

Sheridan School District No. 37

Grant County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2020



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GRANT COUNTY, ARKANSAS
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JUNE 30, 2020

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Arkansas

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Senate Chair
Sen. Gary Stubblefield
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Sheridan School District No. 37 (the "District"), as of and for the year ended June 30, 2020, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, 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.

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.

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 paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2020, or the changes in financial position for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2020, 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.

Other Matters

Supplementary and Other 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*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards 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. Such 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.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 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
January 27, 2021
EDSD14420

Arkansas



Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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

Sheridan School District No. 37 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 Sheridan School District No. 37 (the "District"), as of and for the year ended June 30, 2020, 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 January 27, 2021. 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. 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, 2020, 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.

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 may exist that have not been identified.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District'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 "Patrick Nutt".

Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 27, 2021

Arkansas

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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

Sheridan School District No. 37 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Sheridan School District No. 37's (the "District") compliance with the types of compliance requirements described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance


Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 27, 2021

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2020

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 7,740,599	\$ 249,843	\$ 11,760,843	\$ 238,396
Accounts receivable	13,786	267,340	962,915	90
Deposit with paying agent			2,941,176	
TOTAL ASSETS	\$ 7,754,385	\$ 517,183	\$ 15,664,934	\$ 238,486
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 189,120	\$ 102,171	\$ 1,343,425	
Due student groups				\$ 181,439
Total Liabilities	189,120	102,171	1,343,425	181,439
Fund Balances:				
Restricted	175,628	415,012	9,858,952	57,047
Assigned	714,253		4,462,557	
Unassigned	6,675,384			
Total Fund Balances	7,565,265	415,012	14,321,509	57,047
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,754,385	\$ 517,183	\$ 15,664,934	\$ 238,486

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

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SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 11,508,171		
State assistance	23,299,501	\$ 12,473	\$ 5,040,495
Federal assistance		3,668,622	220,782
Activity revenues	332,367		
Meal sales		578,900	
Investment income	135,822	10,392	119,817
Other revenues	358,253	24,745	
TOTAL REVENUES	35,634,114	4,295,132	5,381,094
EXPENDITURES			
Regular programs	13,144,379		
Special education	1,901,852	670,584	
Career education programs	938,388	32,429	
Compensatory education programs	629,983	284,705	
Other instructional programs	2,070,089	89,105	
Student support services	1,474,770	291,716	
Instructional staff support services	2,367,348	559,550	
General administration support services	961,059	68,748	
School administration support services	2,374,893		
Central services support services	1,121,046	356	
Operation and maintenance of plant services	3,419,056	59,697	
Student transportation services	1,638,557	59,899	
Other support services	68,804	18,408	
Food services operations	12,264	1,920,440	
Community services operations		833	
Facilities acquisition and construction services	434,038		15,497,042
Activity expenditures	267,236		
Debt Service:			
Principal retirement	104,053		805,000
Interest and fiscal charges	8,666		1,733,150
Net debt issuance costs			259,934
TOTAL EXPENDITURES	32,936,481	4,056,470	18,295,126
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,697,633	238,662	(12,914,032)
OTHER FINANCING SOURCES (USES)			
Transfers in			2,748,099
Transfers out	(2,748,099)		
Sale of capital assets	325,615		
Refund to grantor	(1,896)		
Proceeds from construction bond issue			9,980,000
Proceeds from refunding bond issue			695,000
Payment to refunding bond escrow agent			(659,099)
TOTAL OTHER FINANCING SOURCES (USES)	(2,424,380)		12,764,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 273,253	\$ 238,662	\$ (150,032)
FUND BALANCES - JULY 1	7,292,012	176,350	14,471,541
FUND BALANCES - JUNE 30	\$ 7,565,265	\$ 415,012	\$ 14,321,509

