



Bentonville Schools

**Financial Statements
June 30, 2021**

(With Independent Auditor's Report Thereon)

BENTONVILLE SCHOOL DISTRICT #6

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
REGULATORY BASIS FINANCIAL STATEMENTS	
Balance Sheet – Regulatory Basis	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis	6
Statement of Revenue, Expenditures and Changes in Fund Balances – Budget to Actual – General and Special Revenue Funds – Regulatory Basis	7
Notes to Financial Statements	9
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Capital Assets (Unaudited)	21
OTHER REPORTS AND SUPPLEMENTARY INFORMATION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Independent Auditor’s Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With the Uniform Guidance	25
Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	29
Schedule of Expenditures of State Awards	30
Schedule of Findings and Questioned Costs	32
Summary Schedule of Prior Audit Findings	34
Schedule of Units of Service Provided	35
Supplemental Data Sheet Required by the Department of Health and Human Services	36
Independent Auditor’s Report on Compliance With Arkansas State Requirements	37



INDEPENDENT AUDITOR'S REPORT

To the School Board
Bentonville School District #6
Bentonville, Arkansas

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 Bentonville School District #6 (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 basic 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 accounting practices prescribed or permitted by the State of Arkansas (the "State") to demonstrate compliance with the State's regulatory basis of accounting and budget laws. 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 an opinion 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 *Government 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 of material misstatement.

An audit includes 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 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 2 of the financial statements, the financial statements are prepared by the District on the basis of accounting practices prescribed or permitted by the State to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 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 paragraph, 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 each fund of the District as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the funds as presented of the District as of June 30, 2021, and their respective revenues, expenditures, and changes in fund balances and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the State described in Note 2.

Other Matters

Required Supplementary Information

Accounting practices prescribed or permitted by the State, which practices differ from accounting principles generally accepted in the United States of America, require that the schedule of capital assets be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the State, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information, "the Schedules of Expenditures of Federal Awards and State Awards" required by the audit 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") is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Units of Service Provided and the Supplemental Data Sheet Required by the Department of Health and Human Services have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 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 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 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.


Certified Public Accountants

Rogers, Arkansas
January 18, 2022

Financial Statements

Bentonville School District #6

Balance Sheet – Regulatory Basis June 30, 2021

	Governmental Funds			
	Major			
	General Fund	Special Revenue Funds	Other Governmental Funds	Fiduciary Funds
ASSETS				
Cash and cash equivalents	\$ 43,207,139	\$ 224,531	\$ 31,397,580	\$ 2,949,350
Assets held in trust	-	-	684,315	-
Investments	-	-	-	129,881
Accounts receivable	121,591	5,519,795	-	-
Prepaid expenses	118,567	-	-	-
Inventories	237,333	-	-	-
TOTAL ASSETS	\$ 43,684,630	\$ 5,744,326	\$ 32,081,895	\$ 3,079,231
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 8,293,746	\$ 149,373	\$ 2,063,917	\$ 7,261
Due to student/other groups	-	-	-	3,071,970
Total Liabilities	8,293,746	149,373	2,063,917	3,079,231
Fund Balances				
Nonspendable	237,333	-	-	-
Restricted				
Federal programs	-	5,594,953	-	-
Capital projects	-	-	8,299,093	-
Assigned				
Capital projects	-	-	21,718,885	-
Unassigned	35,153,551	-	-	-
Total Fund Balances	35,390,884	5,594,953	30,017,978	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,684,630	\$ 5,744,326	\$ 32,081,895	\$ 3,079,231

See accompanying notes to financial statements.

