,776		
Meal sales		5,636	
Investment income	9,524	667	
Other revenues	92,509		3,410
TOTAL REVENUES	4,010,956	836,943	84,470
EXPENDITURES			
Regular programs	1,516,033	33,412	
Special education	158,810	52,150	
Career education programs	144,723		
Compensatory education programs	20,325	138,456	
Other instructional programs	51,514		
Student support services	119,246	172,194	
Instructional staff support services	402,229	109,116	
General administration support services	158,636		
School administration support services	167,449		
Central services support services	105,832		
Operation and maintenance of plant services	603,822	12,598	5,262
Student transportation services	261,176	28,887	
Other support services	27,995		
Food services operations		339,654	
Community services operations		273	
Facilities acquisition and construction services			132,050
Non-programmed costs		5,000	
Activity expenditures	81,646		
Debt Service:			
Principal retirement	89,392		215,000
Interest and fiscal charges	5,478		51,534
TOTAL EXPENDITURES	3,914,306	891,740	403,846
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	96,650	(54,797)	(319,376)
OTHER FINANCING SOURCES (USES)			
Transfers in	91,678		266,534
Transfers out	(266,534)		(91,678)
TOTAL OTHER FINANCING SOURCES (USES)	(174,856)		174,856
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(78,206)	(54,797)	(144,520)
FUND BALANCES - JULY 1	711,306	362,280	1,643,758
FUND BALANCES - JUNE 30	\$ 633,100	\$ 307,483	\$ 1,499,238

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

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 1,138,000	\$ 1,326,419	\$ 188,419			
State assistance	2,488,912	2,428,936	(59,976)	\$ 1,500	\$ 7,532	\$ 6,032
Federal assistance	94,673	66,792	(27,881)	730,600	823,108	92,508
Activity revenues		86,776	86,776			
Meal sales				9,500	5,636	(3,864)
Investment income	5,000	9,524	4,524	300	667	367
Other revenues	27,439	92,509	65,070	500		(500)
TOTAL REVENUES	3,754,024	4,010,956	256,932	742,400	836,943	94,543
EXPENDITURES						
Regular programs	1,811,385	1,516,033	295,352	30,232	33,412	(3,180)
Special education	173,713	158,810	14,903	54,175	52,150	2,025
Career education programs	141,648	144,723	(3,075)			
Compensatory education programs	34,119	20,325	13,794	71,357	138,456	(67,099)
Other instructional programs	59,354	51,514	7,840			
Student support services	139,131	119,246	19,885	192,841	172,194	20,647
Instructional staff support services	436,068	402,229	33,839	83,336	109,116	(25,780)
General administration support services	146,217	158,636	(12,419)			
School administration support services	165,818	167,449	(1,631)			
Central services support services	113,935	105,832	8,103			
Operation and maintenance of plant services	664,515	603,822	60,693		12,598	(12,598)
Student transportation services	317,052	261,176	55,876	28,074	28,887	(813)
Other support services	16,261	27,995	(11,734)			
Food services operations	2,000		2,000	429,710	339,654	90,056
Community services operations					273	(273)
Facilities acquisition and construction services				418		418
Non-programmed costs				5,000	5,000	
Activity expenditures		81,646	(81,646)			
Debt Service:						
Principal retirement	73,786	89,392	(15,606)			
Interest and fiscal charges	5,410	5,478	(68)			
TOTAL EXPENDITURES	4,300,412	3,914,306	386,106	895,143	891,740	3,403

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (546,388)	\$ 96,650	\$ 643,038	\$ (152,743)	\$ (54,797)	\$ 97,946
OTHER FINANCING SOURCES (USES)						
Transfers in	5,048,793	91,678	(4,957,115)	29,042		(29,042)
Transfers out	(5,151,358)	(266,534)	4,884,824	(29,042)		29,042
TOTAL OTHER FINANCING SOURCES (USES)	(102,565)	(174,856)	(72,291)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(648,953)	(78,206)	570,747	(152,743)	(54,797)	97,946
FUND BALANCES - JULY 1	942,002	711,306	(230,696)	351,797	362,280	10,483
FUND BALANCES - JUNE 30	\$ 293,049	\$ 633,100	\$ 340,051	\$ 199,054	\$ 307,483	\$ 108,429

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

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a five 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 Western Yell County School District (District). There are no component units.

