

Cleveland County School District

Cleveland County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2023



CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND COUNTY, ARKANSAS
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JUNE 30, 2023

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Arkansas

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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

Cleveland 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 Cleveland 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 28, 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 28, 2024
EDSD42223

Arkansas

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



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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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

Cleveland 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 Cleveland 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 28, 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*.

We noted certain matters that we reported to management of the District in a separate letter dated May 28, 2024.

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, flowing style.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 28, 2024

Arkansas

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



Rep. Jimmy Gazaway
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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

Cleveland 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 Cleveland 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

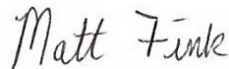
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 28, 2024

Arkansas

Sen. David Wallace
Senate Chair
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Senate Vice Chair



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Cleveland County School District 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.

Our analysis of the District's dog grooming program revealed that approximately \$5,040 in grooming fees should have been collected during the period August 2022 through May 2023. However, only \$155 was deposited in the District's Activity Fund bank account, leaving approximately \$4,885 unaccounted for. Employment of the Agriculture Teacher, who was custodian of the undeposited funds, was terminated on December 21, 2023. During an interview conducted by a third party, the Agriculture Teacher indicated that she allowed customers to pay the fees directly to students instead of depositing them in the District's bank account. Due to inadequate documentation, we could not verify this assertion.

From January to July 2023, 98 fraudulent charges totaling \$18,959 were made using four District credit card accounts. Although District personnel were aware of this breach in early 2023, the District paid for and subsequently disputed the charges. From January to August 2023, the District was credited a total of \$13,360 by the credit card company. However, the District did not dispute the remaining improper charges until ALA inquired about the issue during the engagement. As of report date, the District had not been reimbursed for fraudulent charges totaling \$5,599.

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 28, 2024

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

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 655,134	\$ 436,464	\$ 549,610	\$ 3,678
Investments	465,480			
Accounts receivable		81,485	121,112	
Deposit with paying agent			26,156	
TOTAL ASSETS	\$ 1,120,614	\$ 517,949	\$ 696,878	\$ 3,678
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 83,806	\$ 31,066	\$ 121,112	
Fund Balances:				
Nonspendable			26,156	
Restricted	133,823	486,883		\$ 3,678
Assigned	131,197		549,610	
Unassigned	771,788			
Total Fund Balances	1,036,808	486,883	575,766	3,678
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,120,614	\$ 517,949	\$ 696,878	\$ 3,678

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

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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)	\$ 2,473,260		
State assistance	4,454,686	\$ 3,250	\$ 187,270
Federal assistance		3,091,384	
Activity revenues	283,459		
Meal sales		84,550	
Investment income	10,727		
Other revenues	57,374	1,162	
TOTAL REVENUES	7,279,506	3,180,346	187,270
EXPENDITURES			
Regular programs	2,621,351	267,060	
Special education	425,214	211,534	
Career education programs	343,033	9,472	
Compensatory education programs	23,637	238,210	
Other instructional programs	235,809		
Student support services	282,046	402,497	
Instructional staff support services	297,635	57,310	
General administration support services	334,407	9,154	
School administration support services	374,542		
Central services support services	274,249	170,377	
Operation and maintenance of plant services	902,534	134,642	
Student transportation services	420,500	2,421	
Other support services	22,753		
Food services operations		677,568	
Community services operations	138,599	1,047,244	
Facilities acquisition and construction services	21,113		489,683
Activity expenditures	275,029		
Debt Service:			
Principal retirement	98,178		280,000
Interest and fiscal charges	17,260		58,397
TOTAL EXPENDITURES	7,107,889	3,227,489	828,080
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	171,617	(47,143)	(640,810)
OTHER FINANCING SOURCES (USES)			
Transfers in			335,759
Transfers out	(335,759)		
Federal grant revenue passed through from a cooperative		456	
Refund to grantor		(10)	
TOTAL OTHER FINANCING SOURCES (USES)	(335,759)	446	335,759
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(164,142)	(46,697)	(305,051)
FUND BALANCES - JULY 1	1,200,950	533,580	880,817
FUND BALANCES - JUNE 30	\$ 1,036,808	\$ 486,883	\$ 575,766

