

# **Lafayette County School District**

**Lafayette County, Arkansas**

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

**June 30, 2023**



LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
TABLE OF CONTENTS  
JUNE 30, 2023

Independent Auditor's Report  
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*  
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis	C
Notes to the Financial Statements	

SCHEDULES

	<u>Schedule</u>
Schedule of Capital Assets (Unaudited)	1
Schedule of Expenditures of Federal Awards	2
Schedule of Findings and Questioned Costs	3
Summary Schedule of Prior Audit Findings	4
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	5

# Arkansas

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



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

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

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

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

Lafayette County School District 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 Lafayette County School District (the "District"), as of and for the year ended June 30, 2023, 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, 2023, 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, 2023, or the changes in financial position for the year then ended.

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

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

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

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
May 10, 2024  
EDSD42123

# Arkansas

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



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

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Lafayette County School District and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Lafayette County School District (the "District"), as of and for the year ended June 30, 2023, 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 10, 2024. 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, 2023, 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*.

### **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 cursive script that reads "Matt Fink".

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
May 10, 2024

# Arkansas

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



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House Vice Chair

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Lafayette County School District and School Board Members  
Legislative Joint Auditing Committee

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

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

We have audited the Lafayette County School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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

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

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

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

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



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

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
May 10, 2024

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2023

Exhibit A

	Governmental Funds			
	Major			
	General	Special Revenue	Other Aggregate	Fiduciary Fund Types
ASSETS				
Cash	\$ 264,979		\$ 1,036,533	\$ 8,201
Investments				222,887
Accounts receivable	27,303	\$ 443,277		
Due from other funds	336,295			
TOTAL ASSETS	<u>\$ 628,577</u>	<u>\$ 443,277</u>	<u>\$ 1,036,533</u>	<u>\$ 231,088</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 29,951	\$ 75,514		
Due to other funds		336,295		
Total Liabilities	<u>29,951</u>	<u>411,809</u>		
Fund Balances:				
Nonspendable				\$ 222,887
Restricted	102,731	78,220		8,201
Assigned	66,940		\$ 1,036,533	
Unassigned	428,955	(46,752)		
Total Fund Balances	<u>598,626</u>	<u>31,468</u>	<u>1,036,533</u>	<u>231,088</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 628,577</u>	<u>\$ 443,277</u>	<u>\$ 1,036,533</u>	<u>\$ 231,088</u>

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,434,026		
State assistance	3,300,827	\$ 1,956	
Federal assistance		2,980,828	
Activity revenues	116,537		
Meal sales		44,789	
Investment income	66,008		
Other revenues	131,509		
TOTAL REVENUES	6,048,907	3,027,573	
EXPENDITURES			
Regular programs	2,056,267	897,816	
Special education	367,553	277,470	
Career education programs	250,532	2,184	
Compensatory education programs	12,385	256,451	
Other instructional programs	174,852	1,580	
Student support services	257,690	108,062	
Instructional staff support services	291,637	262,423	
General administration support services	263,047	110,703	
School administration support services	467,063		
Central services support services	203,301	78,199	
Operation and maintenance of plant services	903,699	179,148	
Student transportation services	477,564	292,928	
Other support services	46,915		
Food services operations		555,106	
Community services operations		624	
Activity expenditures	121,621		
Debt Service:			
Principal retirement	169,677		\$ 150,000
Interest and fiscal charges	11,545		43,535
TOTAL EXPENDITURES	6,075,348	3,022,694	193,535
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,441)	4,879	(193,535)
OTHER FINANCING SOURCES (USES)			
Transfers in		3,644	193,535
Transfers out	(197,179)		
Value of financed purchase	47,368		
TOTAL OTHER FINANCING SOURCES (USES)	(149,811)	3,644	193,535
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(176,252)	8,523	0
FUND BALANCES - JULY 1	774,878	22,945	1,036,533
FUND BALANCES - JUNE 30	\$ 598,626	\$ 31,468	\$ 1,036,533

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE 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, 2023

