

**Booneville School District No. 65**

**Logan County, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**June 30, 2015**

LEGISLATIVE JOINT AUDITING COMMITTEE



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LOGAN COUNTY, ARKANSAS  
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JUNE 30, 2015

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# Arkansas

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Sen. Linda Chesterfield  
Senate Vice Chair



Rep. Mary Broadaway  
House Chair  
Rep. Sue Scott  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Booneville School District No. 65 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 Booneville School District No. 65 (the "District"), as of and for the year ended June 30, 2015, 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. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure 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, 2015, or the changes in financial position 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 respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

### ***Other Matters***

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years - Regulatory Basis are presented for 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 1, 2016 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 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  
Legislative Auditor

Little Rock, Arkansas  
February 1, 2016  
EDSD22315

# Arkansas

Sen. Jimmy Hickey, Jr.  
Senate Chair  
Sen. Linda Chesterfield  
Senate Vice Chair



Rep. Mary Broadaway  
House Chair  
Rep. Sue Scott  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### INDEPENDENT AUDITOR'S REPORT

Booneville School District No. 65 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 Booneville School District No. 65 (the "District"), as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 1, 2016. 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, 2015, 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) to determine the 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 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a material weakness.

#### 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 determination of financial statement amounts. 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*.

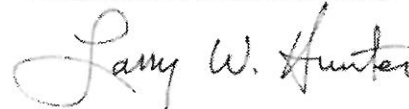
### **District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on it.

### **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 result 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

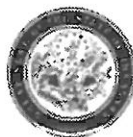
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Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 1, 2016

# 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 OMB CIRCULAR A-133

### INDEPENDENT AUDITOR'S REPORT

Booneville School District No. 65 and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Booneville School District No. 65 (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

#### Report on Internal Control Over Compliance

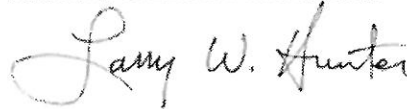
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Larry W. Hunter".

Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 1, 2016

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2015

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
<b>ASSETS</b>				
Cash	\$ 1,709,779	\$ 193,368	\$ 42,092	\$ 64,131
Investments	430,839		357,749	86,249
Accounts receivable	4,671	75,832		
<b>TOTAL ASSETS</b>	<u>\$ 2,145,289</u>	<u>\$ 269,200</u>	<u>\$ 399,841</u>	<u>\$ 150,380</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 23,340	\$ 9,288		\$ 1,470
Due student groups				62,146
Total Liabilities	<u>23,340</u>	<u>9,288</u>		<u>63,616</u>
Fund Balances:				
Restricted	128,385	259,912	\$ 209,539	86,764
Assigned	38,738		190,302	
Unassigned	1,954,826			
Total Fund Balances	<u>2,121,949</u>	<u>259,912</u>	<u>399,841</u>	<u>86,764</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,145,289</u>	<u>\$ 269,200</u>	<u>\$ 399,841</u>	<u>\$ 150,380</u>

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

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BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

Exhibit B

	Major		
	General	Special Revenue	Other Aggregate
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 3,255,359		
State assistance	7,807,896	\$ 5,362	
Federal assistance	58,265	1,870,359	
Activity revenues	104,766		
Meal sales		89,385	
Investment income	11,705		\$ 4,819
Other revenues	34,656		
<b>TOTAL REVENUES</b>	<b>11,272,647</b>	<b>1,965,106</b>	<b>4,819</b>
<b>EXPENDITURES</b>			
Regular programs	4,425,829	168,157	175,042
Special education	649,459	149,765	
Career education programs	410,263		
Compensatory education programs	818	364,598	
Other instructional programs	310,512		
Student support services	446,462	65,224	
Instructional staff support services	623,007	251,810	
General administration support services	227,960	86,820	
School administration support services	571,408		
Central services support services	265,211	21,897	67,209
Operation and maintenance of plant services	1,134,205		
Student transportation services	537,696	971	
Other support services	41,663		
Food services operations		789,495	
Community services operations		365	
Facilities acquisition and construction services	1,188,874		58,330
Non-programmed costs		3,120	
Activity expenditures	108,464		
Debt Service:			
Principal retirement	168,766		55,000
Interest and fiscal charges	14,008		277,585
<b>TOTAL EXPENDITURES</b>	<b>11,124,605</b>	<b>1,902,222</b>	<b>633,166</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>148,042</b>	<b>62,884</b>	<b>(628,347)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			694,471
Transfers out	(694,471)		
Early retirement of debt	(50,067)		
Compensation for loss of capital assets	1,150,283		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>405,745</b>		<b>694,471</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>553,787</b>	<b>62,884</b>	<b>66,124</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,568,162</b>	<b>197,028</b>	<b>333,717</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 2,121,949</b>	<b>\$ 259,912</b>	<b>\$ 399,841</b>