Bentonville School District #6

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis Year ended June 30, 2021

	<u>Major</u>		
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>
REVENUES			
Local property taxes	\$112,100,290	\$ -	\$ 4,404,722
State assistance	79,426,918	36,319	1,211,181
Federal assistance	1,353,009	18,307,481	-
Food services	-	566,728	-
Activity revenues	612,085	-	-
Investment income	253,874	-	168,531
Other local revenues	2,802,724	-	51,322
TOTAL REVENUES	<u>196,548,900</u>	<u>18,910,528</u>	<u>5,835,756</u>
EXPENDITURES			
Current			
Instruction	103,359,728	5,092,841	-
Student services - students	12,038,999	655,512	-
Student services - instruction	9,711,070	1,461,008	-
General administration	1,432,430	205,008	-
School administration	10,776,033	2,921	-
Central services	4,639,793	5,537,285	79,783
Maintenance and operations	15,104,510	228,915	1,922,278
Transportation	5,630,646	403,425	644,436
Support - other uses	17,651	4	-
Non-instruction operation	2,752,313	6,222,067	-
Facilities/land acquisition	-	-	16,514,612
Activity expenditures	537,373	-	-
Debt Service			
Principal	-	-	114,570,617
Interest	-	-	11,924,031
Paying agent fees	-	-	10,389
TOTAL EXPENDITURES	<u>166,000,546</u>	<u>19,808,986</u>	<u>145,666,146</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>30,548,354</u>	<u>(898,458)</u>	<u>(139,830,390)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sales of refunding bonds	-	-	108,135,532
Bond issuance costs	-	-	(871,389)
Transfers, net	(30,996,214)	-	30,996,214
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,996,214)</u>	<u>-</u>	<u>138,260,357</u>
NET CHANGE IN FUND BALANCES	<u>(447,860)</u>	<u>(898,458)</u>	<u>(1,570,033)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>35,838,744</u>	<u>6,493,411</u>	<u>31,588,011</u>
FUND BALANCES - END OF YEAR	<u>\$ 35,390,884</u>	<u>\$ 5,594,953</u>	<u>\$ 30,017,978</u>

See accompanying notes to financial statements.

Bentonville School District #6

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General and Special Revenue Funds – Regulatory Basis Year ended June 30, 2021

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Local property taxes	\$107,564,550	\$112,100,290	\$ 4,535,740
State assistance	79,792,149	79,426,918	(365,231)
Federal assistance	1,353,009	1,353,009	-
Food services	-	-	-
Activity revenues	-	612,085	612,085
Investment income	300,000	253,874	(46,126)
Other local revenues	2,175,031	2,802,724	627,693
TOTAL REVENUES	<u>191,184,739</u>	<u>196,548,900</u>	<u>5,364,161</u>
EXPENDITURES			
Current			
Instruction	105,127,416	103,359,728	1,767,688
Student services - students	10,874,345	12,038,999	(1,164,654)
Student services - Instruction	10,303,714	9,711,070	592,644
General administration	1,279,575	1,432,430	(152,855)
School administration	10,653,895	10,776,033	(122,138)
Central services	4,940,430	4,639,793	300,637
Maintenance and operations	17,565,620	15,104,510	2,461,110
Transportation	6,541,687	5,630,646	911,041
Support - other uses	-	17,651	(17,651)
Non-instruction operation	3,377,323	2,752,313	625,010
Activity expenditures	-	537,373	(537,373)
Debt service	19,409,030	-	19,409,030
TOTAL EXPENDITURES	<u>190,073,035</u>	<u>166,000,546</u>	<u>24,072,489</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,111,704</u>	<u>30,548,354</u>	<u>29,436,650</u>
OTHER FINANCING SOURCES (USES)			
Transfers, net	(19,368,678)	(30,996,214)	(11,627,536)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(19,368,678)</u>	<u>(30,996,214)</u>	<u>(11,627,536)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (18,256,974)</u></u>	<u><u>\$ (447,860)</u></u>	<u><u>\$ 17,809,114</u></u>

See accompanying notes to financial statements.

Bentonville School District #6

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General and Special Revenue Funds – Regulatory Basis Year ended June 30, 2021

Special Revenue Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -
35,000	36,319	1,319
9,950,461	18,307,481	8,357,020
2,984,010	566,728	(2,417,282)
-	-	-
-	-	-
-	-	-
<u>12,969,471</u>	<u>18,910,528</u>	<u>5,941,057</u>
3,121,515	5,092,841	(1,971,326)
962,544	655,512	307,032
1,175,965	1,461,008	(285,043)
184,501	205,008	(20,507)
-	2,921	(2,921)
3,358,424	5,537,285	(2,178,861)
216,660	228,915	(12,255)
900,000	403,425	496,575
-	4	(4)
5,769,368	6,222,067	(452,699)
-	-	-
-	-	-
<u>15,688,977</u>	<u>19,808,986</u>	<u>(4,120,009)</u>
<u>(2,719,506)</u>	<u>(898,458)</u>	<u>1,821,048</u>
-	-	-
-	-	-
<u>\$ (2,719,506)</u>	<u>\$ (898,458)</u>	<u>\$ 1,821,048</u>

See accompanying notes to financial statements.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

NOTE 1: NATURE OF ACTIVITIES

Bentonville School District #6 (the "District") is a political subdivision of the Arkansas Department of Education, governed by an elected seven-member school board for staggered five year terms. The financial statements reflect all funds and accounts directly under the control of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *special revenue fund* accounts for and reports 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 and projects, including the District's food services operations. The special revenue fund also includes transfers from the general fund to supplement such programs.