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 2,415,000	\$ 2,434,026	\$ 19,026			
State assistance	2,770,180	3,300,827	530,647	\$ 1,347	\$ 1,956	\$ 609
Federal assistance				3,268,165	2,980,828	(287,337)
Activity revenues	350	116,537	116,187			
Meal sales				25,905	44,789	18,884
Investment income	10,000	66,008	56,008			
Other revenues	77,000	131,509	54,509			
<b>TOTAL REVENUES</b>	<b>5,272,530</b>	<b>6,048,907</b>	<b>776,377</b>	<b>3,295,417</b>	<b>3,027,573</b>	<b>(267,844)</b>
EXPENDITURES						
Regular programs	1,950,858	2,056,267	(105,409)	125,180	897,816	(772,636)
Special education	394,446	367,553	26,893	244,771	277,470	(32,699)
Career education programs	228,740	250,532	(21,792)		2,184	(2,184)
Compensatory education programs	12,437	12,385	52	249,494	256,451	(6,957)
Other instructional programs	175,329	174,852	477		1,580	(1,580)
Student support services	252,907	257,690	(4,783)	120,086	108,062	12,024
Instructional staff support services	299,603	291,637	7,966	252,351	262,423	(10,072)
General administration support services	243,022	263,047	(20,025)	80,689	110,703	(30,014)
School administration support services	473,945	467,063	6,882			
Central services support services	210,129	203,301	6,828	7,703	78,199	(70,496)
Operation and maintenance of plant services	827,614	903,699	(76,085)	6,037	179,148	(173,111)
Student transportation services	548,599	477,564	71,035	26,850	292,928	(266,078)
Other support services	44,199	46,915	(2,716)			
Food services operations				455,484	555,106	(99,622)
Community services operations				1,000	624	376
Activity expenditures	350	121,621	(121,271)			
Debt Service:						
Principal retirement	58,517	169,677	(111,160)			
Interest and fiscal charges	4,912	11,545	(6,633)			
<b>TOTAL EXPENDITURES</b>	<b>5,725,607</b>	<b>6,075,348</b>	<b>(349,741)</b>	<b>1,569,645</b>	<b>3,022,694</b>	<b>(1,453,049)</b>

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE 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, 2023

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (453,077)</u>	<u>\$ (26,441)</u>	<u>\$ 426,636</u>	<u>\$ 1,725,772</u>	<u>\$ 4,879</u>	<u>\$ (1,720,893)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,228,770		(7,228,770)		3,644	3,644
Transfers out	(7,422,316)	(197,179)	7,225,137			
Value of financed purchase		47,368	47,368			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(193,546)</u>	<u>(149,811)</u>	<u>43,735</u>		<u>3,644</u>	<u>3,644</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(646,623)	(176,252)	470,371	1,725,772	8,523	(1,717,249)
FUND BALANCES - JULY 1	<u>903,086</u>	<u>774,878</u>	<u>(128,208)</u>	<u>475,415</u>	<u>22,945</u>	<u>(452,470)</u>
FUND BALANCES - JUNE 30	<u><u>\$ 256,463</u></u>	<u><u>\$ 598,626</u></u>	<u><u>\$ 342,163</u></u>	<u><u>\$ 2,201,187</u></u>	<u><u>\$ 31,468</u></u>	<u><u>\$ (2,169,719)</u></u>

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Lafayette 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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**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	20
Buildings	50
Equipment	5-20

**F. Property Taxes**

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

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

**G. Interfund Receivables and Payables**

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

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**H. 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.

**I. Budget and Budgetary Accounting**

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

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

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

**J. Stabilization Arrangements**

The District's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

**K. Minimum Fund Balance Policies**

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

**L. Fund Balance Classification Policies and Procedures**

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



LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

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

**L. Fund Balance Classification Policies and Procedures (Continued)**

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

**M. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 260,917	\$ 260,917
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	1,059,713	1,317,811
Total Deposits	<u>\$ 1,320,630</u>	<u>\$ 1,578,728</u>

The above total deposits include certificates of deposit of \$10,917 reported as investments and classified as nonparticipating contracts.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**3: INVESTMENTS**

At June 30, 2023, certain investments of the private-purpose trust funds consisted of \$93,884 invested in municipal bonds, \$87,126 invested in corporate bonds, and \$30,960 invested in Federated Trust for U.S. Treasury Obligations.

