Investigative Report

Arkansas Legislative Audit

Review of Selected Transactions
Prescott School District

July 1, 2022 through June 30, 2025

INTRODUCTION

This report is issued in response to a request from the Eighth North Judicial District Prosecuting Attorney (PA) for Arkansas Legislative Audit (ALA) to review selected transactions of the Prescott School District (District). The PA requested the review after the District discovered questionable purchases and undeposited revenues collected for admission to athletic events. Subsequent to this request, a Special PA was appointed in regard to these matters.

OBJECTIVES

Objectives of this review were to analyze selected disbursements for propriety and determine if revenues collected for athletic events and activity funds were properly deposited.

SCOPE AND METHODOLOGY

This review was conducted primarily for the period July 1, 2022 through June 30, 2025. ALA staff reviewed bank statements, invoices, deposit slip images, and other pertinent records. ALA staff also interviewed current and former District employees and performed onsite inventory observations.

BACKGROUND

The District, located in Nevada County, serves approximately 867 students, and is subject to an annual audit by ALA. The annual financial audit for the fiscal year ended June 30, 2025, was released on March 23, 2026, and disclosed that certain financial transactions of the District were still under review. This report addresses those transactions.

RESULTS OF REVIEW

Unallowable Purchases by the Superintendent

ALA's review revealed unallowable purchases, totaling $34,037, that were made, initiated, or approved by the Superintendent, who was placed on non-duty status on April 17, 2025, and resigned effective June 30, 2025. Purchases discussed below and shown in **Exhibit I on page 3** included, but were not limited to, the following:

- A MacBook purchased by the District. This item was later advertised for sale on social media and sold online by the Superintendent, who stated in the advertisement that the item was purchased for and used by a relative.

- A cellphone that appeared to have been purchased by or for a relative of the Superintendent on the District's credit card and assigned to the Superintendent's personal cell phone plan.
- Lapel pins that were customized with a neighboring school's name and logo. The invoice appears to have been altered to conceal the customization.
- Golf clubs that, according to the invoice, were purchased by or for a relative of the Superintendent. The clubs could not be located at the District or in the golf shed at the Prescott Country Club (Country Club), where District golf equipment is stored for use by athletes. Subsequent to ALA meeting with the Superintendent and inquiring about the purchase, the Superintendent notified ALA that the golf clubs were located at the Country Club in a golf shed belonging to a member of his family.
- A custom baseball bat with, according to the invoice, the name of a tournament baseball team not associated with the District and the Superintendent's initials engraved on the bat.
- Golf tournament entry fee for the Superintendent and three others.
- Apparel that did not appear to have a business purpose, such as polo style shirts in non-school colors and for collegiate teams.
- Numerous items purchased at PGA Golf Tour Superstore locations out of state. These purchases were made on four separate occasions, three of which occurred during a normal work day on which the Superintendent did not record leave.
- Umpire-related apparel and equipment. The Superintendent indicated to ALA that these items were purchased to be used for emergencies. He also stated he had never umpired a game for the District but did umpire for, and receive compensation from, other districts. During inventory inspection, the apparel and equipment could not be located by ALA or District staff; however, some of the items were located at the District subsequent to ALA meeting with the Superintendent. Further inspection of these items by ALA revealed a pair of pants with a dry cleaner's tag in the name of the Superintendent, dated May 7, 2025, which was subsequent to the Superintendent's active status with the District, which ended on April 17, 2025.
- A full-page advertisement in a sports program for a personal tribute to a relative of the Superintendent.
- Out-of-state travel expenses, including a first class flight, for an American Baseball Coaches Association conference. An invoice reflected that registration was made under the name of a tournament baseball team not associated with the District. It should also be noted that the Superintendent did not serve as a baseball coach for the District.

Based on ALA's examination of supporting documentation, interviews conducted, and inability to physically inspect items during inventory observations, the items described above and listed in **Exhibit I on page 3** do not appear to have a school purpose and are, therefore, constitutionally suspect under Ark. Const. art. 14, § 2, as interpreted in Op. Att'y Gen. no. 91-411.

It should be noted that the Superintendent acknowledged some items listed above were unallowable and reimbursed the District a total of $1,229 between March 17, 2025 and February 26, 2026 for various purchases. In addition, the cell phone and golf clubs mentioned above are now in the possession of the District.