Other governmental funds, presented in the aggregate, consist of the following:

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.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Fiduciary Funds – Account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District held for others in an agency capacity.

The *private purpose trust fund* accounts for activities that are not the District's programs, but are programs sponsored by private organizations or other governments. Although the District serves as fiscal agent, the funds received and held under these programs are not available to support the District's activities and programs, but are received and held for the benefit of individuals, private organizations or other governments participating in the sponsored programs. The programs accounted for within this fund are expendable trust funds.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). This basis of accounting is prescribed by Ark. Code Ann. 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP requires that basic financial statements present government-wide financial statements. Additionally, GAAP requires the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

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

Revenue Recognition Policies

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

Capital Assets

Information on capital assets and depreciation is reported in the accompanying schedule of capital assets. 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 fair value when received. The District maintains a threshold level of \$2,500 (\$1,000 for capital assets purchased with federal funds) and an estimated useful life of one year. Library holdings are not capitalized.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

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 Lives in Years</u>
Improvements / infrastructure	20
Building	50
Equipment	5-20

Property Taxes

Property taxes are levied in November based on property assessments made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Ark. Code Ann 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2020 calendar year taxes collected by June 30, 2021 and 12 percent of the proceeds of the local taxes that are not pledged to secure bond indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2021 equaled or exceeded the 12 percent calculation.

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 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.

Inventories

Inventories are stated at cost (first-in, first-out method) or net realizable value. The inventories are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. Inventories consist of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, which are valued at cost or net realizable value using the first-in, first-out method.

Fund Balance Classifications

Fund balance is reported under the following five classifications:

Nonspendable fund balance – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes stipulated by external parties, constitutional provisions, or enabling legislation. The Restricted for Federal Programs balance reflects amounts restricted for specific federal programs mandated by respective federal grant or funding agreements. The Restricted for Capital Projects balance reflects unspent bond proceeds that are intended for construction projects.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

Committed – Amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority (the Board of Education) and does not lapse at year end. The District does not have any committed fund balance at June 30, 2021.

Assigned – Amounts intended for a specific purpose the Board of Education or by a District official that has been delegated authority to assign amounts. The District has assigned portions of its fund balance for construction or other capital outlay projects.

Unassigned – Any remaining fund balance that has not been reported in any other classification. 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.

For the purposes of fund balance classification, the District’s policy is to have expenditures spent from restricted fund balance first, followed in order by committed fund balance, if any, assigned fund balance (if any) and lastly unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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.

The District budgets intra-fund transfers. Significant variance 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 transfers are reported at the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis.

Budgetary perspective difference 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.

Component Unit

The Bentonville Public School Foundation (the “Foundation”) was established as a non-profit organization under the laws of the State to conduct fundraising activities exclusively for the educational benefit of the District’s students and staff. Management believes that the activities and balances of the Foundation are not material to the District’s financial statements taken as a whole and thus such amounts are not reflected therein.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits are carried at cost (carrying value). Cash deposits include cash and cash equivalents as well as assets held in trust. A comparison of the bank balance and carrying value at June 30, 2021 is as follows:

	Carrying <u>Amount</u>	Bank <u>Balance</u>
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>78,212,915</u>	<u>84,470,610</u>
	<u>\$ 78,462,915</u>	<u>\$ 84,720,610</u>

NOTE 4: ASSETS HELD IN TRUST

Assets held in trust include funds held in escrow with banks totaling \$684,315 at June 30, 2021. The balance includes sinking fund deposits that are required to be used for future principal payments on some of the District's long-term debt.

NOTE 5: INVESTMENTS

Interest rate risk

The District does not have a formal investment policy addressing interest rate risk. At June 30, 2021, all investments in debt securities had maturity dates of less than five years with the average time to maturity being one year.

