

# **Magazine School District No. 15**

**Logan County, Arkansas**

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

**June 30, 2021**



MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
TABLE OF CONTENTS  
JUNE 30, 2021

Independent Auditor's Report  
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*  
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis	C
Notes to Financial Statements	

SCHEDULES

	<u>Schedule</u>
Schedule of Capital Assets (Unaudited)	1
Schedule of Expenditures of Federal Awards	2
Schedule of Findings and Questioned Costs	3
Summary Schedule of Prior Audit Findings	4
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	5

# 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

Magazine School District No. 15 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 Magazine School District No. 15 (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 February 11, 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  
February 11, 2022  
EDSD22421

# Arkansas

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



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

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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

Magazine School District No. 15 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 Magazine School District No. 15 (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 February 11, 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.

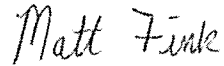
#### **Compliance and Other Matters**

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

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  
February 11, 2022

# Arkansas

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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

Magazine School District No. 15 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Magazine School District No. 15'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**

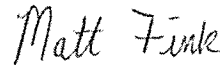
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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  
February 11, 2022



MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2021

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 447,678	\$ 124,577	\$ 1,996,537	\$ 2,957
Investments				252,813
Accounts receivable	131	224,628		
Due from other funds	127,281			
Deposit with paying agent			1,104,548	
<b>TOTAL ASSETS</b>	<b>\$ 575,090</b>	<b>\$ 349,205</b>	<b>\$ 3,101,085</b>	<b>\$ 255,770</b>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,280	\$ 2,687		
Due to other funds		127,281		
Total Liabilities	23,280	129,968		
Fund Balances:				
Nonspendable				\$ 237,500
Restricted	164,523	219,237	\$ 1,104,548	18,270
Assigned	79,094		1,996,537	
Unassigned	308,193			
Total Fund Balances	551,810	219,237	3,101,085	255,770
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 575,090</b>	<b>\$ 349,205</b>	<b>\$ 3,101,085</b>	<b>\$ 255,770</b>

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

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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)	\$ 1,252,425		
State assistance	3,736,620	\$ 3,794	
Federal assistance	42,276	1,480,570	
Activity revenues	147,227		
Meal sales		6,629	
Investment income	10,690		\$ 15,429
Other revenues	134,306		
<b>TOTAL REVENUES</b>	<b>5,323,544</b>	<b>1,490,993</b>	<b>15,429</b>
EXPENDITURES			
Regular programs	2,095,161	322,043	
Special education	172,816	148,511	
Career education programs	111,648		
Compensatory education programs	185,332	90,784	
Other instructional programs	142,204	1,120	
Student support services	187,293	79,266	
Instructional staff support services	142,143	264,454	
General administration support services	144,098	38,398	
School administration support services	188,223	5,265	
Central services support services	155,117	4,666	
Operation and maintenance of plant services	572,213	34,575	
Student transportation services	205,284	4,445	
Other support services	13,355		
Food services operations	1,208	391,210	
Community services operations	11,287	25,233	
Non-programmed costs		5,000	
Activity expenditures	126,828		
Debt Service:			
Principal retirement	71,509		
Interest and fiscal charges	9,672		94,367
Net debt issuance costs			27,604
<b>TOTAL EXPENDITURES</b>	<b>4,535,391</b>	<b>1,414,970</b>	<b>121,971</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>788,153</b>	<b>76,023</b>	<b>(106,542)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			776,263
Transfers out	(776,263)		
Payment to refunding bond escrow agent			(766,232)
Proceeds from refunding bond issue			780,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(776,263)</b>		<b>790,031</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>11,890</b>	<b>76,023</b>	<b>683,489</b>
<b>FUND BALANCES - JULY 1 - RESTATED</b>	<b>539,920</b>	<b>143,214</b>	<b>2,417,596</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 551,810</b>	<b>\$ 219,237</b>	<b>\$ 3,101,085</b>

