

# **Magnolia School District No. 14**

**Columbia County, Arkansas**

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

**June 30, 2021**



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COLUMBIA COUNTY, ARKANSAS  
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# 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**

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

Magnolia School District No. 14 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 Magnolia School District No. 14 (the "District"), as of and for the year ended June 30, 2021, 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, 2021, 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, 2021, 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.

### ***Emphasis of Matter***

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***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 March 15, 2022 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  
March 15, 2022  
EDSD06521

# Arkansas

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



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
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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

Magnolia School District No. 14 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 Magnolia School District No. 14 (the "District"), as of and for the year ended June 30, 2021, 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 March 15, 2022. 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, 2021, 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



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 15, 2022

# Arkansas

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Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



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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

Magnolia School District No. 14 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Magnolia School District No. 14'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, 2021. 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, 2021.

#### **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

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

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 15, 2022



MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2021

Exhibit A

	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
ASSETS			
Cash	\$ 4,662,208		\$ 2,380,334
Accounts receivable	32,610	\$ 716,137	
Due from other funds	560,709		
TOTAL ASSETS	<u>\$ 5,255,527</u>	<u>\$ 716,137</u>	<u>\$ 2,380,334</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 149,758	\$ 7,751	\$ 137,042
Due to other funds		560,709	
Total Liabilities	<u>149,758</u>	<u>568,460</u>	<u>137,042</u>
Fund Balances:			
Restricted	445,544	148,791	938,878
Assigned	397,494		1,304,414
Unassigned	4,262,731	(1,114)	
Total Fund Balances	<u>5,105,769</u>	<u>147,677</u>	<u>2,243,292</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,255,527</u>	<u>\$ 716,137</u>	<u>\$ 2,380,334</u>

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

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 10,138,629		
State assistance	14,640,822	\$ 9,559	\$ 79,104
Federal assistance	47	8,046,659	
Activity revenues	342,754		
Meal sales		79,884	
Investment income	48,832	30	8,813
Other revenues	345,801	10,192	15,600
TOTAL REVENUES	25,516,885	8,146,324	103,517
EXPENDITURES			
Regular programs	10,113,142	1,828,479	
Special education	980,043	674,071	
Career education programs	809,237	119,667	
Compensatory education programs	536,877	648,041	
Other instructional programs	1,018,448	63,637	
Student support services	1,199,913	593,455	
Instructional staff support services	1,043,987	1,809,768	
General administration support services	426,797	76,474	
School administration support services	1,518,006	130,575	
Central services support services	740,711	127,431	4,399
Operation and maintenance of plant services	2,925,201	434,815	473,231
Student transportation services	2,176,444	39,782	
Other support services	28,863		
Food services operations	4,028	1,607,682	
Community services operations		1,139	
Facilities acquisition and construction services	13,719		4,400,298
Non-programmed costs	14,968	56,773	
Activity expenditures	311,584		
Debt Service:			
Principal retirement	339,646		570,000
Interest and fiscal charges	34,385		581,335
Net bond issuance costs			268,078
TOTAL EXPENDITURES	24,235,999	8,211,789	6,297,341
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,280,886	(65,465)	(6,193,824)
OTHER FINANCING SOURCES (USES)			
Transfers in		24,178	2,374,803
Transfers out	(2,398,981)		
Refund to grantor	(205)		
Proceeds from installment contract	1,210,500		
Proceeds from construction bond issue			1,560,000
Proceeds from refunding bond issue			12,155,000
Payments to refunding bond escrow agents			(11,922,158)
TOTAL OTHER FINANCING SOURCES (USES)	(1,188,686)	24,178	4,167,645

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 92,200	\$ (41,287)	\$ (2,026,179)
FUND BALANCES - JULY 1 RESTATED	5,013,569	188,964	4,269,471
FUND BALANCES - JUNE 30	<u>\$ 5,105,769</u>	<u>\$ 147,677</u>	<u>\$ 2,243,292</u>