Credit risk

The District does not have a formal investment policy addressing credit risk. At June 30, 2021, all debt securities held an AAA rating. The United States government guarantees the U.S. Treasuries.

Concentration of Credit Risk

The District does not have a formal investment policy addressing concentration of credit risk. At June 30, 2021, the District's investments of \$129,881 consisted entirely of corporate stocks.

NOTE 6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At June 30, 2021, the accounts payable and accrued liabilities balance of \$10,514,297 is comprised of vendor payables of \$2,668,330 and accrued insurance and payroll benefits totaling \$7,845,967.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

NOTE 7: LIFE INSURANCE

The District executed a term life insurance policy on the former superintendent. The District is the beneficiary and the face value of the policy is \$400,000.

NOTE 8: ACCOUNTS RECEIVABLE

Accounts receivable for the District's individual major funds and non-major funds as of June 30, 2021 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Federal Grants			
E.S.E.A. Title I, Part A			
Title I Grants to Local Education Agencies	\$ -	\$ 166,048	\$ 166,048
E.S.E.A. Title I, Part D			
Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent or at Risk	-	1,615	1,615
E.S.E.A. Title II, Part A			
Class Size Reduction and Professional Development Guidance	-	16,743	16,743
E.S.E.A. Title VI, Part B			
Education for all Handicapped Children	-	898,028	898,028
Medicaid General Health Services	-	483,426	483,426
Title IV Student Support & Academic Achievement	-	2,379,908	2,379,908
ESSER II	-	1,424,211	1,424,211
National School Lunch Program	-	104,146	104,146
Carl Perkins Vocational Education Grants	-	19,157	19,157
AWARE Mini-Grant	-	10,000	10,000
Health/AIDS Education	-	16,513	16,513
Other	<u>121,591</u>	<u>-</u>	<u>121,591</u>
Total Receivables	<u>\$ 121,591</u>	<u>\$ 5,519,795</u>	<u>\$ 5,641,386</u>

NOTE 9: INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

Amount of interfund transfers between funds are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 30,996,214
Capital projects fund	12,060,368	-
Debt service fund	18,935,846	-
	<u>\$ 30,996,214</u>	<u>\$ 30,996,214</u>

NOTE 10: COMMITMENTS

Long-term Debt Issued and Outstanding

Long-term liability balances and activity were as follows:

<u>Date of Issue</u>	<u>Matures</u>	<u>Interest Rate Percent</u>	<u>Amount of Original Issue</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities to June 30, 2021</u>
06/01/11	2026	4.900	\$ 935,000	\$ 935,000	\$ -
09/27/11	2028	5.000	185,456	185,456	-
06/01/14	2043	3.000/3.750	20,480,000	-	20,480,000
07/03/14	2024	4.190	900,000	284,147	615,853
04/01/15	2043	2.000/3.500	38,885,000	-	38,885,000
11/01/15	2043	2.000/3.750	20,000,000	-	20,000,000
04/01/16	2043	2.000/3.125	15,355,000	-	15,355,000
08/01/16	2043	3.730	15,370,000	-	15,370,000
11/01/17	2048	2.000/3.350	10,000,000	-	10,000,000
03/01/18	2048	5.000/3.750	198,000,000	181,780,000	16,220,000
03/01/19	2049	5.000/3.500	40,885,000	39,470,000	1,415,000
07/30/20	2043	5.000/2.000	50,230,000	48,620,000	1,610,000
11/01/20	2043	5.000/1.000	18,215,000	17,480,000	735,000
06/29/21	2043	5.000/2.000	26,800,000	26,800,000	-
11/05/20	2048	2.250/2.000	9,640,000	9,300,000	340,000

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

Changes in long-term debt are as follows:

	Balance <u>6/30/2020</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>6/30/2021</u>
Bonds payable				
General obligation bonds	\$334,170,456	\$104,885,000	\$114,485,000	\$324,570,456
Note payable	<u>369,764</u>	<u>-</u>	<u>85,617</u>	<u>284,147</u>
Total long-term liabilities	<u>\$334,540,220</u>	<u>\$104,885,000</u>	<u>\$114,570,617</u>	<u>\$324,854,603</u>