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

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

	General			Variance		Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual		Favorable (Unfavorable)	Budget	Actual		
<b>REVENUES</b>								
Property taxes (including property tax relief trust distribution)	\$ 3,119,437	\$ 3,255,359	\$ 135,922					
State assistance	7,999,062	7,807,896	108,834		\$ 5,411	\$ 5,362	\$ (49)	
Federal assistance	56,017	58,265	2,248		1,904,737	1,870,359	(34,378)	
Activity revenues	375,304	104,766	(270,538)		150,607	89,385	(61,222)	
Meal sales								
Investment income	10,946	11,705	759					
Other revenues	1,181,294	34,656	(1,146,638)					
<b>TOTAL REVENUES</b>	<b>12,442,060</b>	<b>11,272,647</b>	<b>(1,169,413)</b>		<b>2,060,755</b>	<b>1,965,106</b>	<b>(95,649)</b>	
<b>EXPENDITURES</b>								
Regular programs	4,434,686	4,425,829	8,857		175,687	168,157	7,530	
Special education	663,464	649,459	14,005		186,330	149,765	36,565	
Career education programs	408,385	410,263	(1,878)		399,669	364,598	399,669	
Compensatory education programs	202	818	(616)				(364,598)	
Other instructional programs	329,381	310,512	18,869		117,778	65,224	52,554	
Student support services	530,613	446,462	84,151		323,793	251,810	71,983	
Instructional staff support services	646,528	623,007	23,521		124,632	86,820	37,812	
General administration support services	221,396	227,960	(6,564)					
School administration support services	558,139	571,408	(13,269)		24,551	21,897	2,654	
Central services support services	376,903	265,211	111,692			971	(971)	
Operation and maintenance of plant services	1,216,605	1,134,205	82,400					
Student transportation services	508,190	537,696	(29,506)					
Other support services	27,372	41,663	(14,291)					
Food services operations					827,889	789,495	38,394	
Community services operations					3,000	365	2,635	
Facilities acquisition and construction services	1,135,638	1,188,874	(53,236)					
Non-programmed costs	6,521		6,521					
Activity expenditures	375,304	108,464	266,840			3,120	(3,120)	
Debt Service:								
Principal retirement	123,965	168,766	(44,801)					
Interest and fiscal charges	16,868	14,008	2,860					
<b>TOTAL EXPENDITURES</b>	<b>11,580,160</b>	<b>11,124,605</b>	<b>455,555</b>		<b>2,183,329</b>	<b>1,902,222</b>	<b>281,107</b>	

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

	General		Variance Favorable (Unfavorable)	Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 861,900	\$ 148,042	\$ (713,858)	\$ (122,574)	\$ 62,884	\$ 185,458
OTHER FINANCING SOURCES (USES)						
Transfers in	14,602,476		(14,602,476)	2,432		(2,432)
Transfers out	(15,303,624)	(694,471)	14,609,153			
Early retirement of debt		(50,067)	(50,067)			
Compensation for loss of capital assets		1,150,283	1,150,283			
TOTAL OTHER FINANCING SOURCES (USES)	(701,148)	405,745	1,106,893	2,432		(2,432)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	160,752	553,787	393,035	(120,142)	62,884	183,026
FUND BALANCES - JULY 1	1,759,982	1,568,162	(191,820)	183,606	197,028	13,422
FUND BALANCES - JUNE 30	\$ 1,920,734	\$ 2,121,949	\$ 201,215	\$ 63,464	\$ 259,912	\$ 196,448

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

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BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Booneville School District (District).