Credit risk – The District does not have a formal policy for credit risk and the bonds and mutual fund, in which the District was invested, were rated as follows:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Amount</u>
<u>Municipal Bonds</u>			
Cincinnati, Ohio City School District	Aa3 (Moody's)	12/15/2029	\$ 47,655
Kalamazoo, Michigan	AA- (Moody's)	12/1/2044	46,229
Total Municipal Bonds			<u>\$ 93,884</u>
<u>Corporate Bonds</u>			
Goldman Sachs Group	A3 (Moody's)	11/15/2033	\$ 22,796
Microsoft Corporation	AAA (Moody's)	2/12/2035	17,582
Monsanto Company	BBB+ (Moody's)	7/15/2034	46,748
Total Corporate Bonds			<u>\$ 87,126</u>
<u>US Treasury Obligations</u>			
Federated Trust for U.S. Treasury Obligation	Aaa-mf (Moody's)	44 days (average)	<u>\$ 30,960</u>

Interest rate risk – The District does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair value of investments - Fair value measurements are based on the fair value hierarchy as follows:

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Significant other observable inputs

Level 3 - Significant unobservable inputs

Of the above investments of \$211,970, comprised of municipal bonds, corporate bonds, and U.S. Treasury Obligations are classified in Level 2. There are no investments classified in Level 1 or Level 3.

**4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2023, were comprised of the following:

<u>Description</u>	<u>Governmental Funds</u>	
	<u>Major</u>	<u>Special Revenue</u>
	<u>General</u>	
Federal assistance		\$ 443,277
Other	\$ 27,303	
Totals	<u>\$ 27,303</u>	<u>\$ 443,277</u>

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**5: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2023, were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 29,951	\$ 75,514

**6: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2023:

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, 2023	Maturities To June 30, 2023
<u>Bonds</u>					
7/1/20	6/1/40	1 - 1.75%	\$ 3,165,000	\$ 2,840,000	\$ 325,000
<u>Direct Borrowings</u>					
8/18/15	8/18/24	3.25%	491,518	92,133	399,385
3/30/23	3/30/25	5.06%	47,368	32,764	14,604
Total Direct Borrowings			538,886	124,897	413,989
Total Long-Term Debt			\$ 3,703,886	\$ 2,964,897	\$ 738,989

Changes in Long-term Debt

	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
Bonds payable	\$ 2,990,000		\$ 150,000	\$ 2,840,000
<u>Direct Borrowings</u>				
Financed purchase	185,254	\$ 47,368	199,858 *	32,764
Installment contract	151,125		58,992	92,133
Total Direct Borrowings	336,379	47,368	258,850	124,897
Total Long-Term Debt	\$ 3,326,379	\$ 47,368	\$ 408,850	\$ 2,964,897

\* The District refinanced the final payment of \$47,368 for one bus, which included principal and interest of \$45,087 and \$2,281, respectively, and returned one bus rather than making the final principal payment due of \$44,086 on the financed purchase of four buses dated January 10, 2020. The District made the final payment on the other two buses.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**6: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 155,000	\$ 41,545	\$ 196,545	\$ 77,975	\$2,503	\$ 80,478
2025	150,000	39,995	189,995	46,922	1,841	48,763
2026	150,000	38,495	188,495			
2027	155,000	36,845	191,845			
2028	160,000	34,985	194,985			
2029-2033	825,000	142,178	967,178			
2034-2038	875,000	77,438	952,438			
2039-2040	370,000	9,800	379,800			
Totals	<u>\$ 2,840,000</u>	<u>\$ 421,281</u>	<u>\$ 3,261,281</u>	<u>\$ 124,897</u>	<u>\$ 4,344</u>	<u>\$ 129,241</u>

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.

**7: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$3,165,000 issued July 1, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$3,261,281, payable through June 1, 2040. Principal and interest paid for the current year and total property taxes pledged for debt service were \$193,044 and \$452,669, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 42.65 percent.