Total long-term debt principal and interest payments are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,214,849	\$ 9,578,326	\$ 17,793,175
2023	8,568,613	9,253,836	17,822,449
2024	8,935,685	8,915,514	17,851,199
2025	9,220,000	8,562,902	17,782,902
2026	10,575,000	8,218,927	18,793,927
2027-2031	53,075,456	36,938,283	90,013,739
2032-2036	60,700,000	30,625,616	91,325,616
2037-2041	70,895,000	26,026,285	96,921,285
2042-2046	67,230,000	11,905,127	79,135,127
2047-2049	<u>27,440,000</u>	<u>1,659,119</u>	<u>29,099,119</u>
	<u>\$324,854,603</u>	<u>\$151,683,935</u>	<u>\$476,538,538</u>

Security for Debt Payments

Ark. Code Ann. 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Arkansas Department of Education (ADE). Depending on the date of the bond issue, ADE 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.

Bond Refundings

On July 30, 2020, November 1, 2020, November 5, 2020 and June 29, 2021, the District issued refunding bonds totaling \$104,885,000 with interest rates ranging from 1 to 5 percent to refund \$106,195,000 of outstanding bonds dated April 1, 2015, June 1, 2014, November 1, 2015, August 1, 2016, April 1, 2016, and November 1, 2017. The interest rates of the bonds refunded were 2 to 3.75 percent. Bond proceeds totaling \$108,135,532 were remitted to escrow agents to provide all future debt service payments for the bonds refunded. The issuance of these bonds did not extend the maturity of the original bonds. Bond issuance costs associated with the refundings amounted to \$871,389.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

Construction Contracts

At June 30, 2021, the District had several construction and repair and maintenance projects in various stages of completion. Unfulfilled contract commitments of approximately \$15,207,000 remained open on the construction and improvement contracts still in progress at June 30, 2021.

Operating Leases

The District has entered into agreements to lease various pieces of office equipment. Future minimum payments under these non-cancelable leases in effect as of June 30, 2021 are as follows:

2022	\$ 229,164
2023	150,057
2024	113,410
2025	<u>49,748</u>
	<u>\$ 542,379</u>

Rental expense associated with these lease commitments was approximately \$304,000 for the year ended June 30, 2021.

During the year ended June 30, 2014, the District entered into an agreement with the City of Bentonville for the use of the Aquatics Center. The agreement states that the District has the right to use the Aquatics Center for the longer of thirty-five years or so long as used as an Aquatics Center.

The District is involved in various litigation as of June 30, 2021 arising in the ordinary course of operations. The ultimate outcome of such litigation is uncertain. However, management and legal counsel are of the opinion that the resulting outcome of such litigation would have minimal adverse economic impact on the District.

NOTE 11: ON-BEHALF PAYMENTS

During the year ended June 30, 2021, health insurance premiums of \$2,995,145 were paid by the Arkansas Department of Education to the Arkansas Employees Benefits Division on behalf of District Employees.

NOTE 12: SIGNIFICANT ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB 87 improves consistency in accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 is effective for periods beginning after June 15, 2021, with earlier application encouraged.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

Management does not believe the future implementation of GASB 87 will have a significant impact on the District's financial statements.

NOTE 13: EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Arkansas Teacher Retirement System

Plan Description – The District contributes to ATRS, a cost-sharing multiple-employer defined benefit plan administered by the ATRS. Section 24-7-301 of the Arkansas Code of 1987 Annotated assigns the authority to establish and amend benefit provisions to the ATRS' Board of Trustees. The ATRS provides retirement, death and disability benefits and annual cost-of-living adjustments to plan members. The ATRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to ATRS, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling (800) 666-2877.

Funding Policy – ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.50% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14.25%. The authority to establish and amend contribution requirements of plan members and the District is set forth in state law and is vested in the ATRS's Board of Trustees. The contributions from the District for the year ended June 30, 2021 were \$17,024,790, which consisted of \$16,618,265 from state funding and \$406,525 from federal funding, the contributions from the District for the year ended June 30, 2020 were \$16,089,397 which consisted of \$15,603,938 from state funding and \$485,459 from federal funding, and the contributions from the District for the year ended June 30, 2019 were \$14,944,469, which consisted of \$14,421,280 from state funding and \$523,189 from federal funding.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of GASB 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 \$205,718,819.