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

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA 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, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 9,401,698	\$ 10,138,629	\$ 736,931			
State assistance	14,396,310	14,640,822	244,512	\$ 10,500	\$ 9,559	\$ (941)
Federal assistance	100	47	(53)	5,138,347	8,046,659	2,908,312
Activity revenues		342,754	342,754			
Meal sales				230,545	79,884	(150,661)
Investment income	55,000	48,832	(6,168)	30	30	
Other revenues	1,578,887	345,801	(1,233,086)		10,192	10,192
<b>TOTAL REVENUES</b>	<b>25,431,995</b>	<b>25,516,885</b>	<b>84,890</b>	<b>5,379,422</b>	<b>8,146,324</b>	<b>2,766,902</b>
EXPENDITURES						
Regular programs	11,173,677	10,113,142	1,060,535	502,729	1,828,479	(1,325,750)
Special education	980,673	980,043	630	560,192	674,071	(113,879)
Career education programs	871,141	809,237	61,904	33,242	119,667	(86,425)
Compensatory education programs	596,706	536,877	59,829	686,645	648,041	38,604
Other instructional programs	1,011,633	1,018,448	(6,815)	718	63,637	(62,919)
Student support services	1,289,460	1,199,913	89,547	519,354	593,455	(74,101)
Instructional staff support services	1,181,527	1,043,987	137,540	855,098	1,809,768	(954,670)
General administration support services	443,639	426,797	16,842	62,350	76,474	(14,124)
School administration support services	1,591,958	1,518,006	73,952		130,575	(130,575)
Central services support services	803,609	740,711	62,898	96,114	127,431	(31,317)
Operation and maintenance of plant services	2,940,707	2,925,201	15,506	305,760	434,815	(129,055)
Student transportation services	1,350,444	2,176,444	(826,000)	2,093	39,782	(37,689)
Other support services	25,000	28,863	(3,863)			
Food services operations	15,045	4,028	11,017	1,650,675	1,607,682	42,993
Community services operations				3,980	1,139	2,841
Facilities acquisition and construction services		13,719	(13,719)			
Non-programmed costs		14,968	(14,968)	27,500	56,773	(29,273)
Activity expenditures		311,584	(311,584)			
Debt Service:						
Principal retirement	304,536	339,646	(35,110)			
Interest and fiscal charges	28,166	34,385	(6,219)			
<b>TOTAL EXPENDITURES</b>	<b>24,607,921</b>	<b>24,235,999</b>	<b>371,922</b>	<b>5,306,450</b>	<b>8,211,789</b>	<b>(2,905,339)</b>

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA 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, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 824,074	\$ 1,280,886	\$ 456,812	\$ 72,972	\$ (65,465)	\$ (138,437)
OTHER FINANCING SOURCES (USES)						
Transfers in	33,210,164		(33,210,164)	312,294	24,178	(288,116)
Transfers out	(34,958,907)	(2,398,981)	32,559,926	(312,294)		312,294
Refund to grantor		(205)	(205)			
Proceeds from installment contract		1,210,500	1,210,500			
TOTAL OTHER FINANCING SOURCES (USES)	(1,748,743)	(1,188,686)	560,057	0	24,178	24,178
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(924,669)	92,200	1,016,869	72,972	(41,287)	(114,259)
FUND BALANCES - JULY 1 RESTATED	5,044,293	5,013,569	(30,724)	197,845	188,964	(8,881)
FUND BALANCES - JUNE 30	\$ 4,119,624	\$ 5,105,769	\$ 986,145	\$ 270,817	\$ 147,677	\$ (123,140)

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

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**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 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.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 capital leases are reported as other financing sources. Changes in private-purpose funds will be reflected in the notes to financial statements.

**D. Revenue Recognition Policies**

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

**E. Capital Assets**

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

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

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

**F. Property Taxes**

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

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

**G. Interfund Receivables and Payables**

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

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**H. 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.