Exhibit I

Prescott School District
Unallowable Expenditures
For the Period July 1, 2022 through June 30, 2025

Description of Unallowable Expenditures	Totals
Golf apparel, equipment, and tournament fees	$ 10,348
Clothing and shoes	7,160
Apple computer, tablet, cell phone, and accessories	5,340
Umpire apparel, plate shoes, officiant registration fees, and other umpire gear	3,143
Out-of-state baseball conference booked through a tournament baseball team	2,360
Custom baseball bats and gloves, batting gloves, and other baseball apparel	1,872
Miscellaneous personal and household items	959
Meals and lodging for personal travel	606
Custom lapel pins	328
Advertisement for relative of Superintendent	200
Payments made to a credit card company without supporting documentation	1,721
Total Unallowable Expenditures	**$ 34,037**

Source: *District financial records*

Questionable Purchases

After the Superintendent was placed on non-duty status, the District discovered that he possessed a golf cart owned by the District that was not recorded on the District's fixed asset listing. The District determined the golf cart was purchased on its behalf by a vendor in January 2021 for $11,654 and was included with the cost of the elementary building construction contract. Construction records reflect a line item for this amount, labeled "Facility Transportation," was charged to the construction project for a new elementary building built in fiscal years 2020-2024. The elementary building was constructed at a total cost of $12.3 million and funded with proceeds from a bond issuance, as well as $5.2 million in state aid matching from the Academic Facilities Partnership Program.

ALA review of the golf cart invoice revealed the cart included upgraded wheels/tires and premium seat, brushguard, lift, and tinted windshield. The Superintendent indicated to ALA that the golf cart was purchased through the elementary construction project so that he could transport building materials shipped to the administration office, as well as Board members or other individuals, to the construction site. After the building was completed, the Superintendent indicated the cart was stored at the Prescott Country Club and used by members of the golf team. Upon request by the District's attorney, the Superintendent returned the golf cart to the District on June 25, 2025, two months after his responsibilities ended. It should be noted that ALA review of the District's fixed asset listing revealed two golf carts: one assigned to food services and one assigned to athletics. ALA confirmed that the golf cart purchased through the elementary building contract was never added to the fixed asset listing. Additionally, ALA was unable to confirm when the golf cart was originally delivered to the District, when it was removed from District property and where it was stored, or who utilized it prior to it being returned to the District.

In addition, the following purchases totaling $5,664 did not have a documented business purpose, and these items could not be located on District property:

- $2,923 for lawncare equipment, such as pole saws and a chain saw.
- $1,327 for four Yeti coolers.
- $717 for pickleball equipment.
- $697 for five RTIC coolers.

Noncompliance with Grant Guidelines

In fiscal year 2024, the District received a $4,512 grant from the Arkansas Game and Fish Commission (AGFC). According to the grant application, grant funds were to be used for a trap shooting project, a fishing project, and the Animal Science Program. The District expended grant funds totaling $2,610 on the trap shooting project in fiscal year 2024, and ALA found no exceptions related to the use of these funds.

In fiscal year 2025, using a District credit card assigned to the Superintendent, the District expended a total of $1,993 (remaining grant funds of $1,902 and operating funds of $91) to purchase the following items for the Animal Science Program:

- 30 bags of deer feed.
- 9 SD cards.
- 8 trail cameras.
- 6 batteries.
- 3 deer feeders.
- 3 mineral blocks.

According to the Animal Science teacher, the Superintendent provided him a game camera, deer feed, and a feeder to be used on District property; however, he was unaware that funding for the items was provided by a grant. ALA reviewed the grant application and determined the application was submitted by the District Athletic Secretary, and the High School Principal was listed as the grant administrator.

ALA staff conducted interviews and inventory observations and determined that a deer feeder, a battery, a trail camera, an SD card, and approximately 10 bags of deer feed appear to have been used for the Animal Science Program; however, the use or location of the other 2 deer feeders, 7 trail cameras, 5 batteries, 8 SD cards, 20 bags of feed, and 3 mineral blocks could not be identified.

Additionally, grant closeout documents were not properly submitted; as a result, the District was ineligible for the program for fiscal year 2026.

Athletic Revenue

The District discovered, and ALA verified by reviewing the District athletic schedule, that athletic admission revenues for two softball games and three baseball games held in March and April 2025 were not remitted or deposited into a District bank account. According to District officials, multiple employees had access to the location where collected funds would have been kept; therefore, the custodian of these funds could not be identified.

At the time of audit fieldwork, athletic events for football and basketball had concluded for the fiscal year ended June 30, 2026; therefore, ALA was able to compare football and basketball gate revenues to those received during the prior year. This comparison revealed a higher average amount of gate revenues collected in 2026 compared to 2025. ALA staff were unable to perform a comparison for softball and baseball due to the timing of this review. ALA's comparison revealed a higher average amount of football and basketball gate revenues were collected in 2026 compared to 2025, which could indicate all athletic gate revenues were not properly remitted or deposited in fiscal year 2025. **Exhibit II** displays the number of events, total gate revenue, and average collections per event for football and basketball.