Defined Contribution Plan – 403(b) and 457

The District has a 403(b) and 457 plan covering all employees of the District. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement. Annual contributions may not exceed the amount permitted under section 415 of the Internal Revenue Code. Employees vest immediately in their contributions.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2021

NOTE 14: RISK MANAGEMENT

The District is exposed to various risks of loss from tort, theft of, damage to and destruction of assets, business interruption, errors and omissions, natural disasters, employee injuries and illnesses, and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health and dental benefits and worker's compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District has joined with other Districts to form the Arkansas School Board Association Self-Insurance Program (the "Pool"), a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to the Pool for its vehicle insurance coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop loss amounts.

The District is subject to claims and lawsuits that arise primarily in the ordinary course of business. Neither the ultimate outcome nor an estimated range of potential loss can be determined. Management and legal counsel are of the opinion that the likelihood of a financially material outcome is small and, thus, no provision has been made in the financial statements for any potential liabilities.

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 withhold from the Public School Fund.

The District participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

The COVID-19 pandemic has had an adverse impact on both domestic and global financial markets and operations. Management is unable to accurately predict how the COVID-19 pandemic will affect the results of the District's operations due to uncertainties surrounding the severity of the disease and the duration of the outbreak. However, it is presumed that the District's operations will be impacted.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated all subsequent events through January 18, 2022, the date that the financial statements were available to be issued.

Required Supplementary Information

Bentonville School District #6

Schedule of Capital Assets (Unaudited) Year ended June 30, 2021

	Useful Lives	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not depreciated						
Land		\$ 19,551,037	\$ -	\$ -	\$ -	\$ 19,551,037
Construction in progress		<u>71,336,810</u>	<u>14,498,357</u>	<u>-</u>	<u>(9,650,365)</u>	<u>76,184,802</u>
Total capital assets, not depreciated		<u>90,887,847</u>	<u>14,498,357</u>	<u>-</u>	<u>(9,650,365)</u>	<u>95,735,839</u>
Capital assets, depreciated						
Buildings	50	334,718,177	-	-	9,650,365	344,368,542
Improvements	20	2,454,088	-	-	-	2,454,088
Machinery and equipment	5-20	<u>27,348,444</u>	<u>1,394,143</u>	<u>(243,667)</u>	<u>-</u>	<u>28,498,920</u>
Total capital assets, depreciated		364,520,709	1,394,143	(243,667)	9,650,365	375,321,550
Less accumulated depreciation		<u>98,130,960</u>	<u>8,182,926</u>	<u>(243,667)</u>	<u>-</u>	<u>106,070,219</u>
Net capital assets, depreciated		<u>266,389,749</u>	<u>(6,788,783)</u>	<u>-</u>	<u>9,650,365</u>	<u>269,251,331</u>
Total capital assets, net		<u>\$357,277,596</u>	<u>\$ 7,709,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$364,987,170</u>

See Independent Auditor's Report

**Other Reports and
Supplementary Information**



**INDEPENDENT AUDITOR'S 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**

The School Board
Bentonville School District # 6
Bentonville, Arkansas

We have audited, in accordance with 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 the governmental activities, each major fund and the aggregate remaining fund information of the Bentonville School District # 6 (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 basic financial statements, and have issued our report thereon dated January 18, 2022. We issued an adverse opinion because the District prepared the financial statements using accounting practices prescribed or permitted by the State of Arkansas, which practices differ from 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 assets, liabilities, and fund balances of the funds as presented of the District as of June 30, 2021, and their respective revenues, expenditures, and changes in fund balances and budgetary comparisons for the year then ended, in accordance with the financial reporting provisions prescribed by the State described in Note 2.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bentonville School District #6'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 entity's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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.


Certified Public Accountants

Rogers, Arkansas
January 18, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The School Board
Bentonville School District #6
Bentonville, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Bentonville School District #6 (the "District") with the types of compliance requirements described in the U.S. *Office of Management and Budget* ("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 the requirements of laws, regulations, contracts, and grants 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 ("CFR") 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 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, 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 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, weaknesses may exist that have not been identified.

Purpose of this Report

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 communication is not suitable for any other purpose.