B. Description of Funds

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

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

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

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

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

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

Fiduciary Fund types include the following:

Private-purpose Funds – Private-purpose funds are used to report all other arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

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

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

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Revenue Recognition Policies

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

E. Capital Assets

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

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

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	10-30
Buildings	7-50
Equipment	1-20

F. Property Taxes

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

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

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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.
4. 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.

H. Budget and Budgetary Accounting

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

I. 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.

J. Minimum Fund Balance Policies

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

K. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Classification Policies and Procedures (Continued)

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 450,000	\$ 450,000
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the District's name	2,099,864	2,273,753
Total Deposits	\$ 2,549,864	\$ 2,723,753

The above total deposits include certificates of deposit of \$200,000 reported as investments and classified as nonparticipating contracts.

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2024, were comprised of the following:

Description	Governmental Funds		Fiduciary Fund Types
	Major		
	General	Special Revenue	
State assistance	\$ 32,388	\$ 895	
Federal assistance	2,322	64,241	
Activity fund accounts	370		
Investment income			\$ 164
Other	17,607		
Totals	\$ 52,687	\$ 65,136	\$ 164

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2024, were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 19,775	\$ 2,581
Payroll withholdings and matching	320	
Totals	\$ 20,095	\$ 2,581

5: COMMITMENTS

The District was contractually obligated for the following at June 30, 2024:

Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
<u>Bonds</u>					
1/1/15	2/1/29	1 - 2.65%	\$ 645,000	\$ 245,000	\$ 400,000
12/1/20	2/1/38	.4 - 1.4%	1,850,000	1,510,000	340,000
7/7/22	2/1/38	1.75 - 3%	1,045,000	925,000	120,000
Total Bonds			3,540,000	2,680,000	860,000
<u>Direct Borrowings</u>					
6/26/15	6/26/25	2.99%	205,500	23,401	182,099
10/27/16	10/27/24	3.24%	209,255	14,713	194,542
11/22/19	11/22/24	4%	21,643	1,975	19,668
9/29/21	9/29/26	3.75%	80,000	49,777	30,223
Total Direct Borrowings			516,398	89,866	426,532
Total Long-Term Debt			\$ 4,056,398	\$ 2,769,866	\$ 1,286,532

Changes in Long-term Debt

	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024
Bonds payable	\$ 2,895,000		\$ 215,000	\$ 2,680,000
<u>Direct Borrowings</u>				
Installment contracts	179,258		89,392	89,866
Total Long-Term Debt	\$ 3,074,258	\$ 0	\$ 304,392	\$ 2,769,866

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

5: COMMITMENTS (Continued)

Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 200,000	\$ 47,655	\$ 247,655	\$ 56,063	\$ 2,682	\$ 58,745
2026	200,000	44,775	244,775	16,586	1,285	17,871
2027	205,000	41,895	246,895	17,217	655	17,872
2028	215,000	38,458	253,458			
2029	225,000	34,733	259,733			
2030-2034	865,000	124,270	989,270			
2035-2038	770,000	39,435	809,435			
Totals	\$ 2,680,000	\$ 371,221	\$ 3,051,221	\$ 89,866	\$ 4,622	\$ 94,488

Security for Debt Payments

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

6: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$3,540,000 issued from January 1, 2015 to July 7, 2022. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$3,051,221, payable through February 1, 2038. Principal and interest paid for the current year and total property taxes pledged for debt service were \$265,222 and \$471,768, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 56.22 percent.

7: INTERFUND TRANSFERS

The District transferred \$266,534 from the general fund to the other aggregate funds for debt related payments. Additionally, the other aggregate funds transferred \$91,678 to the general fund to supplement District operations.

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

8: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 501-682-1517, or by visiting the ATRS website at www.artrs.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2024, were \$397,695, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$4,077,011.

9: CHANGES IN PRIVATE-PURPOSE FUNDS

ADDITIONS	
Interest	\$ 2,003
DEDUCTIONS	
Scholarships	1,500
CHANGE IN FUND BALANCE	503
FUND BALANCE - JULY 1	204,851
FUND BALANCE - JUNE 30	\$ 205,354

10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for board liability, employment practices liability, and general liability.