**B. Description of Funds**

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

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund – The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Fund types include the following:

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

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

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

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

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**C. Measurement Focus and Basis of Accounting (Continued)**

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

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
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.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

F. Property Taxes (Continued)

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2014 calendar year taxes collected by June 30, 2015 and 24 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2015 equaled or exceeded the 24 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 Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

G. Fund Balance Classifications

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

H. Budget and Budgetary Accounting

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.



BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

**I. Stabilization Arrangements**

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

**J. Minimum Fund Balance Policies**

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

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

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

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

**L. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 1,124,836	\$ 1,124,836
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>1,758,884</u>	<u>1,887,036</u>
Total Deposits	<u>\$ 2,883,720</u>	<u>\$ 3,011,872</u>

The above total deposits do not include cash on hand of \$487. The above total deposits include certificates of deposit of \$874,837 reported as investments and classified as nonparticipating contracts.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 962	
Federal assistance		\$ 75,832
Other	3,709	
Totals	<u>\$ 4,671</u>	<u>\$ 75,832</u>

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2015:

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, 2015	Maturities To June 30, 2015
10/1/11	2/1/33	.75 - 3.75%	\$ 1,415,000	\$ 1,250,000	\$ 165,000
6/1/14	2/1/39	2 - 3.75%	11,605,000	11,605,000	
4/3/06	4/3/16	4.65%	1,000,000	129,758	870,242
10/25/12	10/25/19	2.75%	306,500	50,847	255,653
Totals			<u>\$ 14,326,500</u>	<u>\$ 13,035,605</u>	<u>\$ 1,290,895</u>

Changes in Long-term Debt

	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
Bonds payable	\$ 12,910,000		\$ 55,000	\$ 12,855,000
Installment contracts	399,438		218,833 *	180,605
Totals	<u>\$ 13,309,438</u>	<u>\$ 0</u>	<u>\$ 273,833</u>	<u>\$ 13,035,605</u>

\*Includes \$50,067 early retirement of debt - See Note 14.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**4: COMMITMENTS (Continued)**

Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2016	\$ 232,186	\$ 403,021	\$ 635,207
2017	328,419	396,656	725,075
2018	440,000	390,109	830,109
2019	445,000	381,309	826,309
2020	460,000	372,340	832,340
2021-2025	2,455,000	1,691,916	4,146,916
2026-2030	2,825,000	1,311,175	4,136,175
2031-2035	3,145,000	825,906	3,970,906
2036-2040	2,705,000	255,725	2,960,725
Totals	<u>\$ 13,035,605</u>	<u>\$ 6,028,157</u>	<u>\$ 19,063,762</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.

**5: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015 were comprised of the following:

Description	Governmental Funds		Fiduciary Fund Types
	Major		
	General	Special Revenue	
Vendor payables	\$ 23,340	\$ 9,288	\$ 1,470

**6: INTERFUND TRANSFERS**

The District transferred \$694,471 from the general fund to other aggregate funds for debt related payments of \$199,143 and debt refunding savings of \$495,328 required to be utilized for capital expenditures.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**7: RETIREMENT PLANS**

**Arkansas Teacher Retirement System**

**Plan Description**

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

**Funding Policy**

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% 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% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2015 were \$983,378, equal to the required contributions.

**Net Pension Liability**

The Arkansas Department of 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, 2014 (actuarial valuation date and measurement date) was \$6,450,578.

**Arkansas Public Employees Retirement System**

**Plan Description**

The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

**Funding Policy**

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2015 were \$4,100, equal to the required contributions.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**7: RETIREMENT PLANS (Continued)**

Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The Arkansas Department of 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, 2014 (actuarial valuation date and measurement date) was \$21,277.

