

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
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JUNE 30, 2021

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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

Southside School District No. 3 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 Southside School District No. 3 (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 December 13, 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  
December 13, 2021  
EDSD17521

# Arkansas

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



Rep. Richard Womack  
House Chair  
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House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON 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

Southside School District No. 3 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 Southside School District No. 3 (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 December 13, 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, 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.

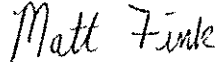
#### **Compliance and Other Matters**

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  
December 13, 2021

# Arkansas



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## 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

Southside School District No. 3 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Southside School District No. 3'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**

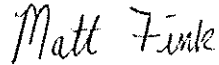
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 13, 2021



SOUTHSIDE SCHOOL DISTRICT NO. 3  
 INDEPENDENCE COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2021

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 3,488,639	\$ 399,669	\$ 1,191,185	\$ 5,105
Investments			942,766	
Accounts receivable	11,641	361,085		
Deposit with paying agent			618,567	
<b>TOTAL ASSETS</b>	<b>\$ 3,500,280</b>	<b>\$ 760,754</b>	<b>\$ 2,752,518</b>	<b>\$ 5,105</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 45,259	\$ 33,577		
<b>Fund Balances:</b>				
Restricted	161,655	727,177	\$ 618,567	\$ 5,105
Assigned	344,056		2,133,951	
Unassigned	2,949,310			
<b>Total Fund Balances</b>	<b>3,455,021</b>	<b>727,177</b>	<b>2,752,518</b>	<b>5,105</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,500,280</b>	<b>\$ 760,754</b>	<b>\$ 2,752,518</b>	<b>\$ 5,105</b>

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



SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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 Aggregate
	General	Special Revenue	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 2,811,841		
State assistance	14,151,919	\$ 11,225	\$ 138,356
Federal assistance		5,798,695	64,047
Activity revenues	352,163		
Meal sales		67,204	
Investment income	25,706		16,461
Other revenues	228,019	5,181	107,814
<b>TOTAL REVENUES</b>	<b>17,569,648</b>	<b>5,882,305</b>	<b>326,678</b>
<b>EXPENDITURES</b>			
Regular programs	6,265,242	1,481,223	
Special education	1,014,419	306,144	
Career education programs	352,516		
Compensatory education programs	226,821	269,090	
Other instructional programs	322,507	33,934	
Student support services	789,823	420,330	
Instructional staff support services	1,064,963	355,917	
General administration support services	364,623	40,446	
School administration support services	981,340		
Central services support services	473,268	31,260	
Operation and maintenance of plant services	1,673,357	141,052	16,170
Student transportation services	892,570	343,276	
Other support services	52,117		
Food services operations	5,876	1,234,976	
Community services operations	74,867	1,042,666	
Facilities acquisition and construction services	9,839		8,074
Activity expenditures	363,471		
Debt Service:			
Principal retirement	294,180		585,000
Interest and fiscal charges	40,935		292,698
<b>TOTAL EXPENDITURES</b>	<b>15,262,734</b>	<b>5,700,314</b>	<b>901,942</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,306,914</b>	<b>181,991</b>	<b>(575,264)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		49,460	914,627
Transfers out	(964,087)		
Value of capital lease	157,415		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(806,672)</b>	<b>49,460</b>	<b>914,627</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,500,242</b>	<b>231,451</b>	<b>339,363</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,954,779</b>	<b>495,726</b>	<b>2,413,155</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 3,455,021</b>	<b>\$ 727,177</b>	<b>\$ 2,752,518</b>

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

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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