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

SHERIDAN SCHOOL DISTRICT NO. 37

GRANT 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, 2020

	General			Special Revenue			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES							
Property taxes (including property tax relief trust distribution)	\$ 11,342,934	\$ 11,508,171	\$ 165,237	\$ 11,000	\$ 12,473	\$ 1,473	
State assistance	22,806,581	23,299,501	492,920	3,451,473	3,668,622	217,149	
Federal assistance							
Activity revenues	530,500	332,367	(198,133)	659,000	578,900	(80,100)	
Meal sales	55,000	135,822	80,822	7,000	10,392	3,392	
Investment income	56,000	358,253	302,253		24,745	24,745	
Other revenues							
TOTAL REVENUES	34,791,015	35,634,114	843,099	4,128,473	4,295,132	166,659	
EXPENDITURES							
Regular programs	13,244,226	13,144,379	99,847	679,862	670,584	9,278	
Special education	1,920,556	1,901,852	18,704	8,783	32,429	(23,646)	
Career education programs	913,029	938,388	(25,359)	313,141	284,705	28,436	
Compensatory education programs	619,065	629,983	(10,918)	106,465	89,105	17,360	
Other instructional programs	2,135,450	2,070,089	65,361	307,397	291,716	15,681	
Student support services	1,552,975	1,474,770	78,205	554,847	559,550	(4,703)	
Instructional staff support services	1,901,905	2,367,348	(465,443)	69,759	68,748	1,011	
General administration support services	1,089,369	961,059	128,310				
School administration support services	2,402,597	2,374,893	27,704				
Central services support services	1,095,782	1,121,046	(25,264)	58,849	59,697	(848)	
Operation and maintenance of plant services	3,689,898	3,419,056	270,842	52,983	59,899	(6,916)	
Student transportation services	1,761,997	1,638,557	123,440	10,000	18,408	(8,408)	
Other support services	67,200	68,804	(1,604)	2,013,342	1,920,440	92,902	
Food services operations	26,045	12,264	13,781	7,236	833	6,403	
Community services operations		434,038	(434,038)				
Facilities acquisition and construction services	549,425	267,236	282,189				
Debt Service:							
Principal retirement	104,053	104,053					
Interest and fiscal charges	8,666	8,666					
TOTAL EXPENDITURES	33,082,238	32,936,481	145,757	4,182,664	4,056,470	126,194	

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT 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, 2020

	General			Special Revenue			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,708,777	\$ 2,697,633	\$ 988,856	\$ (54,191)	\$ 238,662	\$ 292,853	
OTHER FINANCING SOURCES (USES)							
Transfers in	45,072,197		(45,072,197)				
Transfers out	(47,618,989)	(2,748,099)	44,870,890	22,585		(22,585)	
Sale of capital assets		325,615	325,615	(22,585)		22,585	
Refund to grantor		(1,896)	(1,896)				
TOTAL OTHER FINANCING SOURCES (USES)	(2,546,792)	(2,424,380)	122,412	0		0	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(838,015)	273,253	1,111,268	(54,191)	238,662	292,853	
FUND BALANCES - JULY 1	7,573,526	7,292,012	(281,514)	176,350	176,350	0	
FUND BALANCES - JUNE 30	\$ 6,735,511	\$ 7,565,265	\$ 829,754	\$ 122,159	\$ 415,012	\$ 292,853	

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

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SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 Sheridan 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 or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes 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:

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

Private-purpose Trust Funds – Private-purpose trust funds are used to report all other trust 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), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

C. Measurement Focus and Basis of Accounting (Continued)

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, separate identification of special and extraordinary items, inclusion of capital assets 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.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds 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.

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2019 calendar year taxes collected by June 30, 2020 and 4 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2020 equaled or exceeded the 4 percent calculation.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes (Continued)

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. Fund Balance Classifications

1. 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.
2. 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.
3. 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. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

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.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	19,489,481	20,592,247
Total Deposits	\$ 19,989,481	\$ 21,092,247

The above total deposits do not include cash on hand of \$200.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 were comprised of the following:

Description	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
State assistance	\$ 5,078		\$ 962,915	
Federal assistance		\$ 266,900		
Activity fund accounts	507			
Investment income				\$ 90
Other	8,201	440		
Totals	\$ 13,786	\$ 267,340	\$ 962,915	\$ 90

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2020:

A. Construction Contracts

Project Name	Completion Date	Contract Balance
Middle School construction	August, 2020	\$ 838,483
East End road construction	August, 2020	80,534

B. Operating Lease (noncapital leases with initial noncancellable lease terms in excess of one year)

General description of lease and leasing arrangements: On July 2, 2018, the District executed a lease for 29 copiers. Terms of the lease were monthly payments of \$10,795 for 36 months.