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

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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)	\$ 2,356,000	\$ 2,473,260	\$ 117,260			
State assistance	4,386,585	4,454,686	68,101	\$ 3,700	\$ 3,250	\$ (450)
Federal assistance				4,063,735	3,091,384	(972,351)
Activity revenues		283,459	283,459			
Meal sales				16,000	84,550	68,550
Investment income	4,200	10,727	6,527			
Other revenues	84,360	57,374	(26,986)		1,162	1,162
TOTAL REVENUES	6,831,145	7,279,506	448,361	4,083,435	3,180,346	(903,089)
EXPENDITURES						
Regular programs	2,794,762	2,621,351	173,411	381,315	267,060	114,255
Special education	486,046	425,214	60,832	169,401	211,534	(42,133)
Career education programs	354,748	343,033	11,715		9,472	(9,472)
Compensatory education programs	28,528	23,637	4,891	268,913	238,210	30,703
Other instructional programs	243,589	235,809	7,780			
Student support services	295,648	282,046	13,602	275,793	402,497	(126,704)
Instructional staff support services	323,289	297,635	25,654	49,832	57,310	(7,478)
General administration support services	343,820	334,407	9,413	9,552	9,154	398
School administration support services	374,788	374,542	246			
Central services support services	279,242	274,249	4,993	150,593	170,377	(19,784)
Operation and maintenance of plant services	915,863	902,534	13,329	146,065	134,642	11,423
Student transportation services	390,093	420,500	(30,407)		2,421	(2,421)
Other support services		22,753	(22,753)			
Food services operations				698,125	677,568	20,557
Community services operations	141,182	138,599	2,583	1,298,714	1,047,244	251,470
Facilities acquisition and construction services	18,583	21,113	(2,530)	650,000		650,000
Activity expenditures		275,029	(275,029)			
Debt Service:						
Principal retirement	100,793	98,178	2,615			
Interest and fiscal charges	14,645	17,260	(2,615)			
TOTAL EXPENDITURES	7,105,618	7,107,889	(2,271)	4,098,304	3,227,489	870,815

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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	\$ (274,473)	\$ 171,617	\$ 446,090	\$ (14,869)	\$ (47,143)	\$ (32,274)
OTHER FINANCING SOURCES (USES)						
Transfers in	9,451,110		(9,451,110)	68,434		(68,434)
Transfers out	(9,788,697)	(335,759)	9,452,938	(49,960)		49,960
Federal grant revenue passed through from a cooperative					456	456
Refund to grantor					(10)	(10)
TOTAL OTHER FINANCING SOURCES (USES)	(337,588)	(335,759)	1,829	18,474	446	(18,028)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(612,060)	(164,142)	447,918	3,605	(46,697)	(50,302)
FUND BALANCES - JULY 1	1,303,104	1,200,950	(102,154)	521,571	533,580	12,009
FUND BALANCES - JUNE 30	\$ 691,044	\$ 1,036,808	\$ 345,764	\$ 525,177	\$ 486,883	\$ (38,294)

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

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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 Cleveland 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.

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	20
Buildings	20-50
Equipment	5-25

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.

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

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.

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

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:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>1,860,366</u>	<u>1,991,189</u>
Total Deposits	<u>\$ 2,110,366</u>	<u>\$ 2,241,189</u>

The above total deposits include certificates of deposit of \$465,480 reported as investments and classified as nonparticipating contracts.

3: ACCOUNTS RECEIVABLE

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

	<u>Governmental Funds</u>	
	<u>Major</u>	
<u>Description</u>	<u>Special Revenue</u>	<u>Other Aggregate</u>
State assistance		\$ 121,112
Federal assistance	\$ 81,485	
Totals	<u>\$ 81,485</u>	<u>\$ 121,112</u>

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

4: ACCOUNTS PAYABLE

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	\$ 83,806	\$ 31,066	\$ 121,112

5: COMMITMENTS

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

A. Construction Contract

Project Name	Completion Date	Contract Balance
HVAC Replacement	November 7, 2023	\$ 332,916

B. Lease (lease of nonfinancial assets with initial noncancelable lease terms in excess of one year)

General description of lease and leasing arrangements:

On May 5, 2017, the District executed an agreement of 50 years for the rental of a real estate building. The agreement stipulated monthly payments of \$500, with an inflation increment of 5% every five years. Payments commenced in May of 2017.

1. Future minimum lease payments (aggregate) at June 30, 2023: \$339,987
2. Future minimum lease payments for the succeeding years:

Year Ended June 30,	Amount
2024	\$ 6,300
2025	6,300
2026	6,300
2027	6,353
2028	6,615
2029-2033	33,461
2034-2038	35,134
2039-2043	36,890
2044-2048	38,735
2049-2053	40,672
2054-2058	42,706
2059-2063	44,841
2064-2067	35,680
	<u>\$ 339,987</u>

Lease payments for the lease described above were approximately \$6,300 for the year ended June 30, 2023.