**I. Budget and Budgetary Accounting**

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

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

**J. Stabilization Arrangements**

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

**K. Minimum Fund Balance Policies**

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

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

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



MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

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

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

**M. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 434,225	\$ 435,357
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	6,608,317	9,130,035
Total Deposits	<u>\$ 7,042,542</u>	<u>\$ 9,565,392</u>

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 were comprised of the following:

	Governmental Funds	
	Major	
Description	General	Special Revenue
Federal assistance		\$ 716,137
Other	\$ 32,610	
Totals	<u>\$ 32,610</u>	<u>\$ 716,137</u>

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2021:

A. Construction Contracts

<u>Project Name</u>	<u>Estimated Completion Date</u>	<u>Contract Balance</u>
High School Addition	December 2021	\$ 656,499
HVAC Project	March 2022	757,822

B. 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, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
9/1/10	6/1/30	1 - 3.375%	\$ 1,045,000	\$ 535,000	\$ 510,000
3/1/16	6/1/30	.5 - 2.25%	7,740,000	5,145,000	2,595,000
1/1/20	2/1/47	2 - 2.75%	9,850,000	9,850,000	
1/1/21	8/1/47	1 - 2.125%	1,560,000	1,560,000	
1/1/21	2/1/47	1 - 2.125%	12,155,000	12,155,000	
Total Bonds			<u>32,350,000</u>	<u>29,245,000</u>	<u>3,105,000</u>

Direct Borrowings

11/10/15	11/10/22	2.09%	881,354	199,802	681,552
7/16/20	7/16/25	2.75%	1,210,500	1,000,637	209,863
Total Direct Borrowings			<u>2,091,854</u>	<u>1,200,439</u>	<u>891,415</u>

Total Long-Term Debt	<u>\$ 34,441,854</u>	<u>\$ 30,445,439</u>	<u>\$ 3,996,415</u>
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Changes in Long-term Debt

	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds payable	<u>\$ 27,825,000</u>	<u>\$ 13,715,000</u>	<u>\$ 12,295,000 *</u>	<u>\$ 29,245,000</u>
<u>Direct Borrowings</u>				
Installment contracts	<u>329,585</u>	<u>1,210,500</u>	<u>339,646</u>	<u>1,200,439</u>
Total Long-Term Debt	<u>\$ 28,154,585</u>	<u>\$ 14,925,500</u>	<u>\$ 12,634,646</u>	<u>\$ 30,445,439</u>

\* Includes \$11,725,000 early retirement of debt – See Note 6.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 625,000	\$ 635,779	\$ 1,260,779	\$ 367,603	\$ 28,068	\$ 395,671
2023	650,000	605,608	1,255,608	308,932	18,737	327,669
2024	730,000	595,395	1,325,395	248,342	11,325	259,667
2025	740,000	582,858	1,322,858	255,286	4,382	259,668
2026	960,000	569,464	1,529,464	20,276	46	20,322
2027-2031	5,090,000	2,574,558	7,664,558			
2032-2036	5,595,000	2,070,434	7,665,434			
2037-2041	6,235,000	1,455,268	7,690,268			
2042-2046	7,090,000	703,481	7,793,481			
2047-2048	1,530,000	38,356	1,568,356			
Totals	<u>\$ 29,245,000</u>	<u>\$ 9,831,201</u>	<u>\$ 39,076,201</u>	<u>\$ 1,200,439</u>	<u>\$ 62,558</u>	<u>\$ 1,262,997</u>

Security for Debt Payments

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

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2021 were comprised of the following:

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	\$ 148,342	\$ 7,751	\$ 137,042
Payroll withholdings and matching	1,416		
Totals	<u>\$ 149,758</u>	<u>\$ 7,751</u>	<u>\$ 137,042</u>

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**6: DEBT REFUNDING**

On January 1, 2021, the District issued refunding bonds of \$12,155,000 with interest rates of 1 to 2.125 percent to refund \$7,470,000 and \$4,255,000 of outstanding bonds dated February 1, 2018 and February 1, 2019, respectively. The interest rates of the bonds refunded were 2.6 to 3.4 and 2.05 to 3.55 percent, respectively. Net bond proceeds of \$11,922,158 were remitted to escrow agents to provide all future debt service payments for the bonds refunded. These bonds were called on February 1, 2021. The remaining proceeds of \$12,996 (after payment of \$219,846 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$2,359,046 to the District over the life of the bonds.