The District participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994, pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

10: RISK MANAGEMENT (Continued)

Additionally, the District participates in the Arkansas School Boards Association – Risk Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984, pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings and contents.

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.

The District participates in the Arkansas Public School 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.

11: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$126,161 for the year ended June 30, 2024.

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 128		
English-language learners	1,058		
Professional development	3,853		
Capital projects			\$ 204,193
Child nutrition programs		\$ 128,321	
Medical services		106,503	
Special education programs	32,922		
Education stabilization fund (COVID-19)		714	
Other purposes	1,419	71,945	
Total Restricted	<u>39,380</u>	<u>307,483</u>	<u>204,193</u>
Assigned to:			
Capital projects			1,295,045
Student activities	55,215		
Total Assigned	<u>55,215</u>		<u>1,295,045</u>
Unassigned	<u>538,505</u>		
Totals	<u>\$ 633,100</u>	<u>\$ 307,483</u>	<u>\$ 1,499,238</u>

13: ENDOWMENT FUND

On October 29, 2006, the George and Irene Cowger Scholarship was established by donation of \$200,000. The interest earned on the endowment is to be used for scholarships. The unexpended interest at June 30, 2024 was \$5,354. The endowed portion is maintained in a certificate of deposit classified as a nonparticipating contract.

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

Schedule 1

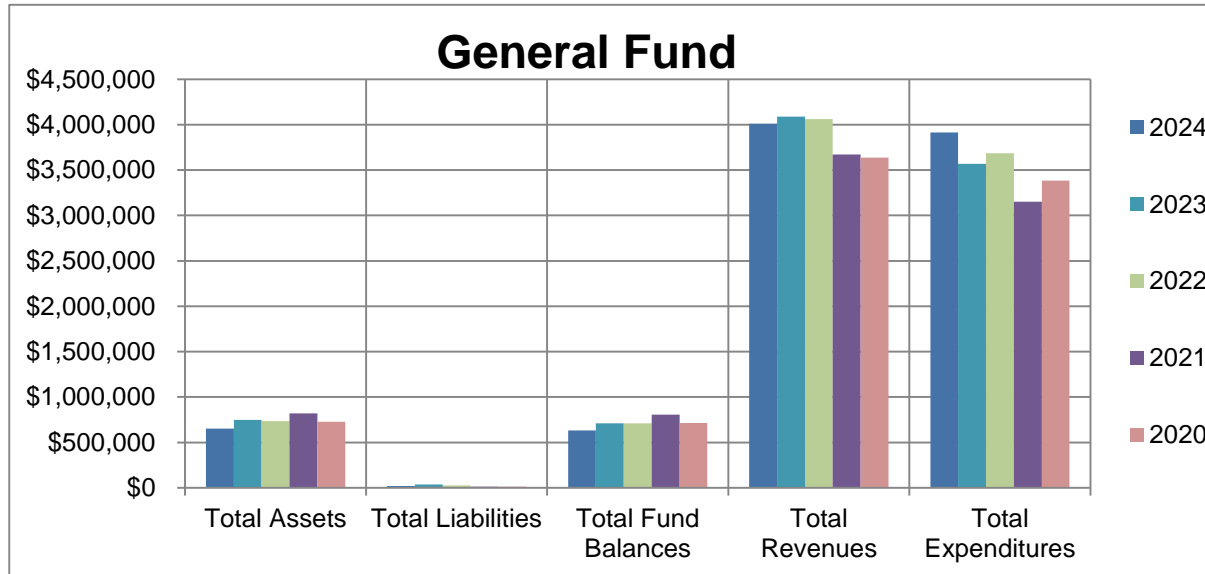
	Balance June 30, 2024
Nondepreciable capital assets:	
Land	\$ 53,589
Depreciable capital assets:	
Buildings	10,596,399
Improvements/infrastructure	495,550
Equipment	2,412,969
Total depreciable capital assets	13,504,918
Less accumulated depreciation for:	
Buildings	3,449,355
Improvements/infrastructure	365,295
Equipment	1,843,210
Total accumulated depreciation	5,657,860
Total depreciable capital assets, net	7,847,058
Capital assets, net	\$ 7,900,647

WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS

Schedule 2

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024
(Unaudited)