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

ADDITIONS	
Donations	\$ 2,500
Interest	<u>407</u>
TOTAL ADDITIONS	<u>2,907</u>
DEDUCTIONS	
Scholarships	<u>5,472</u>
CHANGE IN FUND BALANCE	(2,565)
FUND BALANCE - JULY 1	<u>89,329</u>
FUND BALANCE - JUNE 30	<u><u>\$ 86,764</u></u>

**9: COMPONENT UNIT**

The financial statements do not include assets, fund balance, and changes in fund balance of the Booneville Public School Foundation, Inc. The Foundation operates as a nonprofit benevolent corporation for charitable educational purposes. A summary of the Foundation's financial condition (unaudited) as of June 30, 2015 follows:

ASSETS	
Investments	<u>\$ 780,921</u>
FUND BALANCE	<u><u>\$ 780,921</u></u>
REVENUE	
Donations	\$ 5,395
Interest and dividends	<u>3,608</u>
TOTAL REVENUE	9,003
EXPENDITURES	<u>34,299</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u><u>\$ (25,296)</u></u>

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$13,020,000 issued from October 1, 2011 to June 1, 2014. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$18,877,523, payable through February 1, 2039. Principal and interest paid for the current year and total property taxes pledged for debt service were \$332,353 and \$1,230,882, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 27.00 percent.

**11: RISK MANAGEMENT**

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

The District carries commercial insurance for board liability and student accidents.

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

Additionally, the District participates in the Arkansas School Boards Association - Risk Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984 pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$250,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

**12: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$289,801 for the year ended June 30, 2015.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 37,188		
Educational programs - national school lunch state categorical funding	48,397		
English-language learners	2,239		
Professional development	22,628		
Capital projects			\$ 209,539
Child nutrition programs		\$ 40,855	
Childcare and development		140,287	
Medical services		49,140	
Special education programs	9,061	491	
Other purposes	8,872	29,139	
Total Restricted	<u>128,385</u>	<u>259,912</u>	<u>209,539</u>
Assigned to:			
Capital projects			190,302
Student activities	38,738		
Total Assigned	<u>38,738</u>		<u>190,302</u>
Unassigned	<u>1,954,826</u>		
Totals	<u>\$2,121,949</u>	<u>\$ 259,912</u>	<u>\$ 399,841</u>

**14: EARLY RETIREMENT OF DEBT**

On April 15, 2015, the District paid an additional \$50,067 principal payment on the 2012 installment contract prior to the scheduled due date.

**15. COMPENSATION FOR LOSS OF CAPITAL ASSETS**

The District sustained storm damage to multiple buildings over an extended period of time. During the year ended June 30, 2015, the District received insurance proceeds of \$1,150,283 to re-roof the buildings affected.



BOONEVILLE SCHOOL DISTRICT NO. 65  
 LOGAN COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (Unaudited)

Schedule 1

	Balance June 30, 2015
<i>Nondepreciable capital assets:</i>	
Land	\$ 358,290
<i>Depreciable capital assets:</i>	
Buildings	22,082,862
Improvements/infrastructure	1,073,579
Equipment	3,048,891
Total depreciable capital assets	<u>26,205,332</u>
Less accumulated depreciation for:	
Buildings	6,889,141
Improvements/infrastructure	687,540
Equipment	2,214,003
Total accumulated depreciation	<u>9,790,684</u>
Total depreciable capital assets, net	<u>16,414,648</u>
Capital assets, net	<u>\$ 16,772,938</u>

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>			
<u>U. S. Department of Agriculture</u>			
Direct Program:			
National School Lunch Program - Non-Cash Assistance (Food Distribution) (Note 3)	10.555		\$ 3,499
Passed Through State Department of Education:			
School Breakfast Program - Cash Assistance	10.553	42-01-000	187,451
National School Lunch Program - Cash Assistance	10.555	42-01-000	394,246
Total State Department of Education			581,697
Passed Through State Department of Human Services:			
National School Lunch Program - Non-Cash Assistance (Food Distribution) (Note 4)	10.555	4201000	61,620
<b>TOTAL CHILD NUTRITION CLUSTER</b>			646,816
<b>OTHER PROGRAMS</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	42-01	51,619
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	42-01	409,578
Special Education - Grants to States	84.027	4201	251,006
Twenty-First Century Community Learning Centers	84.287	4201	140,861
Rural Education	84.358	4201	21,174
Improving Teacher Quality State Grants	84.367	4201	51,666
Total U. S. Department of Education			874,285
<b>TOTAL OTHER PROGRAMS</b>			925,904
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 1,572,720

The accompanying notes are an integral part of this schedule.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Booneville School District No. 65 (District) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.
- 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 State Department of Human Services.
- Note 5: During the year ended June 30, 2015, the District received Medicaid funding of \$9,949 from the State Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued: GAAP basis of reporting - adverse  
Regulatory basis opinion units - unmodified

Internal control over financial reporting:

● Material weakness(es) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
● Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

FEDERAL AWARDS

Internal control over major federal programs:

● Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
● Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	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 Section 510(a) of OMB Circular A-133?