1. Future minimum rental payments (aggregate) at June 30, 2020: \$140,335
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2021	\$ 129,540
2022	10,795
Total	\$ 140,335

Rental payments for the operating lease described above were approximately \$129,540 for the year ended June 30, 2020.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4: 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, 2020</u>	<u>Maturities To June 30, 2020</u>
<u>Bonds</u>					
9/7/10	3/1/27	4.70%	\$ 5,000,000	\$ 5,000,000	
12/1/15	2/1/33	2 - 3.25%	13,440,000	10,925,000	\$ 2,515,000
12/1/16	2/1/47	2 - 4%	31,215,000	31,075,000	140,000
9/26/19	2/1/47	2 - 2.65%	9,980,000	9,980,000	
4/22/20	2/1/33	1.25 - 1.6%	695,000	695,000	
Total Bonds			<u>60,330,000</u>	<u>57,675,000</u>	<u>2,655,000</u>
<u>Direct Borrowings</u>					
4/7/14	4/15/24	4.29%	200,000	80,000	120,000
9/1/15	9/1/20	2.57%	410,000	86,214	323,786
Total Direct Borrowings			<u>610,000</u>	<u>166,214</u>	<u>443,786</u>
Total Long-Term Debt			<u>\$ 60,940,000</u>	<u>\$ 57,841,214</u>	<u>\$ 3,098,786</u>

Changes in Long-term Debt

	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
Bonds payable	<u>\$ 48,455,000</u>	<u>\$ 10,675,000</u>	<u>\$ 1,455,000 *</u>	<u>\$ 57,675,000</u>
<u>Direct Borrowings</u>				
Installment contracts	<u>270,267</u>		<u>104,053</u>	<u>166,214</u>
Total Long-Term Debt	<u>\$ 48,725,267</u>	<u>\$ 10,675,000</u>	<u>\$ 1,559,053</u>	<u>\$ 57,841,214</u>

* Includes \$650,000 early retirement of debt – See Note 6.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4: COMMITMENTS (Continued)

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

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 935,000	\$ 1,853,460	\$ 2,788,460	\$ 106,214	\$ 5,648	\$ 111,862
2022	1,000,000	1,837,109	2,837,109	20,000	2,574	22,574
2023	1,020,000	1,817,521	2,837,521	20,000	1,716	21,716
2024	1,040,000	1,797,496	2,837,496	20,000	858	20,858
2025	1,060,000	1,776,140	2,836,140			
2026-2030	12,385,000	7,681,475	20,066,475			
2031-2035	9,705,000	5,975,920	15,680,920			
2036-2040	11,310,000	4,416,688	15,726,688			
2041-2045	13,245,000	2,517,154	15,762,154			
2046-2047	5,975,000	331,102	6,306,102			
Totals	<u>\$ 57,675,000</u>	<u>\$ 30,004,065</u>	<u>\$ 87,679,065</u>	<u>\$ 166,214</u>	<u>\$ 10,796</u>	<u>\$ 177,010</u>

Qualified School Construction Bonds

On September 7, 2010, the District obtained funding of \$5,000,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

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.

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2020 were comprised of the following:

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 185,543	\$ 102,171	\$ 1,343,425
Payroll withholdings and matching	3,577		
Totals	<u>\$ 189,120</u>	<u>\$ 102,171</u>	<u>\$ 1,343,425</u>

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

6: DEBT REFUNDING

On April 22, 2020, the District issued refunding bonds of \$695,000 with interest rates of 1.25 – 1.6 percent to refund \$650,000 of outstanding bonds dated July 1, 2008. The interest rates of the bonds refunded were 2.5 – 4.5 percent. Net bond proceeds of \$659,099 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on May 22, 2020. The remaining proceeds of \$3,063 (after payment of \$32,838 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$85,168 to the District over the life of the bonds.

7: INTERFUND TRANSFERS

The District transferred \$2,748,099 from the general fund to the other aggregate funds for debt related payments of \$2,548,099 and for future capital projects of \$200,000.