**8: INTERFUND TRANSFERS**

The District transferred \$193,535 from the general fund to the other aggregate funds for debt related payments. The District also transferred \$3,644 from the general fund to the special revenue fund to supplement its food service operations.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**9: 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](http://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, 2023, were \$676,562, 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, 2022, (actuarial valuation date and measurement date) was \$7,150,049.

**10: CHANGES IN PRIVATE-PURPOSE FUNDS**

On June 24, 2003, based on the last will and testament of William F. Bennett, the William F. Bennett College Scholarship Fund was created. The interest earned on the principal shall fund up to three annual scholarships for the most deserving students who are graduating with plans to attend an institution of higher learning.

On May 2, 2001, the James R. Nipper Scholarship Fund was created. Under this program, a scholarship of \$500 is to be annually awarded to a graduating senior student selected by a committee acting for the Lafayette County School Board.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**10: CHANGES IN PRIVATE-PURPOSE FUNDS (Continued)**

On June 30, 2023, the nonspendable portion of \$222,887 was invested as follows: \$87,126 in corporate bonds, \$93,884 in taxable municipal bonds, \$30,960 in Federated U.S. Treasury Obligations, and \$10,917 in a certificate of deposit classified as a nonparticipating contract.

ADDITIONS	
Donations	\$ 250
Interest	9,502
Dividends	8
	<hr/>
TOTAL ADDITIONS	9,760
	<hr/>
DEDUCTIONS	
Scholarships	5,150
Other expenses	2,005
Unrealized loss	9,836
	<hr/>
TOTAL DEDUCTIONS	16,991
	<hr/>
CHANGE IN FUND BALANCE	(7,231)
FUND BALANCE - JULY 1	238,319
	<hr/>
FUND BALANCE - JUNE 30	\$ 231,088
	<hr/>

**11: DEFICIT FUND BALANCE**

The deficit unassigned fund balance of \$46,752 in the special revenue fund, displayed in the table at Note 14 below, is related to the medicaid program (\$44,712) and the child nutrition program (\$2,040). The temporary deficit was caused by the District not reviewing or moving expenditures at year end for the medicaid funds and the recognition of minor accounts payable at year-end in the child nutrition program.

**12: RISK MANAGEMENT**

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

The District carries commercial insurance for business trips and student accidents.

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.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**12: 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, contents, and vehicles.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

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

**13: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$200,958 for the year ended June 30, 2023.

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Enhanced student achievement funding	\$ 8,452		
English-language learners	697		
Professional development	9,062		
Medical services		\$ 38,271	
Special education programs	84,369		
Other purposes	151	39,949	
Total Restricted	<u>102,731</u>	<u>78,220</u>	
Assigned to:			
Capital projects			\$ 1,036,533
Student activities	66,940		
Total Assigned	<u>66,940</u>		<u>1,036,533</u>
Unassigned	<u>428,955</u>	<u>(46,752)</u>	
Totals	<u>\$ 598,626</u>	<u>\$ 31,468</u>	<u>\$ 1,036,533</u>

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 1

	Balance June 30, 2023
Nondepreciable capital assets:	
Land	\$ 136,297
Depreciable capital assets:	
Buildings	10,128,311
Improvements/infrastructure	1,023,908
Equipment	3,365,979
Total depreciable capital assets	14,518,198
Less accumulated depreciation for:	
Buildings	5,579,459
Improvements/infrastructure	547,647
Equipment	2,262,036
Total accumulated depreciation	8,389,142
Total depreciable capital assets, net	6,129,056
Capital assets, net	\$ 6,265,353



LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	3704		\$ 82,941
Arkansas Department of Education - National School Lunch Program	10.555	3704		301,927
Arkansas Department of Human Services - National School Lunch Program (Note 5)	10.555	3704000		37,520
Total for National School Lunch Program				339,447
Total U. S. Department of Agriculture				422,388
<b>TOTAL CHILD NUTRITION CLUSTER</b>				422,388
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	3704		197,404
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education Grants to States	84.027X	3704		32,303
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	3704		29,947
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education - Preschool Grants	84.173X	3704		3,384
Total U. S. Department of Education				263,038
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				263,038
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	3704		21,361
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3704		1,417,043
Total Education Stabilization Fund				1,438,404
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	3704		592,307
Arkansas Department of Education - Rural Education	84.358B	3704		15,117
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	3704		22,275
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	3704		21,931
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	3704		29,387
Total U. S. Department of Education				2,119,421
<b>TOTAL OTHER PROGRAMS</b>				2,119,421
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 2,804,847