Certified Public Accountants

Rogers, Arkansas
January 18, 2022

Bentonville School District #6

Schedule of Expenditures of Federal Awards Year ended June 30, 2021

<u>Cluster/Program</u>	<u>Federal Agency / Pass-Through Entity</u>	<u>Pass-Through Entity Identifying Number</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
U.S. Department of Agriculture				
Child Nutrition Cluster				
National School Lunch Program	AR Department of Education	0401	10.555	\$ 5,436,815
Commodities	AR Department of Health and Human Services	0401	10.555	427,268
Child and Adult Care Food Program	AR Department of Health and Human Services	0401	10.558	<u>205,745</u>
Total U.S. Department of Agriculture				<u>6,069,828</u>
U.S. Department of Treasury				
COVID-19 Emergency Leave	AR Department of Education	0401	21.019	<u>19,703</u>
Total U.S. Department of Treasury				<u>19,703</u>
U.S. Department of Education				
E.S.E.A. Title I, Part A				
Title I Grants to Local Education Agencies	AR Department of Education	0401	84.010	1,442,480
Special Education Cluster (IDEA)				
Grants to States (IDEA, Part B)	AR Department of Education	0401	84.027	2,899,741
Vocational Education - Basic	AR Department of Workforce Education	0401	84.048	227,712
Idea Title VI-B Early Childhood	AR Department of Education	0401	84.173	87,178
English Language Acquisition Grants	AR Department of Education	0401	84.365	126,958
ESSER - Special Education Digital Learning	AR Department of Education	0401	84.365	43,842
Title II, Part A - Improving Teacher Quality State Grants	AR Department of Education	0401	84.367	133,945
Title IV Student Support & Academic Achievement	AR Department of Education	0401	84.424A	82,325

See Independent Auditor's Report

Bentonville School District #6

Schedule of Expenditures of Federal Awards Year ended June 30, 2021

<u>Cluster/Program</u>	<u>Federal Agency / Pass-Through Entity</u>	<u>Pass-Through Entity Identifying Number</u>	<u>CFDA Number</u>	<u>Amount Expended</u>
U.S. Department of Education (Continued)				
COVID - 19 Emergency Leave Part 2	AR Department of Education	0401	84.425D	183,740
ESSER I Emergency Relief Fund	AR Department of Education	0401	84.425D	897,638
ESSER II Emergency Relief Fund	AR Department of Education	0401	84.425D	3,611,591
ESSER II Supplemental	AR Department of Education	0401	84.425D	<u>1,424,211</u>
Total U.S. Department of Education				<u>11,161,361</u>
U.S. Department of Health and Human Services				
Aware Mini Grant	AR Department of Education	0401	93.243	10,000
Head Start	AR Department of Health and Human Services	0401	93.575	100,691
CCDF Cluster Child Care and Development Block Grant	AR Department of Health and Human Services	0401	93.575	229,530
Foster Care - Title IV-E	AR Department of Health and Human Services	0401	93.658	2,108
Comprehensive School Health	AR Department of Health and Human Services	0401	93.981	<u>16,513</u>
Total U.S. Department of Health and Human Services				<u>358,842</u>
Total Federal Awards Expended				<u><u>\$ 17,609,734</u></u>

See Independent Auditor's Report

Bentonville School District #6

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2021

Scope of Audit Pursuant to the Uniform Guidance

All federal and state financial award programs of Bentonville School District #6 (the District) are included in the scope of the Uniform Guidance audit. For purposes of this schedule, federal awards include those received from other agencies, the original source of which was a federal agency.

Summary of Significant Accounting Policies

The District's grant funds are accounted for on the modified cash basis of accounting. Under the modified cash basis, grant revenues are recognized when received and expenditures are recorded when paid. These grant funds are included in the "Contributions, donations, and grants" line of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis. The District is the recipient of federal and state grant awards. The grant programs are administered by various departments within the District. The activities of these departments are monitored by District staff to ensure compliance with the requirements of grants.

Relationship to Federal Financial Reports

Grant expenditures reports as of June 30, 2021, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

10% De Minimis Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

No awards were provided to subrecipients.

Medicaid Reimbursements

Medicaid reimbursements are defined as contracts for services and not federal awards; therefore, they are not covered by the reporting requirements of the Uniform Guidance. Total Medicaid funding for the year ended June 30, 2021 was \$1,347,132, of which \$131,967 was from the Arkansas Department of Human Services.