**7: INTERFUND TRANSFERS**

The District transferred \$2,374,803 from the general fund to the other aggregate funds for debt related payments of \$1,133,324 and excess net legal balance funds of \$1,241,479 for future capital projects. Additionally, the District transferred \$24,178 from the general fund to the special revenue fund to supplement food service operations.

**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](http://www.artrs.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.50% 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 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were \$2,637,760, 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, 2020 (actuarial valuation date and measurement date) was \$30,566,568.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**8: RETIREMENT PLANS (Continued)**

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](http://www.apers.org).

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, 2021 were \$0, 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, 2020 (actuarial valuation date and measurement date) was \$3,789.

**9: PRIOR YEAR RESTATEMENT**

The general fund beginning fund balance was increased by \$122,141 due to the reclassification of custodial fund activity accounts previously reported as fiduciary fund types.

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$32,350,000 issued from September 1, 2010 to January 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$39,076,201, payable through August 1, 2047. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,148,889 and \$2,457,850, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 46.74 percent.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, business trip accidental death, and student accidents.

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

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 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.

The District participates in the Arkansas Public School Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of buildings and contents.

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 \$549,218 for the year ended June 30, 2021.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 1,190		
Enhanced student achievement funding	180,542		
English-language learners	2,810		
Professional development	85,704		
Capital projects			\$ 924,768
Child nutrition programs		\$ 64,686	
Debt service			14,110
Medical services		13,874	
Special education programs	156,733		
Title I programs		25,273	
Other purposes	18,565	44,958	
Total Restricted	<u>445,544</u>	<u>148,791</u>	<u>938,878</u>
Assigned to:			
Capital projects			1,304,414
Student activities	397,494		
Total Assigned	<u>397,494</u>		<u>1,304,414</u>
Unassigned	<u>4,262,731</u>	<u>(1,114)</u>	
Totals	<u>\$5,105,769</u>	<u>\$ 147,677</u>	<u>\$2,243,292</u>

**14: SUBSEQUENT EVENT**

On December 1, 2021, the District issued refunding bonds of \$10,175,000 to refund the January 1, 2020 bond issue. The interest rates of the bonds refunded were 2 to 2.75 percent.

**15: DEFICIT FUND BALANCE**

The deficit unassigned fund balance of \$1,114 in the special revenue fund, as displayed in note 13, is due to the recognition of minor accounts payable in the Temporary Assistance for Needy Families (TANF) fund.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 1,600,221
Construction in progress	9,943,837
Total nondepreciable capital assets	<u>11,544,058</u>
Depreciable capital assets:	
Buildings	54,510,917
Improvements/infrastructure	857,971
Equipment	9,734,291
Total depreciable capital assets	<u>65,103,179</u>
Less accumulated depreciation for:	
Buildings	19,340,775
Improvements/infrastructure	312,464
Equipment	6,847,270
Total accumulated depreciation	<u>26,500,509</u>
Total depreciable capital assets, net	<u>38,602,670</u>
Capital assets, net	<u><u>\$ 50,146,728</u></u>



MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	1402		\$ 422,832
National School Lunch Program (Note 3)	10.555			24,885
Arkansas Department of Education - National School Lunch Program	10.555	1402		858,052
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	1402000		69,113
Total for National School Lunch Program				952,050
Arkansas Department of Education - Child Nutrition Discretionary Grants Limited Availability	10.579	1402		5,000
Total U. S. Department of Agriculture				1,379,882
<b>TOTAL CHILD NUTRITION CLUSTER</b>				1,379,882
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	1402		691,116
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				691,116
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	1402		47,261
Total U. S. Department of Agriculture				47,261
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	1402		108,692
Total U.S. Department of the Treasury				108,692
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	1402		3,979,830
Total Education Stabilization Fund				3,979,830
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	1402		1,201,639
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	1402		49,823
Arkansas Department of Education - Rural Education	84.358B	1402		63,407
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	1402		145,435
Arkansas Department of Education-Comprehensive Literacy Development	84.371C	1402		99,553
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	1402		64,290
Total U. S. Department of Education				5,603,977
<b>TOTAL OTHER PROGRAMS</b>				5,759,930
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 7,830,928

The accompanying notes are an integral part of this schedule.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

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 Magnolia School District No. 14 (District) under programs of the federal government for the year ended June 30, 2021. 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 District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2021, the District received Medicaid funding of \$114,419 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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
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**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
84.425D	COVID-19 - Education Stabilization Fund

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

\$ 750,000

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.

# MAGNOLIA PUBLIC SCHOOLS

P. O. BOX 649  
Magnolia, AR 71754-0649

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Schedule 4

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

## **FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

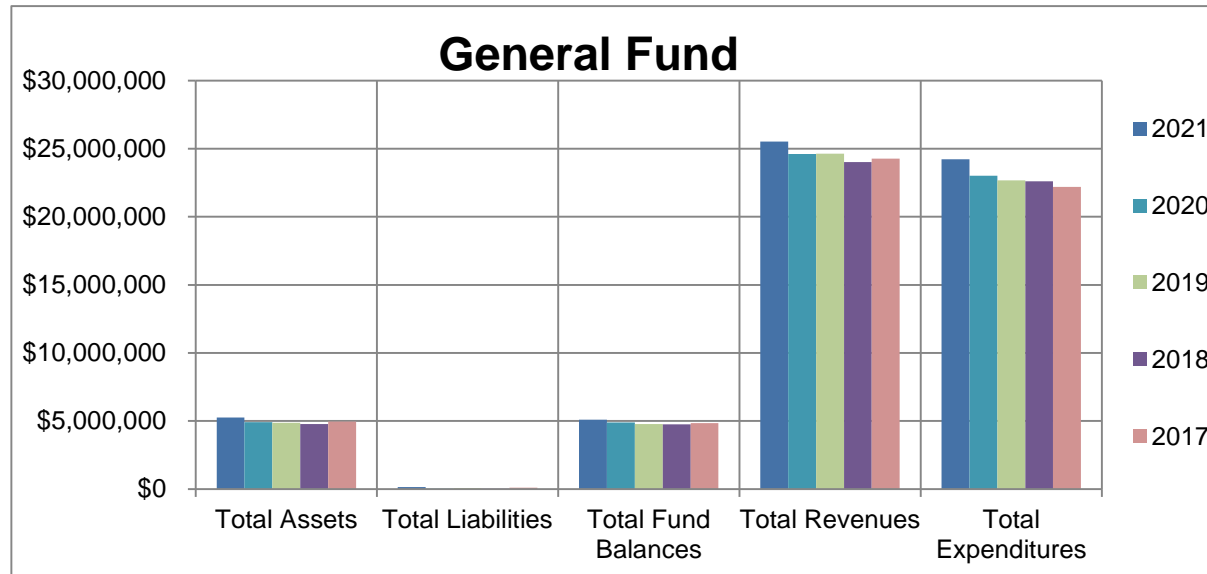
## **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