Exhibit II

Prescott School District
Comparison of Football and Basketball Event Revenue
For the Fiscal Years Ended June 30, 2025 and 2026

	Fiscal Year 2025	Fiscal Year 2026	Increase (Decrease) from 2025 to 2026
Football			
Number of events	8	11	
Total gate revenue	$ 14,156	$ 28,301	$ 14,145
Average revenue per event	1,770	2,573	803
Basketball			
Number of events	13	12	
Total gate revenue	$ 7,808	$ 12,276	$ 4,468
Average revenue per event	601	1,023	422
Total Football and Basketball Gate Revenue	**$ 21,964**	**$ 40,577**	**$ 18,613**

Source: *District financial records*

Activity Fund Revenue

In August 2024, the District expended $6,822 for catered meals and engraved plaques for a Hall of Fame Banquet (Banquet) honoring former District athletes. District documentation indicated that tickets, costing $30 per attendee, were required to attend. ALA analysis revealed the District purchased catered meals for 202 attendees, leaving ticket proceeds totaling $6,060, as calculated by ALA. Only $3,450 was deposited; therefore, either 87 tickets, valued at $2,610, were not sold, or proceeds from the ticket sales were not deposited. Based on an interview with an individual involved with the event, some District students who participated in sports assisted with the event and were not required to purchase a ticket. A reconciliation of tickets sold and volunteers who attended compared to meals purchased was not maintained. While the District received a $1,000 donation to cover some expenses, it also utilized beverage contract commissions totaling $2,372 to cover remaining Banquet expenses, in conflict with Ark. Const. art. 14, § 2, as interpreted in Op. Att'y Gen. 91-411.

In April 2025, the District determined that the Prescott Athletic Booster Club (Booster Club) bank account was operating under the District's federal identification number. Income received throughout the year at athletic events and deposited into the Booster Club account is used to supplement District athletics. Revenues consist primarily of basketball concession stand sales, fundraising proceeds, and donations. Our review of available Booster Club financial records for the year ended June 30, 2025, did not reveal any material discrepancies related to disbursements; however, documentation was not maintained for revenue received. Subsequently, on October 28, 2025, the Booster Club was incorporated as a nonprofit organization, with a new bank account separate from the District.

RECOMMENDATIONS

ALA recommends that the District ensure:

- Disbursements are in compliance with Ark. Const. art. 14, § 2, and serve a District purpose.
- Disbursements have a documented business purpose.
- Equipment is placed on the fixed asset listing and any equipment not located on District property is properly accounted for and sighted annually.
- Grant proceeds are used in accordance with grant guidelines and grant requirements are adhered to in order to be eligible for future funding.
- Proper procedures are implemented so that Athletic and Activity Fund revenues are properly accounted for and deposited in a District bank account.

MANAGEMENT RESPONSE

Management response is provided in its entirety in **Appendix A**.

SUMMARY

ALA staff reviewed District records and transactions for the period July 1, 2022 through June 30, 2025, and discovered unallowable purchases totaling $34,037. These purchases were made, initiated, or approved by the Superintendent, who was placed on non-duty status on April 17, 2025, and resigned effective June 30, 2025. Based on ALA's examination of supporting documentation, interviews conducted, and inability to physically inspect items during inventory observations, the unallowable purchases do not appear to have a school purpose and are, therefore, constitutionally suspect under Ark. Const. art. 14, § 2, as interpreted in Op. Att'y Gen. no. 91-411.

In addition, a golf cart was in the possession of the Superintendent and not included on the District's fixed asset listing.

Furthermore, grant proceeds were used to purchase equipment and supplies that could not be located by the District, and grant closeout documents were not properly submitted, resulting in the District being ineligible for additional funding for fiscal year 2026.

Finally, ALA also identified undeposited revenues from athletic events, banquet ticket sales not properly handled, and issues related to a Booster Club account operating under the District's federal identification number.

This report has been forwarded to the Eighth North Judicial District Prosecuting Attorney and the Attorney General.

Appendix A

Management Response

PRESCOTT PUBLIC SCHOOLS

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Prescott, Arkansas 71857
870-887-3016
Fax: 870-887-5021

Corrective Action Plan

August 24, 2026

Arkansas Legislative Audit

The Prescott School District understands that there were multiple findings on financial transactions when the district was under the direction of former Administration. The Prescott School District will ensure that these issues are corrected by the actions below:

- Disbursements are in compliance with Ark. Const. art. 14, § 2, and serve a District purpose.
- Disbursements have a documented business purpose.
- Equipment is placed on the fixed asset listing and any equipment not located on District property is properly accounted for and sighted annually.
- Grant proceeds are used in accordance with grant guidelines and grant requirements are adhered to in order to be eligible for future funding.
- Proper procedures are implemented so that Athletic and Activity Fund revenues are properly accounted for and deposited in a District bank account.

Dr Larry Smith, Superintendent

E Lawrence

Elizabeth Lawrence, Treasurer

LEGISLATIVE AUDIT

ARKANSAS