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

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS

Exhibit C

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	Budget	Actual	
<b>REVENUES</b>					
Property taxes (including property tax relief trust distribution)	\$ 1,240,278	\$ 1,252,425	\$ 12,147	\$ 3,794	\$ 2,494
State assistance	3,748,974	3,736,620	(12,354)	1,300	481,030
Federal assistance	23,886	42,276	18,390	999,540	
Activity revenues		147,227	147,227		
Meal sales				23,809	(17,180)
Investment income	10,695	10,690	(5)		
Other revenues	129,774	134,306	4,532		
<b>TOTAL REVENUES</b>	<b>5,153,607</b>	<b>5,323,544</b>	<b>169,937</b>	<b>1,024,649</b>	<b>466,344</b>
<b>EXPENDITURES</b>					
Regular programs	2,358,527	2,095,161	263,366	57,235	(264,808)
Special education	173,309	172,816	493	144,074	(4,437)
Career education programs	115,938	111,648	4,290	7,898	7,898
Compensatory education programs	199,794	185,332	14,462	110,533	19,749
Other instructional programs	180,263	142,204	38,059	1,120	(1,120)
Student support services	207,786	187,293	20,493	62,083	(17,183)
Instructional staff support services	199,935	142,143	57,792	234,929	(29,525)
General administration support services	148,237	144,098	4,139	36,402	(1,996)
School administration support services	191,788	188,223	3,565	5,265	(5,265)
Central services support services	152,803	155,117	(2,314)	4,369	(297)
Operation and maintenance of plant services	689,897	572,213	117,684	34,575	(34,575)
Student transportation services	212,595	205,284	7,311	4,445	(4,445)
Other support services	28,000	13,355	14,645		
Food services operations	3,150	1,208	1,942	442,178	50,968
Community services operations	22,200	11,287	10,913	25,233	(2,262)
Facilities acquisition and construction services	100		100		
Non-programmed costs				5,000	
Activity expenditures			(126,828)		
Debt Service:					
Principal retirement	71,509	71,509			
Interest and fiscal charges	13,620	9,672	3,948		
<b>TOTAL EXPENDITURES</b>	<b>4,969,451</b>	<b>4,535,391</b>	<b>434,060</b>	<b>1,127,672</b>	<b>(287,298)</b>

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS

Exhibit C

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		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 184,156	\$ 788,153	\$ 603,997	\$ (103,023)	\$ 76,023	\$ 179,046
OTHER FINANCING SOURCES (USES)						
Transfers in	(6,317,181)		6,317,181	30,872		(30,872)
Transfers out	6,086,631	(776,263)	(6,862,894)	(30,872)		30,872
TOTAL OTHER FINANCING SOURCES (USES)	(230,550)	(776,263)	(545,713)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(46,394)	11,890	58,284	(103,023)	76,023	179,046
FUND BALANCES - JULY 1 RESTATED	806,470	539,920	(266,550)	118,349	143,214	24,865
FUND BALANCES - JUNE 30	\$ 760,076	\$ 551,810	\$ (208,266)	\$ 15,326	\$ 219,237	\$ 203,911

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

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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 Magazine 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.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

H. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**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.

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:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 500,000	\$ 500,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>2,324,562</u>	<u>2,568,535</u>
Total Deposits	<u>\$ 2,824,562</u>	<u>\$ 3,068,535</u>

The above total deposits include certificates of deposit of \$252,813 reported as investments and classified as nonparticipating contracts.



MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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
Federal assistance		\$ 224,628
Other	\$ 131	
Totals	\$ 131	\$ 224,628

**4: COMMITMENTS**

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>Bonds</b>					
12/22/09	12/22/25	2.52%	\$ 1,535,000	\$ 1,535,000	
6/1/20	6/1/38	.75 - 1.625%	3,530,000	3,530,000	
5/1/21	6/1/33	.4 - 1.3%	780,000	780,000	
Total Bonds			5,845,000	5,845,000	
<b>Direct Borrowings</b>					
5/24/16	5/24/23	3.19%	163,717	50,533	\$ 113,184
3/20/18	3/20/25	3.49%	187,857	112,879	74,978
7/23/19	8/1/24	3.98%	80,958	58,373	22,585
Total Direct Borrowings			432,532	221,785	210,747
Total Long-Term Debt			\$ 6,277,532	\$ 6,066,785	\$ 210,747

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	\$ 5,820,000	\$ 780,000	\$ 755,000 *	\$ 5,845,000
<b>Direct Borrowings</b>				
Installment contracts	293,294		71,509	221,785
Total Long-Term Debt	\$ 6,113,294	\$ 780,000	\$ 826,509	\$ 6,066,785