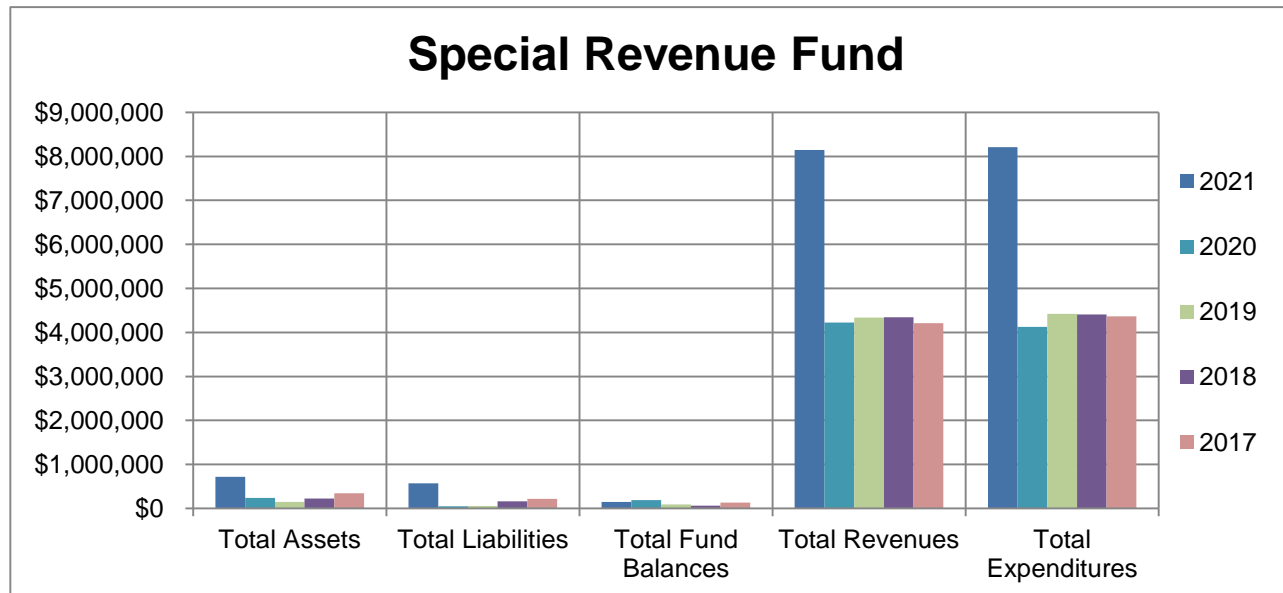
<b>General Fund</b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 5,255,527	\$ 4,922,509	\$ 4,863,165	\$ 4,789,195	\$ 4,957,290
Total Liabilities	149,758	31,081	75,762	39,084	113,322
Total Fund Balances	5,105,769	4,891,428	4,787,403	4,750,111	4,843,968
Total Revenues	25,516,885	24,609,253	24,645,319	24,017,041	24,279,204
Total Expenditures	24,235,999	23,017,413	22,666,174	22,613,410	22,199,770
Total Other Financing Sources (Uses)	(1,188,686)	(1,487,815)	(1,941,853)	(1,497,488)	(2,047,752)



MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

<u><b>Special Revenue Fund</b></u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 716,137	\$ 237,051	\$ 149,895	\$ 223,602	\$ 346,095
Total Liabilities	568,460	48,087	56,236	161,871	215,820
Total Fund Balances	147,677	188,964	93,659	61,731	130,275
Total Revenues	8,146,324	4,222,205	4,337,611	4,340,838	4,208,519
Total Expenditures	8,211,789	4,126,900	4,423,997	4,409,382	4,363,142
Total Other Financing Sources (Uses)	24,178		118,314		500



MAGNOLIA SCHOOL DISTRICT NO. 14  
COLUMBIA COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 2,380,334	\$ 4,532,255	\$ 14,798,349	\$ 17,892,871	\$ 2,977,204
Total Liabilities	137,042	262,784	1,682,542	21,600	1,800
Total Fund Balances	2,243,292	4,269,471	13,115,807	17,871,271	2,975,404
Total Revenues	103,517	171,186	218,001	74,202	2
Total Expenditures	6,297,341	10,696,251	11,127,004	3,763,285	1,149,056
Total Other Financing Sources (Uses)	4,167,645	1,678,729	6,153,539	18,584,950	2,359,942