8: RETIREMENT PLANS

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers 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 1-800-666-2877, 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 6.25% 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 14.25% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2020 were \$3,142,714, 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, 2019 (actuarial valuation date and measurement date) was \$28,554,601.

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, 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 Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at www.apers.org.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

8: RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% 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 for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2020 were \$1,416, 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, 2019 (actuarial valuation date and measurement date) was \$23,711.

9: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS

ADDITIONS	
Interest	\$ 12,095
DEDUCTIONS	
Scholarships	5,000
Transfer of ownership of assets*	42,816
TOTAL DEDUCTIONS	47,816
CHANGE IN FUND BALANCE	(35,721)
FUND BALANCE - JULY 1	92,768
FUND BALANCE - JUNE 30	\$ 57,047

*See Note 17 describing the transfer of ownership of private purpose trust assets.

10: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$60,330,000 issued from September 7, 2010 to April 22, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$87,679,065, payable through February 1, 2047. Principal and interest paid for the current year and total property taxes pledged for debt service were \$2,534,679 and \$3,516,386, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 72.08 percent.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

11: RISK MANAGEMENT

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

The District carries commercial insurance for board liability, student accident, cyber liability, and pre-school property coverage.

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, 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.

12: 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 \$585,247 for the year ended June 30, 2020.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 2,578		
Enhanced student achievement funding	15,544		
English-language learners	7,322		
Professional development	35,886		
Capital projects			\$ 6,917,776
Child nutrition programs		\$ 389,313	
Debt service			2,941,176
Medical services		25,699	
Special education programs	69,699		
Other purposes	44,599		
Total Restricted	<u>175,628</u>	<u>415,012</u>	<u>9,858,952</u>
Assigned to:			
Capital projects			4,462,557
Student activities	714,253		
Total Assigned	<u>714,253</u>		<u>4,462,557</u>
Unassigned	<u>6,675,384</u>		
Totals	<u>\$7,565,265</u>	<u>\$ 415,012</u>	<u>\$ 14,321,509</u>

14: RESPONSE TO COVID-19

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). A mandatory, two week, statewide closure for all schools was announced on March 15, 2020 by the Governor. On April 6, 2020, the Governor announced that on-site instruction for all Arkansas public schools would be discontinued until the 2020-2021 school year and school districts would continue alternative methods of instruction (AMI) through the remainder of the 2019-2020 school year.

15: SALE OF CAPITAL ASSETS

The District received proceeds of \$325,615 for the sale of three acres of land on Highway 167 North.

16: SUBSEQUENT EVENTS

The District entered into a construction manager contract with Nabholz Construction Services on July 20, 2020 for the construction of an addition to the high school with a guaranteed maximum price of \$3,686,171.

The District entered into a construction manager contract with Nabholz Construction Services on August 25, 2020 for the construction of a support services center with a guaranteed maximum price of \$2,420,574.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

17: DONATION OF PRIVATE PURPOSE TRUST ASSETS

The assets of the Hope Memorial Scholarship Fund valued at \$42,816 were assigned to the Arkansas Community Foundation, a tax exempt nonprofit organization, to create the Hope Memorial English Scholarship Endowment Fund. The purpose of the fund is to support scholarships for seniors graduating from Sheridan School District as described in a transfer agreement signed by administrators of Sheridan School District and the Arkansas Community Foundation on February 14, 2020 and February 25, 2020, respectively.

SHERIDAN SCHOOL DISTRICT NO. 37
 GRANT COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2020
 (Unaudited)

Schedule 1

	Balance June 30, 2020
Nondepreciable capital assets:	
Land	\$ 2,138,434
Construction in progress	12,061,661
Total nondepreciable capital assets	14,200,095
Depreciable capital assets:	
Buildings	72,605,326
Improvements/infrastructure	9,564,218
Equipment	11,399,104
Total depreciable capital assets	93,568,648
Less accumulated depreciation for:	
Buildings	14,089,926
Improvements/infrastructure	3,514,979
Equipment	6,830,053
Total accumulated depreciation	24,434,958
Total depreciable capital assets, net	69,133,690
Capital assets, net	\$ 83,333,785