The accompanying notes are an integral part of this schedule.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lafayette County School District (District) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 4: During the year ended June 30, 2023, the District received Medicaid funding of \$81,853 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.
- Note 5: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

Schedule 3

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse  
Regulatory basis - unmodified

Internal control over financial reporting:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported
Noncompliance material to financial statements noted?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no

**FEDERAL AWARDS**

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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Identification of major federal programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D and 84.425U	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	<u>\$</u>	<u>750,000</u>
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Auditee qualified as low-risk auditee?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



# Lafayette County Schools

Office of the Superintendent  
712 Chestnut P.O. Box 950  
Lewisville, AR 71845

Telephone: 870-921-5500 • Fax: 870-921-4277

Schedule 4

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

### FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF EDUCATION  
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION  
COVID-19 AMERICAN RESCUE PLAN – ELEMENTARY AND SECONDARY SCHOOL EMERGENCY  
RELIEF FUND – AL NUMBER 84.45U

#### **2022 - Finding 2022-001: Equipment and Real Property Management**

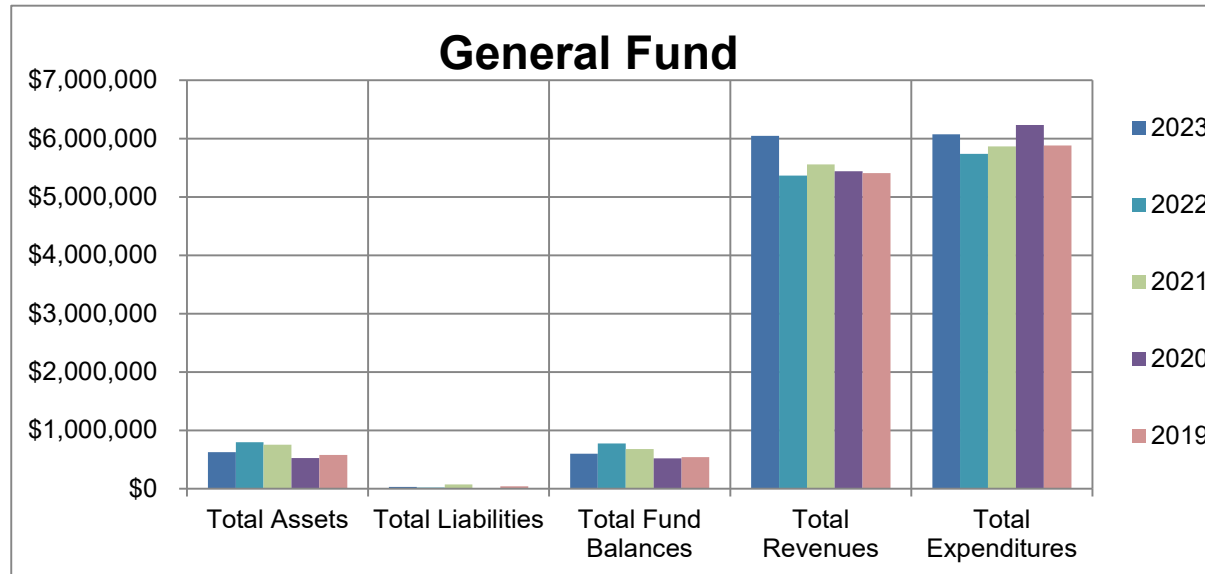
Condition: The District paid \$121,931 and \$99,960 for installation of an HVAC system and flooring, respectively, without obtaining a written contract that included the prevailing wage rate clause. Additionally, weekly certified payrolls were not submitted to the District. Also, neither the HVAC system nor the flooring were recorded in the District's capital asset subsidiary records.

Current Status: Corrective action taken.

LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 5

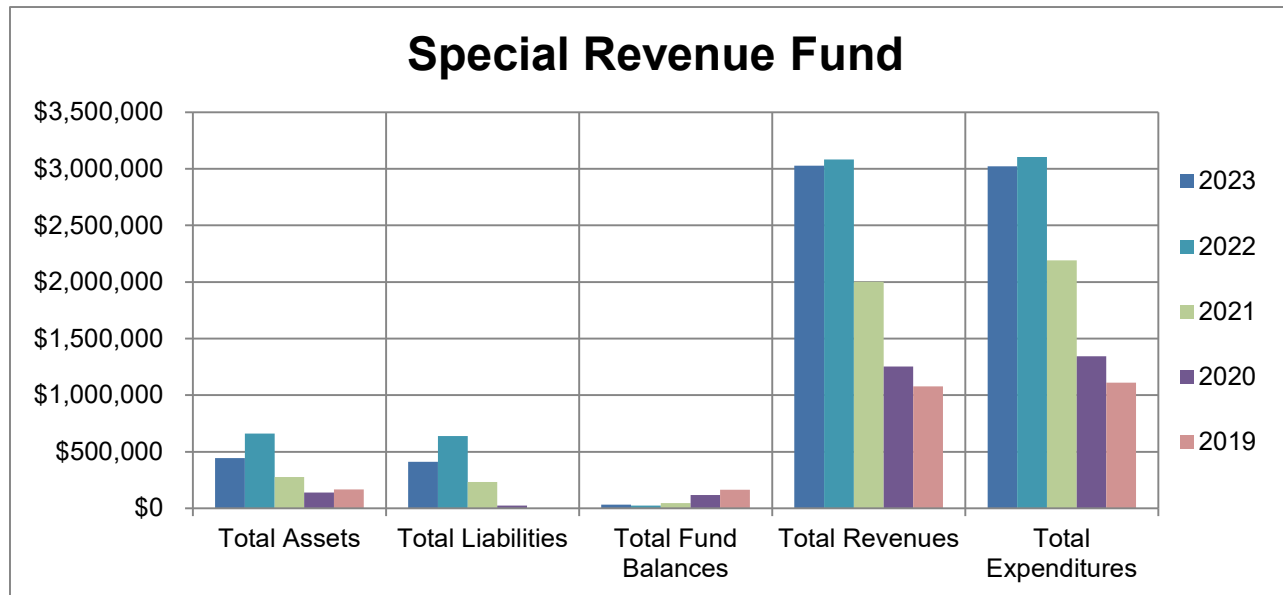
<u>General Fund</u>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 628,577	\$ 796,513	\$ 754,991	\$ 525,154	\$ 580,559
Total Liabilities	29,951	21,635	73,334	7,194	39,930
Total Fund Balances	598,626	774,878	681,657	517,960	540,629
Total Revenues	6,048,907	5,363,191	5,557,663	5,442,245	5,409,627
Total Expenditures	6,075,348	5,737,129	5,866,520	6,234,180	5,882,113
Total Other Financing Sources (Uses)	(149,811)	467,159	444,534	769,266	(81,414)



LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 5

<b><u>Special Revenue Fund</u></b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 443,277	\$ 660,441	\$ 277,205	\$ 140,255	\$ 166,395
Total Liabilities	411,809	637,496	232,342	23,765	3,360
Total Fund Balances	31,468	22,945	44,863	116,490	163,035
Total Revenues	3,027,573	3,082,938	2,001,272	1,253,223	1,076,793
Total Expenditures	3,022,694	3,104,856	2,191,268	1,343,494	1,109,496
Total Other Financing Sources (Uses)	3,644		118,369	43,726	



LAFAYETTE COUNTY SCHOOL DISTRICT  
LAFAYETTE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 1,036,533	\$ 1,036,533	\$ 1,686,575	\$ 2,299,487	\$ 2,923,337
Total Liabilities					
Total Fund Balances	1,036,533	1,036,533	1,686,575	2,299,487	2,923,337
Total Revenues		7,099	18,865	33,272	36,051
Total Expenditures	193,535	189,982	161,460	199,914	261,429
Total Other Financing Sources (Uses)	193,535	(467,159)	(470,317)	(457,208)	81,414