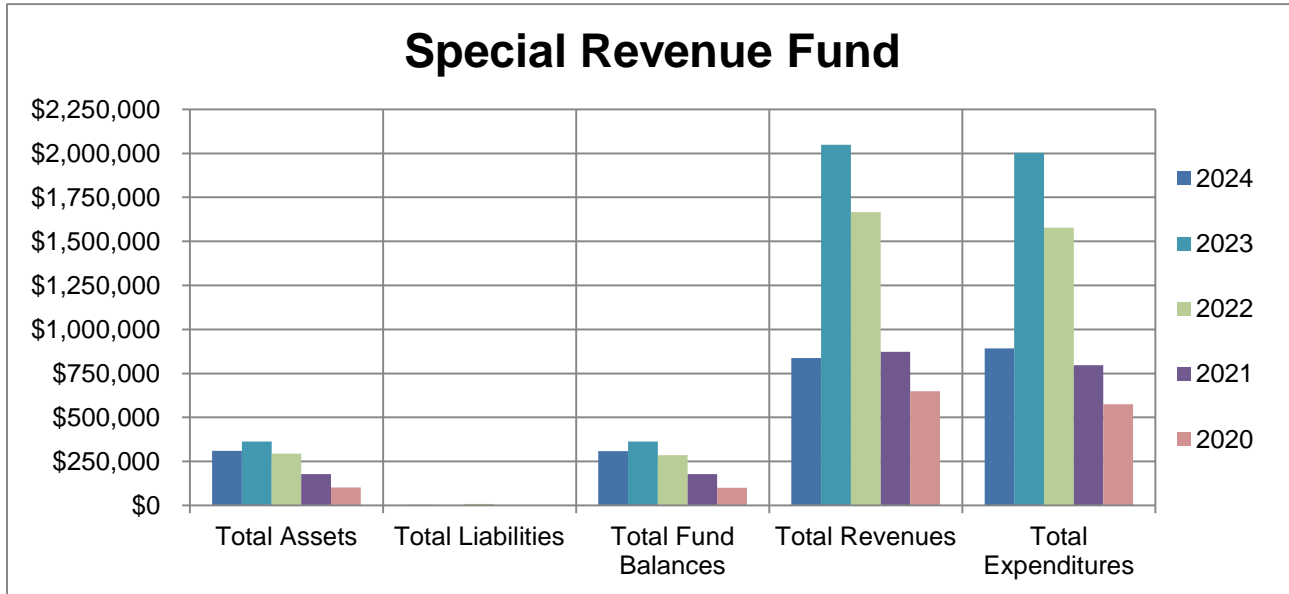
<u>General Fund</u>	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 653,195	\$ 748,038	\$ 735,386	\$ 819,046	\$ 726,327
Total Liabilities	20,095	36,732	26,107	12,311	11,342
Total Fund Balances	633,100	711,306	709,279	806,735	714,985
Total Revenues	4,010,956	4,088,909	4,062,342	3,672,695	3,637,755
Total Expenditures	3,914,306	3,568,464	3,683,954	3,150,697	3,384,271
Total Other Financing Sources (Uses)	(174,856)	(518,418)	(475,844)	(447,393)	(153,652)



WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
 YELL COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

Special Revenue Fund	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 310,064	\$ 363,530	\$ 294,415	\$ 177,911	\$ 102,240
Total Liabilities	2,581	1,250	8,827	20	1,392
Total Fund Balances	307,483	362,280	285,588	177,891	100,848
Total Revenues	836,943	2,048,213	1,666,367	873,466	648,424
Total Expenditures	891,740	2,002,751	1,578,635	796,423	574,699
Total Other Financing Sources (Uses)		31,230	19,965		



WESTERN YELL COUNTY SCHOOL DISTRICT NO. 9
YELL COUNTY, ARKANSAS

Schedule 2

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024
(Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 1,499,238	\$ 1,824,775	\$ 1,245,269	\$ 924,577	\$ 580,258
Total Liabilities		181,017	20,900	6,260	
Total Fund Balances	1,499,238	1,643,758	1,224,369	918,317	580,258
Total Revenues	84,470	214,369		130,877	
Total Expenditures	403,846	1,426,186	249,792	296,305	179,408
Total Other Financing Sources (Uses)	174,856	1,631,206	555,844	503,487	175,295