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA 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	2705		\$ 298,045
Arkansas Department of Education - COVID-19 - School Breakfast Program	10.553	2705		93,249
Total for School Breakfast Program				391,294
National School Lunch Program (Note 3)	10.555			69,990
Arkansas Department of Education - National School Lunch Program	10.555	2705		839,908
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	2705000		88,403
Arkansas Department of Education - COVID-19 - National School Lunch Program	10.555	2705		148,351
Total for National School Lunch Program				1,146,652
Total U. S. Department of Agriculture				1,537,946
TOTAL CHILD NUTRITION CLUSTER				1,537,946
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	2705		860,899
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				860,899
OTHER PROGRAMS				
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR24018			80,105
Total U. S. Department of Defense				80,105
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	2705		589,143
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048	2705		56,054
Arkansas Department of Education - English Language Acquisition State Grants	84.365	2705		18,000
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	2705		157,002
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	2705		46,415
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	2705		45,716
Total U. S. Department of Education				912,330
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2705		10,000
Total U. S. Department of Health and Human Services				10,000
TOTAL OTHER PROGRAMS				1,002,435
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 3,401,280

The accompanying notes are an integral part of this schedule.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 Sheridan School District No. 37 (District) under programs of the federal government for the year ended June 30, 2020. 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: 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 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2020, the District received Medicaid funding of \$159,247 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes 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)? yes no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



SHERIDAN SCHOOL DISTRICT

DISTRICT ADMINISTRATION

400 NORTH ROCK STREET | SHERIDAN, AR 72150 | 870.942.3135 | WWW.SHERIDANSCHOOLS.ORG

Schedule 4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

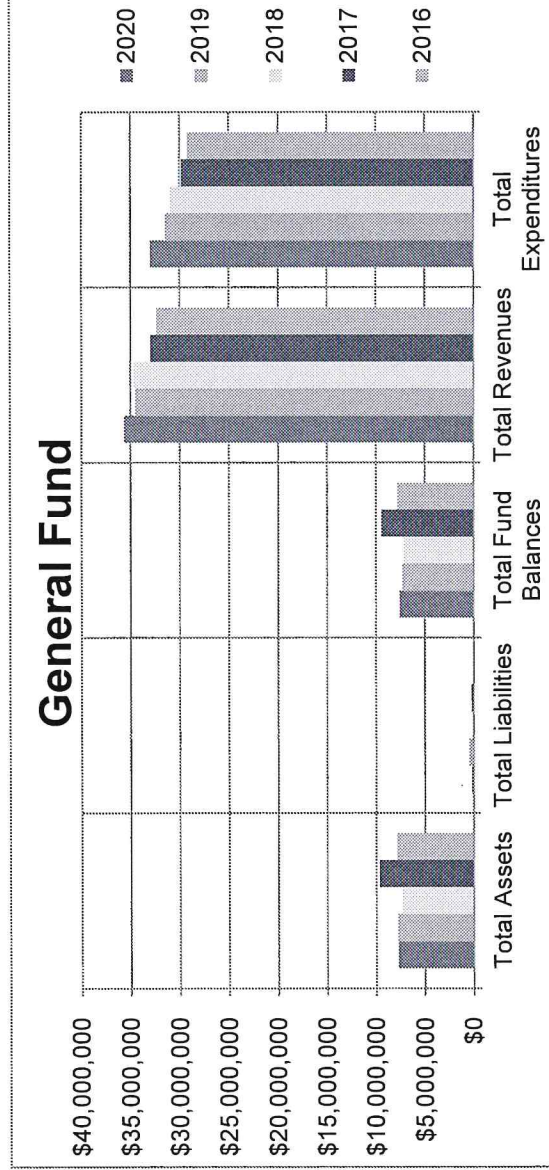
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

Inspire. Empower. Serve.