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

5: COMMITMENTS (Continued)

C. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2023</u>	<u>Maturities To June 30, 2023</u>
Bonds					
6/1/09	1/1/30	3.5 - 4.625%	\$ 320,000	\$ 135,000	\$ 185,000
4/1/15	1/1/30	1 - 2.5%	3,915,000	2,090,000	1,825,000
Total Bonds			<u>4,235,000</u>	<u>2,225,000</u>	<u>2,010,000</u>
Direct Borrowings					
9/28/17	9/28/27	3.25%	650,000	333,642	316,358
12/19/18	12/19/24	3.92%	200,135	71,903	128,232
Total Direct Borrowings			<u>850,135</u>	<u>405,544</u>	<u>444,591</u>
Total Long-Term Debt			<u>\$ 5,085,135</u>	<u>\$ 2,630,544</u>	<u>\$ 2,454,591</u>

Changes in Long-term Debt

	<u>Balance July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
Bonds payable	<u>\$ 2,505,000</u>		<u>\$ 280,000</u>	<u>\$ 2,225,000</u>
Direct Borrowings				
Installment contracts	<u>503,722</u>		<u>98,178</u>	<u>405,544</u>
Total Long-Term Debt	<u>\$ 3,008,722</u>	<u>\$ 0</u>	<u>\$ 378,178</u>	<u>\$ 2,630,544</u>

Future Principal and Interest Payments

<u>Year Ended June 30,</u>	<u>Bonds</u>			<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 295,000	\$ 52,313	\$ 347,313	\$101,625	\$13,813	\$115,438
2025	300,000	46,355	346,355	105,170	10,268	115,438
2026	310,000	39,905	349,905	70,810	6,550	77,360
2027	315,000	32,890	347,890	73,143	4,216	77,360
2028	325,000	25,475	350,475	54,795	1,806	56,601
2029-2030	<u>680,000</u>	<u>26,585</u>	<u>706,585</u>			
Totals	<u>\$ 2,225,000</u>	<u>\$ 223,523</u>	<u>\$ 2,448,523</u>	<u>\$ 405,544</u>	<u>\$ 36,653</u>	<u>\$ 442,197</u>

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

5: COMMITMENTS (Continued)

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

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 \$4,235,000 issued from June 1, 2009 to April 1, 2015. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$2,448,523, payable through January 1, 2030. Principal and interest paid for the current year and total property taxes pledged for debt service were \$337,588 and \$655,641, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 51.49 percent.

7: INTERFUND TRANSFERS

The District transferred \$335,759 from general fund to other aggregate funds for debt related payments.

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, 2023, were \$838,217, 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 \$9,180,830.

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

9: CHANGES IN PRIVATE-PURPOSE FUNDS

ADDITIONS	
Interest	\$ 3
DEDUCTIONS	
Scholarships	6,000
CHANGE IN FUND BALANCE	(5,997)
FUND BALANCE - JULY 1	9,675
FUND BALANCE - JUNE 30	\$ 3,678

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 legal liability, student accident, and accidental death and dismemberment.

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

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

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.

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 \$226,427 for the year ended June 30, 2023.

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

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Nonspendable:			
Deposit with paying agent			\$ 26,156
Restricted for:			
Alternative learning environment	\$ 3,025		
Enhanced student achievement funding	35,043		
English-language learners	1,157		
Professional development	3,826		
Child nutrition programs		\$ 24,833	
Medical services		79,930	
Special education programs	13,822		
Title I programs		13	
Education stabilization fund (COVID-19)		609	
Arkansas school recognition program	75,999		
Child care and development		373,232	
Other purposes	951	8,266	
Total Restricted	<u>133,823</u>	<u>486,883</u>	
Assigned to:			
Capital projects			549,610
Student activities	<u>131,197</u>		
Total Assigned	<u>131,197</u>		<u>549,610</u>
Unassigned	<u>771,788</u>		
Totals	<u>\$1,036,808</u>	<u>\$ 486,883</u>	<u>\$ 575,766</u>

13: SUBSEQUENT EVENT

On February 1, 2024, the District executed a contract of \$865,000 for cafeteria expansion.