\* Includes \$755,000 early retirement of debt – See Note 6.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 90,000	\$ 91,470	\$ 181,470	\$ 67,504	\$ 7,290	\$ 74,794
2023	245,000	90,336	335,336	69,884	4,910	74,794
2024	240,000	88,673	328,673	45,857	2,656	48,513
2025	240,000	86,953	326,953	38,540	956	39,496
2026	1,800,000	65,347	1,865,347			
2027-2031	1,445,000	187,430	1,632,430			
2032-2036	1,310,000	95,031	1,405,031			
2037-2038	475,000	11,619	486,619			
Totals	<u>\$5,845,000</u>	<u>\$ 716,859</u>	<u>\$6,561,859</u>	<u>\$ 221,785</u>	<u>\$ 15,812</u>	<u>\$ 237,597</u>

Qualified School Construction Bonds

On December 22, 2009, the District obtained funding of \$1,535,000 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 16 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	<u>\$ 23,280</u>	<u>\$ 2,687</u>

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**6: DEBT REFUNDING**

On May 1, 2021, the District issued refunding bonds of \$780,000 with interest rates of .4 – 1.3 percent to refund \$755,000 of outstanding bonds dated April 1, 2012. The interest rates of the bonds refunded were 1 – 3.05 percent. Net bond proceeds of \$766,232 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on June 1, 2021. The remaining proceeds of \$247 (after payment of \$27,604 net bond issuance costs and district contribution of \$14,083) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$60,769 to the District over the life of the bonds.

**7: INTERFUND TRANSFERS**

The District transferred \$776,263 from the general fund to other aggregate funds for debt related payments of \$203,135 and \$573,128 for future capital projects.

**8: RETIREMENT PLAN**

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 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 \$490,023 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 \$5,782,473.

**9: PRIOR YEAR RESTATEMENT**

The general fund beginning fund balance was increased by \$22,878 due to the reclassification of custodial fund activity accounts in the amount of \$21,847 previously reported as fiduciary fund types and \$1,031 of prior year revenue not recorded.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

ADDITIONS	
Donations	\$ 1,800
Interest	<u>5,352</u>
 TOTAL ADDITIONS	 <u>7,152</u>
 DEDUCTIONS	
Scholarships	<u>6,695</u>
 CHANGE IN FUND BALANCE	 457
 FUND BALANCE - JULY 1	 <u>255,313</u>
 FUND BALANCE - JUNE 30	 <u><u>\$ 255,770</u></u>

**11: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$5,845,000 issued from December 22, 2009 to May 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$6,561,859, payable through June 1, 2038. Principal and interest paid for the current year and total property taxes pledged for debt service were \$93,435 and \$449,588, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 20.78 percent.

**12: 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 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.

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, contents, and vehicles.

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.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**13: 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 \$131,463 for the year ended June 30, 2021.

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

Description	Governmental Funds		
	Major		Other
	General	Special Revenue	
<b>Fund Balances:</b>			
Restricted for:			
Enhanced student achievement funding	\$ 39,164		
Professional development	7,365		
Child nutrition programs		\$ 132,817	
Debt service			\$ 1,104,548
Medical services		6,212	
Wellness center	56,009		
Child care development		54,745	
Other purposes	61,985	25,463	
Total Restricted	<u>164,523</u>	<u>219,237</u>	<u>1,104,548</u>
Assigned to:			
Capital projects			1,996,537
Student activities	79,094		
Total Assigned	<u>79,094</u>		<u>1,996,537</u>
Unassigned	<u>308,193</u>		
Totals	<u>\$ 551,810</u>	<u>\$ 219,237</u>	<u>\$ 3,101,085</u>

**15: ENDOWMENTS**

The District is the recipient of various endowment gifts. The donors have stipulated the principal is to remain intact and only the investment earnings shall be used for the specified purposes identified in the gift documents. The nonspendable portion of the endowment gifts as of June 30, 2021 was \$237,500. The portion available for specified purposes as of June 30, 2021 was \$18,270. Certificates of deposit totaling \$252,813 comprised the major portion of the balance.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 161,785
Depreciable capital assets:	
Buildings	10,262,430
Improvements/infrastructure	769,706
Equipment	2,170,959
Total depreciable capital assets	13,203,095
Less accumulated depreciation for:	
Buildings	3,670,712
Improvements/infrastructure	607,976
Equipment	1,769,982
Total accumulated depreciation	6,048,670
Total depreciable capital assets, net	7,154,425
Capital assets, net	\$ 7,316,210