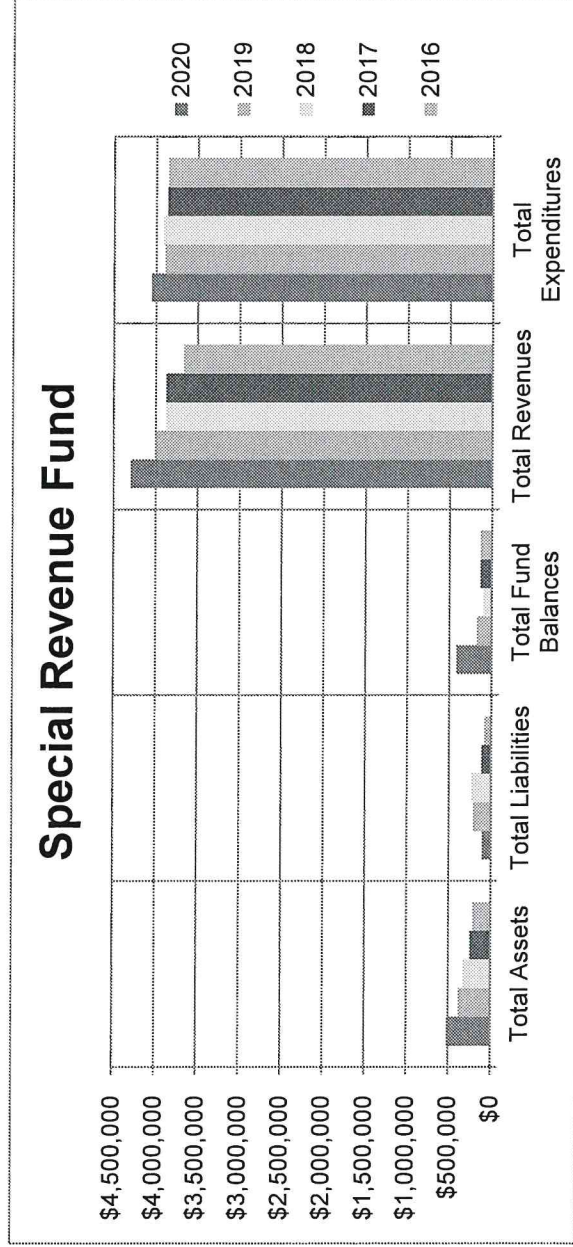
SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

	Year Ended June 30,				
	2020	2019	2018	2017	2016
General Fund					
Total Assets	\$ 7,754,385	\$ 7,765,187	\$ 7,302,882	\$ 9,663,748	\$ 7,869,231
Total Liabilities	189,120	473,175	110,243	206,721	28,999
Total Fund Balances	7,565,265	7,292,012	7,192,639	9,457,027	7,840,232
Total Revenues	35,634,114	34,461,402	34,606,727	32,929,942	32,334,573
Total Expenditures	32,936,481	31,455,353	30,897,227	29,802,519	29,203,793
Total Other Financing Sources (Uses)	(2,424,380)	(2,906,676)	(5,973,888)	(1,510,628)	(1,105,698)



SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

	Year Ended June 30,				
	2020	2019	2018	2017	2016
Special Revenue Fund					
Total Assets	\$ 517,183	\$ 383,982	\$ 323,764	\$ 245,254	\$ 208,372
Total Liabilities	102,171	207,632	234,342	110,520	79,281
Total Fund Balances	415,012	176,350	89,422	134,734	129,091
Total Revenues	4,295,132	3,985,320	3,872,670	3,874,990	3,670,032
Total Expenditures	4,056,470	3,898,392	3,917,982	3,864,649	3,854,529
Total Other Financing Sources (Uses)			(4,698)		122,305



SHERIDAN SCHOOL DISTRICT NO. 37
GRANT COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2020
(Unaudited)

	Year Ended June 30,				
	2020	2019	2018	2017	2016
Other Aggregate Funds					
Total Assets	\$ 15,664,934	\$ 15,727,714	\$ 32,841,848	\$ 38,500,558	\$ 8,088,741
Total Liabilities	1,343,425	1,256,173	2,503,079	9,240	276,414
Total Fund Balances	14,321,509	14,471,541	30,338,769	38,491,318	7,812,327
Total Revenues	5,381,094	9,935,321	3,024,716	509,081	258,482
Total Expenditures	18,295,126	28,709,225	17,151,153	2,614,502	1,002,059
Total Other Financing Sources (Uses)	12,764,000	2,906,676	5,973,888	32,784,412	1,494,253