<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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Identification of major federal programs:

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

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

\$ 300,000

Auditee qualified as low-risk auditee?

<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

**2015-001. Internal Control**

Criteria or specific requirement: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, the same employees were responsible for receiving and depositing monies collected, preparation of payroll and non-payroll checks, maintenance of accounting records, and preparation of bank reconciliations, with minimal compensating controls.

Context: An understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained.

Effect: The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

Cause: District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets.

Views of responsible officials and planned corrective actions: The District will make every effort to segregate duties as much as possible with the available staff.

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

No matters were reported.

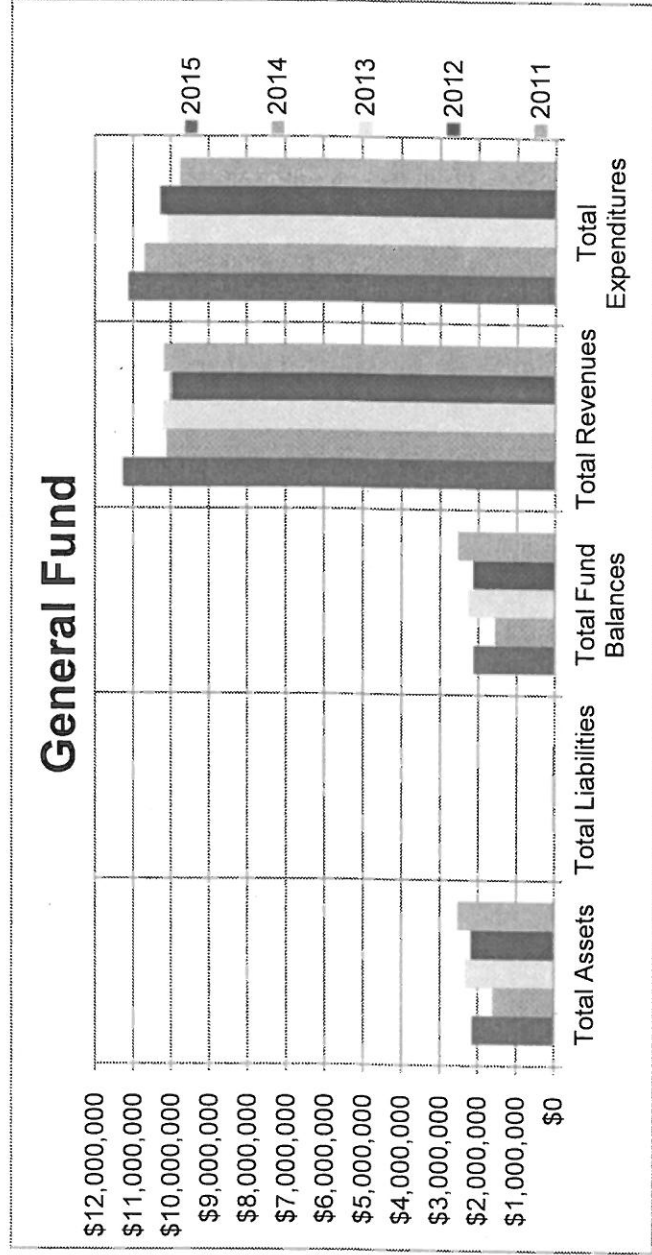
BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

Schedule 4

There were no findings in the prior audit.

BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015  
(Unaudited)

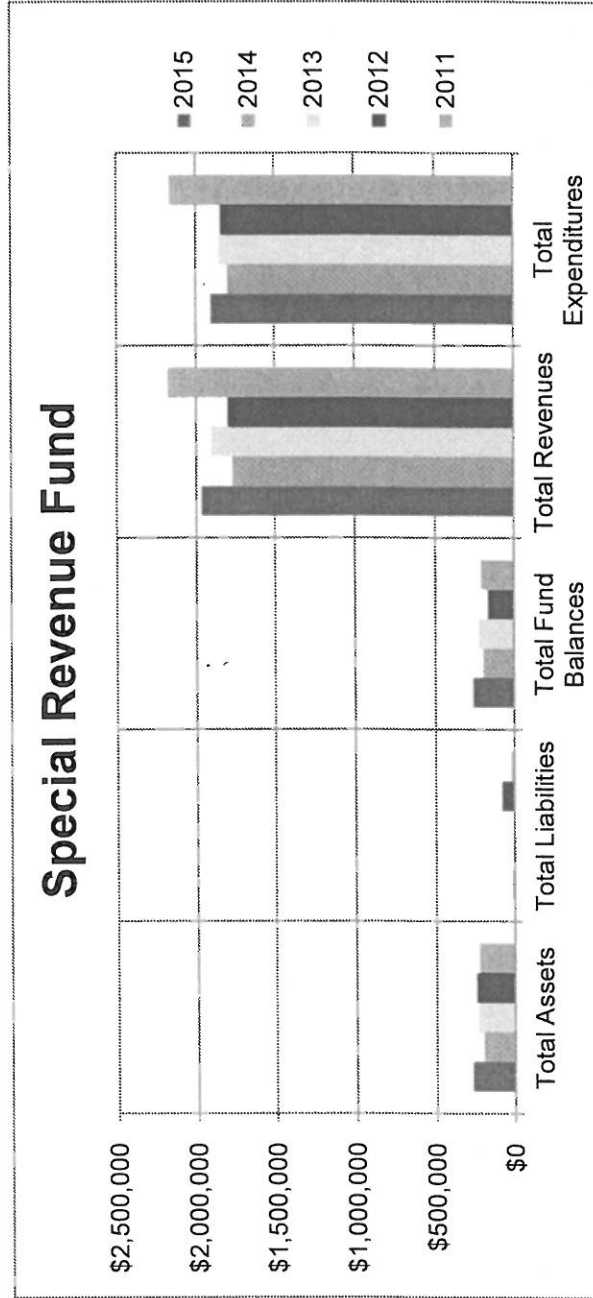
	Year Ended June 30,				
	2015	2014	2013	2012	2011
<b>General Fund</b>					
Total Assets	\$ 2,145,289	\$ 1,615,491	\$ 2,305,968	\$ 2,179,941	\$ 2,546,418
Total Liabilities	23,340	47,329	50,041	43,056	28,564
Total Fund Balances	2,121,949	1,568,162	2,255,927	2,136,885	2,517,854
Total Revenues	11,272,647	10,104,541	10,185,901	9,954,313	10,180,636
Total Expenditures	11,124,605	10,689,874	10,066,859	10,267,998	9,742,355
Total Other Financing Sources (Uses)	405,745	(102,432)	(67,284)		(584,644)





BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015  
(Unaudited)

	Year Ended June 30,				
	2015	2014	2013	2012	2011
<b>Special Revenue Fund</b>					
Total Assets	\$ 269,200	\$ 199,696	\$ 227,452	\$ 243,261	\$ 225,827
Total Liabilities	9,288	2,668	6,173	77,741	15,407
Total Fund Balances	259,912	197,028	221,279	165,520	210,420
Total Revenues	1,965,106	1,765,944	1,899,766	1,794,607	2,178,002
Total Expenditures	1,902,222	1,792,627	1,843,855	1,839,507	2,165,411
Total Other Financing Sources (Uses)		2,432	(152)		



BOONEVILLE SCHOOL DISTRICT NO. 65  
LOGAN COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015  
(Unaudited)

Other Aggregate Funds	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets	\$ 399,841	\$ 486,587	\$ 464,556	\$ 1,151,341	\$ 1,072,005
Total Liabilities		152,870	119,180	243,409	
Total Fund Balances	399,841	333,717	345,376	907,932	1,072,005
Total Revenues	4,819	859,522	636,317	1,642,386	796,345
Total Expenditures	633,166	900,296	1,498,873	1,876,364	827,670
Total Other Financing Sources (Uses)	694,471	29,115	300,000	69,905	499,644