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

Schedule 1

	Balance June 30, 2023
Nondepreciable capital assets:	
Land	\$ 186,214
Construction in progress	438,799
Total nondepreciable capital assets	<u>625,013</u>
Depreciable capital assets:	
Buildings	7,055,465
Improvements/infrastructure	3,173,113
Equipment	3,336,743
Total depreciable capital assets	<u>13,565,321</u>
Less accumulated depreciation for:	
Buildings	3,690,793
Improvements/infrastructure	756,206
Equipment	2,249,901
Total accumulated depreciation	<u>6,696,899</u>
Total depreciable capital assets, net	<u>6,868,422</u>
Capital assets, net	<u><u>\$ 7,493,435</u></u>

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	1305		\$ 102,541
National School Lunch Program (Note 5)	10.555			11,000
Arkansas Department of Education - National School Lunch Program	10.555	1305		390,366
Arkansas Department of Human Services - National School Lunch Program (Note 6)	10.555	1305000		39,863
Total for National School Lunch Program				441,229
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	1305		6,376
Total U. S. Department of Agriculture				550,146
TOTAL CHILD NUTRITION CLUSTER				550,146
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	1305		203,720
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education Grants to States	84.027X	1305		23,140
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	1305		17,289
Total U. S. Department of Education				244,149
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				244,149
HEADSTART CLUSTER				
<u>U. S. Department of Health and Human Services</u>				
Headstart	93.600			547,670
COVID-19 - Headstart	93.600			82,857
Total U. S. Department of Health and Human Services				630,527
TOTAL HEADSTART CLUSTER				630,527
OTHER PROGRAMS				
<u>Federal Communications Commission</u>				
Emergency Connectivity Fund Program- COVID-19	32.009			132,000
Total Federal Communications Commission				132,000
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	1305		39,652
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	1305		240,160
Total Education Stabilization Fund				279,812
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	1305		211,610
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	1305		9,472
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	1305		34,319
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	1305		15,783
Total U. S. Department of Education				550,996

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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
<u>U. S. Department of Health and Human Services</u>				
Southeast Arkansas Education Service Cooperative - COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A		\$ 456
Total U. S. Department of Health and Human Services				<u>456</u>
 TOTAL OTHER PROGRAMS				 <u>683,452</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 0</u>	 <u>\$ 2,108,274</u>

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Cleveland 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 \$96,626 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 U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 6: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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:

AL Number(s)	Name of Federal Program or Cluster
93.600	Head Start Cluster
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.

Cleveland County School District

ACCREDITED BY THE ARKANSAS DEPARTMENT OF EDUCATION

P.O. Box 600, Rison, AR 71665 870-325-6344 Fax: 870-325-7094 www.rison.k12.ar.us

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

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

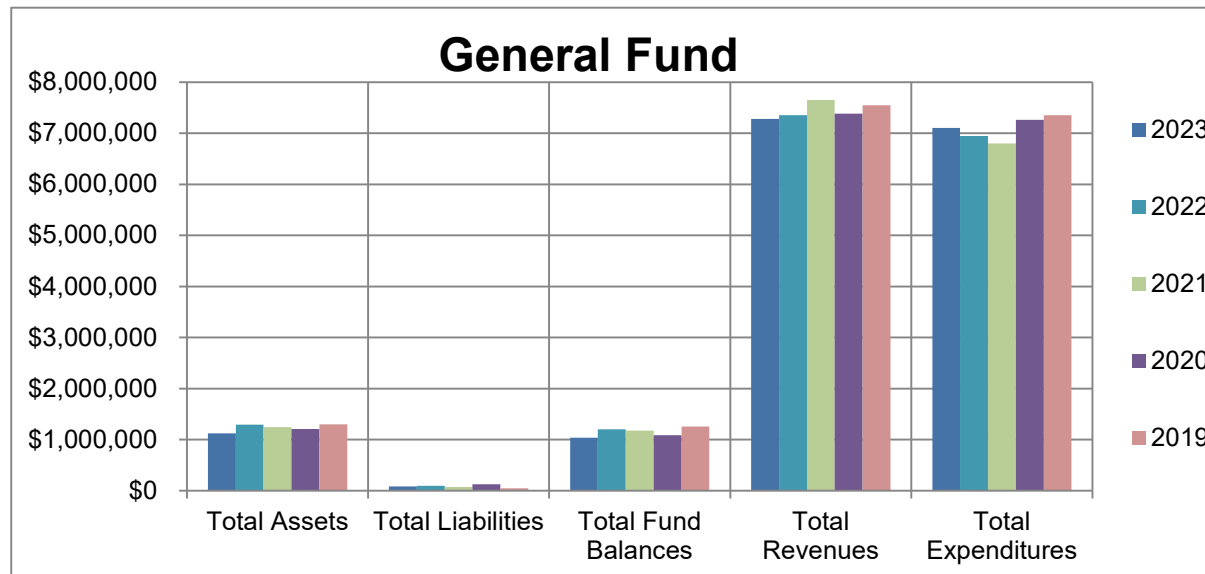
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