	General			Special Revenue			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>							
Property taxes (including property tax relief trust distribution)	\$ 2,966,034	\$ 2,811,841	\$ (154,193)	\$ 7,500	\$ 11,225	\$ 3,725	
State assistance	13,977,772	14,151,919	174,147	2,627,197	5,798,695	3,171,498	
Federal assistance							
Activity revenues		352,163	352,163	111,500	67,204	(44,296)	
Meal sales							
Investment income	20,000	25,706	5,706				
Other revenues	1,271,987	228,019	(1,043,968)		5,181	5,181	
<b>TOTAL REVENUES</b>	<b>18,235,793</b>	<b>17,569,648</b>	<b>(666,145)</b>	<b>2,746,197</b>	<b>5,882,305</b>	<b>3,136,108</b>	
<b>EXPENDITURES</b>							
Regular programs	6,894,153	6,265,242	628,911	160,523	1,481,223	(1,320,700)	
Special education	989,281	1,014,419	(25,138)	303,433	306,144	(2,711)	
Career education programs	450,153	352,516	97,637				
Compensatory education programs	241,466	226,821	14,645	170,840	269,090	(98,250)	
Other instructional programs	385,084	322,507	62,577	2,340	33,934	(31,594)	
Student support services	855,488	789,823	65,665	397,741	420,330	(22,589)	
Instructional staff support services	1,208,810	1,064,963	143,847	350,414	355,917	(5,503)	
General administration support services	473,633	364,623	109,010	33,217	40,446	(7,229)	
School administration support services	989,739	981,340	8,399				
Central services support services	548,825	473,268	75,557	21,500	31,260	(9,760)	
Operation and maintenance of plant services	2,170,973	1,673,357	497,616	123,570	141,052	(17,482)	
Student transportation services	947,871	892,570	55,301		343,276	(343,276)	
Other support services	35,000	52,117	(17,117)				
Food services operations		5,876	(5,876)	1,130,856	1,234,976	(104,120)	
Community services operations	467,414	74,867	392,547	298,487	1,042,666	(744,179)	
Facilities acquisition and construction services	400,000	9,839	390,161				
Activity expenditures		363,471	(363,471)				
Debt Service:							
Principal retirement	399,710	294,180	105,530				
Interest and fiscal charges	45,017	40,935	4,082				
<b>TOTAL EXPENDITURES</b>	<b>17,502,617</b>	<b>15,262,734</b>	<b>2,239,883</b>	<b>2,992,921</b>	<b>5,700,314</b>	<b>(2,707,393)</b>	

SOUTHSIDE SCHOOL DISTRICT NO. 3  
 INDEPENDENCE 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

	General		Variance Favorable (Unfavorable)	Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 733,176	\$ 2,306,914	\$ 1,573,738	\$ (246,724)	\$ 181,991	\$ 428,715
OTHER FINANCING SOURCES (USES)						
Transfers in	21,106,680		(21,106,680)	60,245	49,460	(10,785)
Transfers out	(21,904,238)	(964,087)	20,940,151	(60,245)		60,245
Value of capital lease		157,415	157,415			
TOTAL OTHER FINANCING SOURCES (USES)	(797,558)	(806,672)	(9,114)	0	49,460	49,460
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(64,382)	1,500,242	1,564,624	(246,724)	231,451	478,175
FUND BALANCES - JULY 1	1,980,308	1,954,779	(25,529)	417,594	495,726	78,132
FUND BALANCES - JUNE 30	\$ 1,915,926	\$ 3,455,021	\$ 1,539,095	\$ 170,870	\$ 727,177	\$ 556,307

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



SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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 Southside 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:

Private-purpose Funds - Private-purpose funds are used to report all other arrangements under which principal and income benefit individuals, private organizations, or other governments.

**C. Measurement Focus and Basis of Accounting**

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c) and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets 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.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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 \$1,500 for capitalizing equipment. Library holdings are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	10-25
Buildings	20-50
Equipment	5-25

**F. Property Taxes**

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

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



SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

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.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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)	\$ 750,000	\$ 750,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	5,277,364	5,794,199
Total Deposits	\$ 6,027,364	\$ 6,544,199

The above total deposits include certificates of deposit of \$942,766 reported as investments and classified as nonparticipating contracts.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**3: ACCOUNTS RECEIVABLE**

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 2,738	
Federal assistance		\$ 361,085
Other	8,903	
<b>Totals</b>	<b>\$ 11,641</b>	<b>\$ 361,085</b>