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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	4202		\$ 113,441
National School Lunch Program (Note 3)	10.555			10,892
Arkansas Department of Education - National School Lunch Program	10.555	4202		220,205
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	4202000		13,922
Total for National School Lunch Program				245,019
Arkansas Department of Education - Child Nutrition Discretionary Grants Limited Availability	10.579	4202		3,273
Total U. S. Department of Agriculture				361,733
<b>TOTAL CHILD NUTRITION CLUSTER</b>				361,733
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	4202		144,348
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	4202		5,289
Total U. S. Department of Education				149,637
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				149,637
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	4202		7,731
Total U. S. Department of Agriculture				7,731
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	4202		5,553
Total U.S. Department of the Treasury				5,553
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4202		484,379
Total Education Stabilization Fund				484,379
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	4202		187,804
Rural Education	84.358A			22,537
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	4202		19,440
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	4202		11,533
Total U. S. Department of Education				725,693

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education -COVID-19-Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions of Schools	93.981	4202		\$ 9,950
Arkansas Department of Education -Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions of Schools	93.981	4202		12,751
Total U. S. Department of Health and Human Services				<u>22,701</u>
 TOTAL OTHER PROGRAMS				 <u>761,678</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 1,273,048</u>

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Magazine School District No. 15 (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 \$10,175 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.



MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X	no
● Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X	no

FEDERAL AWARDS

Internal control over major federal programs:

● Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> X	no
● Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> 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="checkbox"/>	yes	<input checked="" type="checkbox"/> X	no
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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster
84.010A	Title I Grants to Local Educational Agencies

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

\$ 750,000

Auditee qualified as low-risk auditee?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> 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.



MAGAZINE SCHOOL DISTRICT  
485 EAST PRIDDY STREET  
MAGAZINE, AR 72943  
866-900-2001 (phone) 479-689-7384 (fax)

Jared Higginbotham, Principal  
Magazine Elementary

Dr. Beth Shumate  
Superintendent

Karen Gipson, Principal  
Magazine High School

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

FINANCEIAL STATEMENT FINDINGS:

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

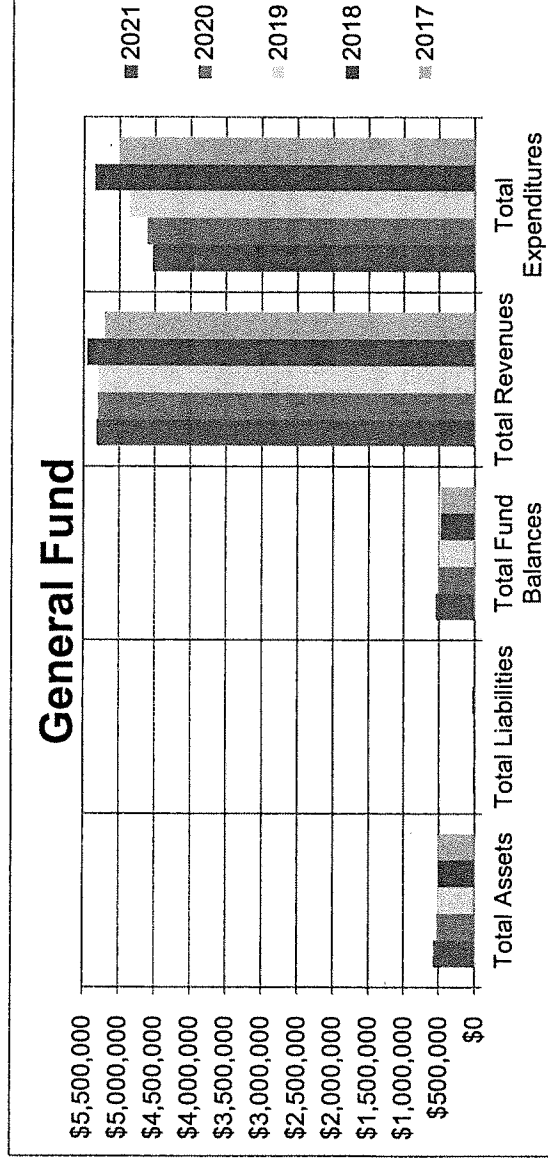
There were no findings in the prior audit.

MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN COUNTY, ARKANSAS

Schedule 5

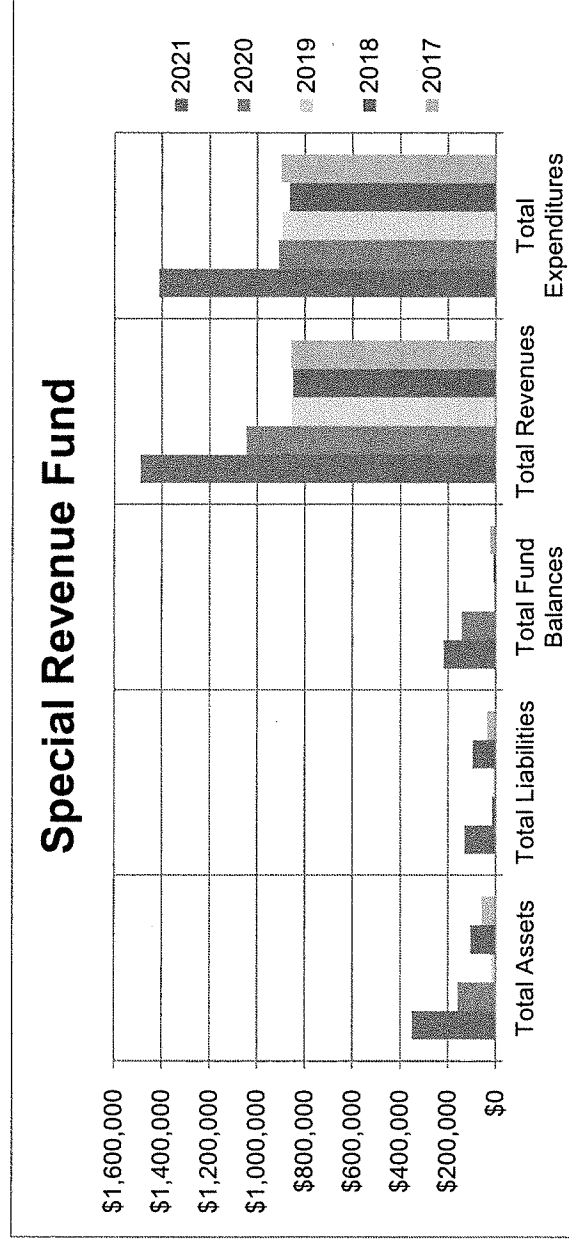
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

	Year Ended June 30,				
	2021	2020	2019	2018	2017
<b>General Fund</b>					
Total Assets	\$ 575,090	\$ 528,354	\$ 503,500	\$ 509,973	\$ 495,291
Total Liabilities	23,280	11,312	24,694	30,306	20,891
Total Fund Balances	551,810	517,042	478,806	479,667	474,400
Total Revenues	5,323,544	5,301,424	5,298,066	5,450,719	5,216,372
Total Expenditures	4,535,391	4,618,542	4,872,907	5,349,585	5,017,579
Total Other Financing Sources (Uses)	(776,263)	(644,646)	(426,020)	(95,867)	(174,274)



MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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,				
<u>Special Revenue Fund</u>	2021	2020	2019	2018	2017
Total Assets	\$ 349,205	\$ 159,420	\$ 20,359	\$ 105,716	\$ 60,686
Total Liabilities	129,968	16,206	11,955	95,880	36,916
Total Fund Balances	219,237	143,214	8,404	9,836	23,770
Total Revenues	1,490,993	1,046,019	857,489	851,252	860,365
Total Expenditures	1,414,970	911,209	898,765	865,186	900,683
Total Other Financing Sources (Uses)			39,844		



MAGAZINE SCHOOL DISTRICT NO. 15  
LOGAN 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	\$ 3,101,085	\$ 2,417,596	\$ 2,148,449	\$ 2,097,462	\$ 2,146,857
Total Liabilities					3,498
Total Fund Balances	3,101,085	2,417,596	2,148,449	2,097,462	2,143,359
Total Revenues	15,429	39,615	15,758	58,587	22,790
Total Expenditures	121,971	433,153	350,947	388,208	348,196
Total Other Financing Sources (Uses)	790,031	662,685	386,176	283,724	174,274