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

Schedule 5

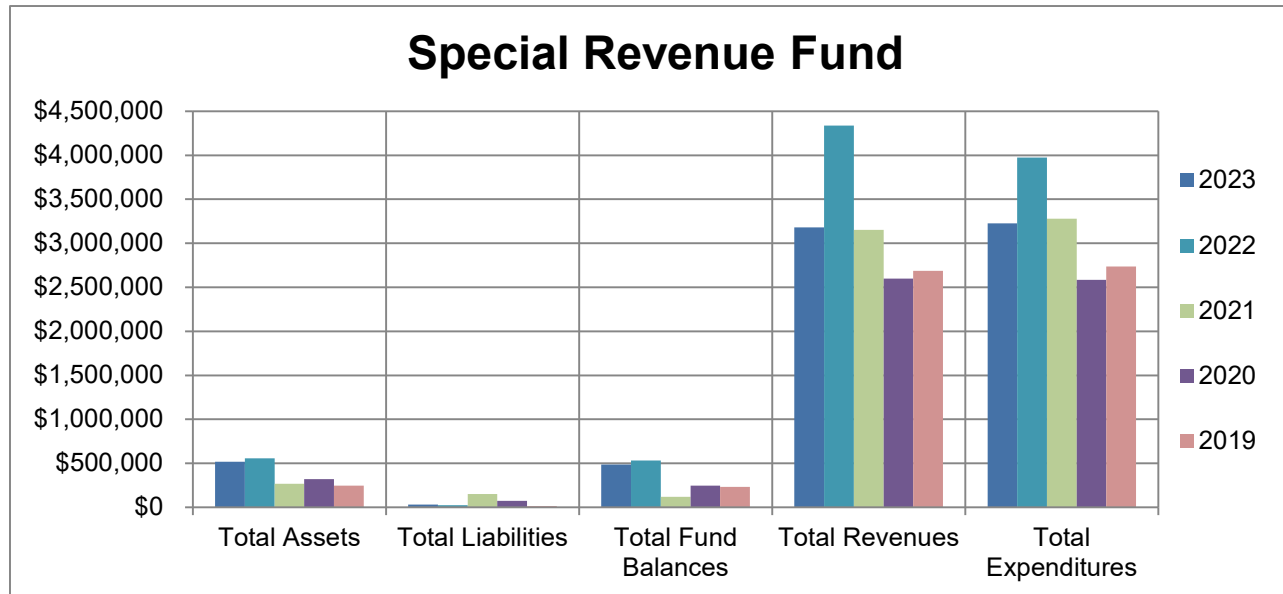
General Fund	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 1,120,614	\$ 1,294,262	\$ 1,243,815	\$ 1,210,211	\$ 1,300,553
Total Liabilities	83,806	93,312	68,846	124,905	44,251
Total Fund Balances	1,036,808	1,200,950	1,174,969	1,085,306	1,256,302
Total Revenues	7,279,506	7,353,539	7,649,513	7,385,915	7,547,054
Total Expenditures	7,107,889	6,944,723	6,798,708	7,264,772	7,353,074
Total Other Financing Sources (Uses)	(335,759)	(382,835)	(814,200)	(292,139)	(190,581)



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

Schedule 5

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 517,949	\$ 556,477	\$ 268,655	\$ 319,648	\$ 246,472
Total Liabilities	31,066	22,897	150,958	72,029	13,154
Total Fund Balances	486,883	533,580	117,697	247,619	233,318
Total Revenues	3,180,346	4,337,421	3,151,671	2,599,287	2,687,929
Total Expenditures	3,227,489	3,973,435	3,278,823	2,584,986	2,735,029
Total Other Financing Sources (Uses)	446	51,897	(2,770)		28,502



CLEVELAND COUNTY SCHOOL DISTRICT
CLEVELAND 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	\$ 696,878	\$ 900,791	\$ 1,781,627	\$ 1,320,737	\$ 1,910,707
Total Liabilities	121,112	19,974			63,274
Total Fund Balances	575,766	880,817	1,781,627	1,320,737	1,847,433
Total Revenues	187,270				
Total Expenditures	828,080	1,283,645	412,356	818,835	552,162
Total Other Financing Sources (Uses)	335,759	382,835	873,246	292,139	362,214