**4: COMMITMENTS**

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

Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
<b><u>Bonds</u></b>					
6/29/11	6/1/26	4.875%	\$ 925,000	\$ 925,000	
5/1/08	2/1/36	3.05 - 4.2%	530,000	350,000	\$ 180,000
7/1/12	11/1/32	1 - 3%	1,635,000	1,135,000	
7/15/12	2/1/36	1 - 3.05%	2,045,000	1,525,000	
9/1/12	11/1/33	1 - 2.65%	3,275,000	2,570,000	
6/8/16	2/1/36	1.125 - 2.4%	1,030,000	855,000	
8/15/15	2/1/36	1 - 3%	2,070,000	1,555,000	515,000
8/4/16	11/1/35	0.9 - 2.25%	2,030,000	1,765,000	265,000
Total Bonds			<u>13,540,000</u>	<u>10,680,000</u>	<u>2,860,000</u>
<b><u>Direct Borrowings</u></b>					
8/20/12	8/20/22	3.25%	650,000	147,392	502,608
6/19/14	6/19/24	4.25%	859,200	296,233	562,967
11/1/18	12/1/21	4.12%	193,800	86,442	
8/31/18	1/15/22	3.81%	196,428	68,618	
8/27/19	8/27/23	5.15%	139,520	107,220	
10/19/20	10/19/23	2.89%	157,415	157,415	
Total Direct Borrowings			<u>2,196,363</u>	<u>863,320</u>	<u>1,333,043</u>
Total Long-Term Debt			<u>\$ 15,736,363</u>	<u>\$ 11,543,320</u>	<u>\$ 4,193,043</u>

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	\$ 11,265,000		\$ 585,000	\$ 10,680,000
<u>Direct Borrowings</u>				
Postdated warrants	604,600		160,975	443,625
Capital leases	500,725	\$ 157,415	238,445 *	419,695
Total Direct Borrowings	1,105,325	157,415	399,420	863,320
Total Long-Term Debt	\$ 12,370,325	\$ 157,415	\$ 984,420	\$ 11,543,320

\* Includes \$105,240 early retirement of debt for equipment returned to terminate a capital lease.

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 595,000	\$ 279,399	\$ 874,399	\$ 389,224	\$ 33,694	\$ 422,918
2023	605,000	268,735	873,735	243,279	18,399	261,678
2024	615,000	256,808	871,808	230,817	8,917	239,734
2025	625,000	244,240	869,240			
2026	1,560,000	230,852	1,790,852			
2027-2031	3,455,000	691,469	4,146,469			
2032-2036	3,225,000	225,333	3,450,333			
Totals	\$ 10,680,000	\$ 2,196,836	\$ 12,876,836	\$ 863,320	\$ 61,010	\$ 924,330

Capital Leases

Capital assets acquired through capital leases consisted of the following at June 30, 2021:

Class of Property	Cost	Accumulated Depreciation	Net Value
Equipment	\$ 782,629	\$ 180,105	\$ 602,524

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

Capital Leases (Continued)

The present value of the net minimum lease payments is as follows at June 30, 2021:

Total Minimum Lease Payments	\$	447,851
Less: Amount Representing Interest		28,156
Total Present Value of Net Minimum Lease Payments	\$	419,695

Qualified School Construction Bonds

On June 29, 2011, the District obtained funding of \$925,000 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 15 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**

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 45,259	\$ 33,577

**6: INTERFUND TRANSFERS**

The District transferred \$914,627 from the general fund to the other aggregate funds for debt related payments of \$728,018 and to supplement future capital projects of \$186,609. Additionally, the District transferred \$49,460 from the general fund to the special revenue funds to correct a prior year error.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**7: RETIREMENT PLAN**

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 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 \$1,637,956, 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 \$18,766,473.

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

ADDITIONS		
Donations	\$	1,170
 DEDUCTIONS		
Scholarships		500
 CHANGE IN FUND BALANCE		670
 FUND BALANCE - JULY 1		4,435
 FUND BALANCE - JUNE 30	\$	5,105

**9: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$13,540,000 issued from June 29, 2011 to August 4, 2016. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$12,876,836, payable through February 1, 2036. Principal and interest paid for the current year and total property taxes pledged for debt service were \$874,246 and \$1,063,184, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 82.23 percent.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**10: RISK MANAGEMENT**

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

The District carries commercial insurance for board liability 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.

**11: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$335,416 for the year ended June 30, 2021.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Early childhood		\$ 252,134	
Enhanced student achievement funding	\$ 28,327		
Professional development	7,247		
Child nutrition programs		411,189	
Debt service			\$ 618,567
Medical services		63,854	
Special education programs	119,104		
Other purposes	6,977		
Total Restricted	<u>161,655</u>	<u>727,177</u>	<u>618,567</u>
Assigned to:			
Capital projects			2,133,951
Debt service			
Student activities	239,257		
Other purposes	104,799		
Total Assigned	<u>344,056</u>		<u>2,133,951</u>
Unassigned	<u>2,949,310</u>		
Totals	<u>\$3,455,021</u>	<u>\$ 727,177</u>	<u>\$2,752,518</u>