Bentonville School District #6

Schedule of Expenditures of State Awards Year ended June 30, 2021

<u>Cluster/Program</u>	<u>Pass-Through Entity</u>	<u>Amount Expended</u>
Academic Facilities Partnership	AR Department of Education	\$ 1,125,830
98% URT Act Collection Adjustment	AR Department of Education	283,251
Alternative Learning	AR Department of Education	838,707
AR Kids Can Code	AR Department of Education	45,810
Arkansas School Recognition Program	AR Department of Education	1,636
Assessment End of Learning	AR Department of Education	104,200
Better Chance Program	AR Department of Education	1,247,658
Bond Assisted Debt	AR Department of Education	85,351
Career Education Grants	AR Department of Education	99,910
Computer Science Enrollment Contest/Incentive	AR Department of Education	35,672
Computer Science EOY Bonus	AR Department of Education	10,138
Juvenile Detention Center	AR Department of Education	224,576
Limited English Proficiency	AR Department of Education	281,952
National Board Certification Teacher Bonus	AR Department of Education	650,449
National School Lunch Program	AR Department of Education	2,158,699
Professional Development Funding	AR Department of Education	642,549
Secondary Workforce	AR Department of Education	45,229
Special Education - Catastrophic Occurrences	AR Department of Education	1,757,402
Special Education Services	AR Department of Education	171,515
State Child Nutrition Match	AR Department of Education	36,319
State Foundation Funding	AR Department of Education	67,804,948
Student Growth Funding	AR Department of Education	1,829,224
Teacher Licensure	AR Department of Education	3,690
Youth Shelters	AR Department of Education	<u>29,011</u>
Total AR Department of Education		<u>79,513,726</u>

See Independent Auditor's Report

Bentonville School District #6

Schedule of Expenditures of State Awards Year ended June 30, 2021

<u>Cluster/Program</u>	<u>Pass-Through Entity</u>	<u>Amount Expended</u>
Arkansas Game and Fish Commission	AR Department of Health and Human Services	5,037
Child Care Mandatory and Matching Funds of the Child Care And Development Fund	AR Department of Health and Human Services	3,844
Foster Care - Title IV-E	AR Department of Health and Human Services	595
Parents as Teachers	AR Department of Health and Human Services	<u>51,138</u>
Total AR Department of Health and Human Services		<u>60,614</u>
Total State Awards		<u><u>\$ 79,574,340</u></u>

See Independent Auditor's Report

Bentonville School District #6

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☒ Yes ☐ No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

There were no audit findings for the year ended June 30, 2021.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no audit findings for the year ended June 30, 2021.

Bentonville School District #6

Summary Schedule of Prior Year Audit Findings Year ended June 30, 2021

There were no prior year audit findings for the year ended June 30, 2020.

Bentonville School District #6

Schedule of Units of Service Provided Year ended June 30, 2021

<u>Child Food Care - Units</u>	Breakfast	Lunch	Snack
July - Seamless Summer	10,134	10,874	-
August - Regular	7,864	27,063	-
September	39,288	123,325	-
October	57,534	147,231	-
November	44,070	112,647	-
December	35,638	96,454	-
January	45,944	127,723	-
February	38,408	101,201	-
March	53,925	147,261	-
April	62,588	169,179	-
May	57,166	151,187	1,047
June - Seamless Summer	<u>15,516</u>	<u>19,296</u>	<u>1,980</u>
Total	<u><u>468,075</u></u>	<u><u>1,233,441</u></u>	<u><u>3,027</u></u>

NOTE:

The District entered into a purchase of service contract that does not provide budgeted units of service. Therefore, budgeted units of service are not presented on this schedule.

Bentonville School District #6

Supplemental Data Sheet Required by the Department of Health and Human Services Year ended June 30, 2021

Name and address:	Bentonville Public Schools 500 Tiger Boulevard Bentonville, Arkansas 72712
Employer Identification Number:	71-6020503
Telephone Number:	479-254-5000
Superintendent:	Dr. Deborah Jones
Contact Person:	Janet Schwanhausser, Ed. D.
Cost of Audit:	Available upon request.



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

The School Board
Bentonville School District #6
Bentonville, Arkansas

We have examined management's assertions that the Bentonville School District #6 (the "District") substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended June 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

This report is intended solely for the information and use of the School Board, management and the Arkansas Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Landmark PLC
Certified Public Accountants

Rogers, Arkansas
January 18, 2022