SOUTHSIDE SCHOOL DISTRICT NO. 3  
 INDEPENDENCE COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Unaudited)

Schedule 1

	<u>Balance</u> <u>June 30, 2021</u>
Nondepreciable capital assets:	
Land	<u>\$ 510,963</u>
Depreciable capital assets:	
Buildings	29,914,591
Improvements/infrastructure	1,772,389
Equipment	<u>5,069,946</u>
Total depreciable capital assets	<u>36,756,926</u>
Less accumulated depreciation for:	
Buildings	6,962,482
Improvements/infrastructure	1,404,626
Equipment	<u>2,949,302</u>
Total accumulated depreciation	<u>11,316,410</u>
Total depreciable capital assets, net	<u>25,440,516</u>
Capital assets, net	<u><u>\$ 25,951,479</u></u>

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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	3209		\$ 339,258
National School Lunch Program (Note 3)	10.555			29,518
Arkansas Department of Education - National School Lunch Program	10.555	3209		739,836
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	3209000		45,472
Total for National School Lunch Program				814,826
Total U. S. Department of Agriculture				1,154,084
<b>TOTAL CHILD NUTRITION CLUSTER</b>				1,154,084
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	3209		467,040
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	3209		27,663
Total U. S. Department of Education				494,703
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				494,703
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Community Facilities Loans and Grants	10.766			14,000
Total U. S. Department of Agriculture				14,000
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	3209		118,928
Total U.S. Department of the Treasury				118,928
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	3209		906,762
Total Education Stabilization Fund				906,762
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	3209		342,127
Arkansas Department of Education - Charter Schools	84.282A	3209		843,195
Arkansas Department of Education - Rural Education	84.358B	3209		42,886
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	3209		45,681
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	3209		100,000
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	3209		21,284
Total U. S. Department of Education				2,301,935
<b>TOTAL OTHER PROGRAMS</b>				2,434,863
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 4,083,650

The accompanying notes are an integral part of this schedule.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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 Southside School District No. 3 (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 \$145,369 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE 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:

- 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:

AL Number(s)	Name of Federal Program or Cluster
84.282A	Charter Schools
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?  yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



# Southside School

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<http://southsideschools.org>

A caring community of learners.

## SCHEDULE 4

### SUMMARY OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

#### FINANCIAL STATEMENT FINDINGS

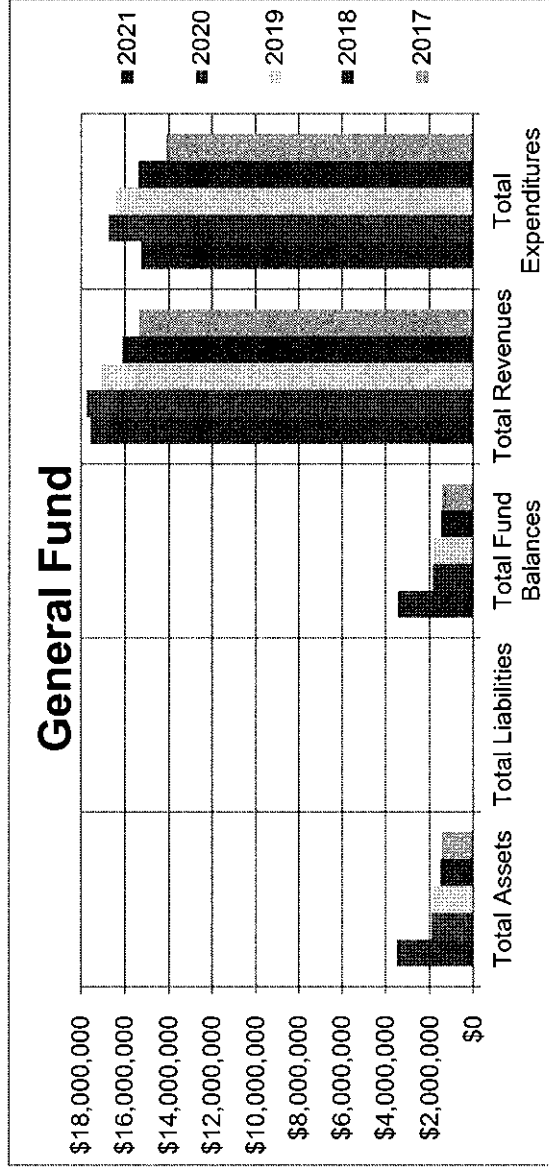
There were no findings in the prior audit.

#### FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

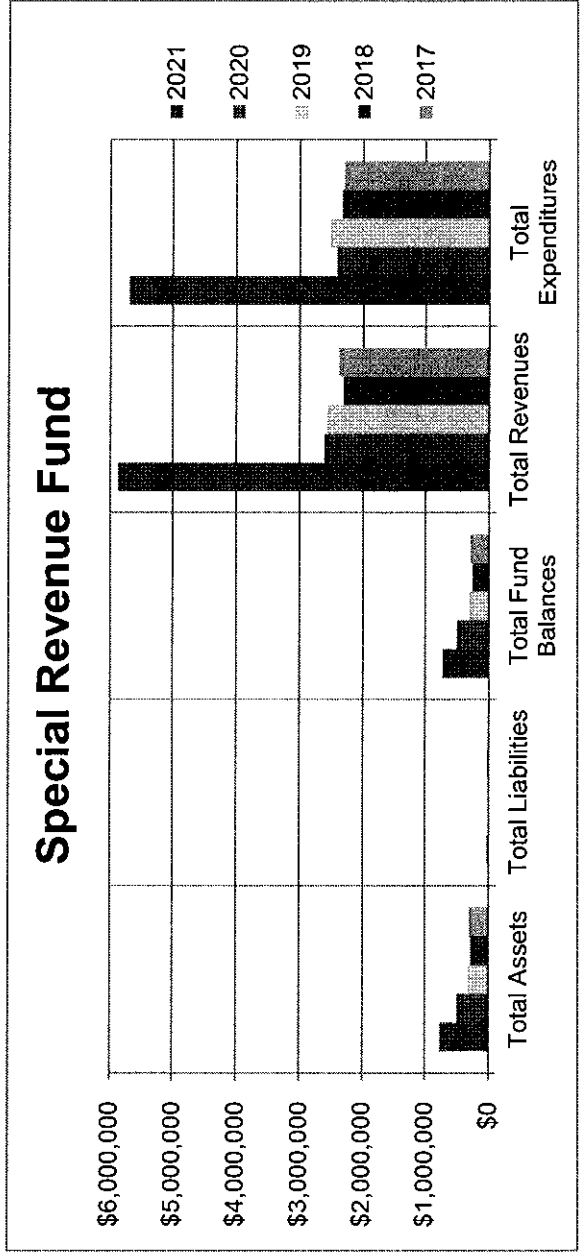
SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
<b>General Fund</b>					
Total Assets	\$ 3,500,280	\$ 1,933,929	\$ 1,901,431	\$ 1,521,188	\$ 1,467,948
Total Liabilities	45,259	51,692	59,562	26,331	38,993
Total Fund Balances	3,455,021	1,882,237	1,841,869	1,494,857	1,428,955
Total Revenues	17,569,648	17,754,865	17,075,242	16,109,624	15,356,254
Total Expenditures	15,262,734	16,770,924	16,404,892	15,380,888	14,117,744
Total Other Financing Sources (Uses)	(806,672)	(943,573)	(323,338)	(662,834)	(1,186,496)



SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
<b>Special Revenue Fund</b>					
Total Assets	\$ 760,754	\$ 497,123	\$ 319,611	\$ 276,739	\$ 305,842
Total Liabilities	33,577	1,397	19,802	17,651	21,390
Total Fund Balances	727,177	495,726	299,809	259,088	284,452
Total Revenues	5,882,305	2,609,816	2,562,588	2,301,140	2,373,436
Total Expenditures	5,700,314	2,413,899	2,521,867	2,325,972	2,300,138
Total Other Financing Sources (Uses)	49,460			(532)	5,931



SOUTHSIDE SCHOOL DISTRICT NO. 3  
INDEPENDENCE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
<b>Other Aggregate Funds</b>					
Total Assets	\$ 2,752,518	\$ 2,419,123	\$ 1,879,916	\$ 2,057,598	\$ 1,605,143
Total Liabilities		5,968			
Total Fund Balances	2,752,518	2,413,155	1,879,916	2,057,598	1,605,143
Total Revenues	326,678	644,853	327,058	325,149	698,012
Total Expenditures	901,942	1,194,707	1,218,306	949,470	2,186,492
Total Other Financing Sources (Uses)	914,627	1,083,093	713,566	1,076,776	1,242,556

