

Arkansas



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Beebe School District (District) of White County

Dear Superintendent:

Form SF-SAC (Data Collection Form) and the Single Audit reporting package for your District are required to be submitted online using the Federal Audit Clearinghouse (FAC) Internet Data Entry System. Below you will find the instructions to be utilized by the District's certifying official (the person designated by the District during audit fieldwork) for completing the District's responsibilities in this process.

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200) requires the District to prepare a **corrective action plan** that addresses each audit finding reflected in the District's audit report in Schedule 3, Schedule of Findings and Questioned Costs, Sections II (Financial Statement Findings) and III (Federal Award Findings and Questioned Costs). If there are no audit findings reported in Schedule 3, the District **does not** need to prepare a corrective action plan. **If a corrective action plan is required, it must be prepared on District letterhead.** The corrective action plan should provide the following **for each finding**:

- the reference number the auditor has assigned to each finding in Schedule 3;
- the name(s) of the contact person(s) responsible for corrective action;
- the corrective action planned; and
- the anticipated completion date.

If you do not agree with the audit findings or believe corrective action is not required, then the corrective action plan must contain an explanation and specific reasons why you disagree. Please submit the District's corrective action plan via email to Arkansas Legislative Audit (ALA) at the following address: dcf@arklegaudit.gov. The plan should be in an attachment to your email and prepared in Microsoft Word or Excel. The plan can be a PDF document, however all PDFs must be text-searchable, unencrypted and unlocked. If you fail to meet these requirements, the District's reporting package will not be accepted by the FAC. Instructions on how to create a compliant PDF are in Appendix III of the *Internet Data Entry System (IDES) Instructions* (Uniform Guidance) FY 2019-2021, beginning on page 77, which can be accessed on the FAC website or by utilizing the following internet address: <https://harvester.census.gov/facides/Files/IDES%202019-2021%20UG%20User%20Manual.pdf>.

The corrective action plan should be submitted within 2 days of receipt of this letter. **Please include the words "Corrective Action Plan" in the heading of the document and in the subject line of your email.** Once we receive the District's corrective action plan, we will attach it and a PDF version of the District's audit to the online Data Collection Form, **which we will prepare.** After we attach the audit report and corrective action plan to the online data collection form, the District's certifying official will receive an email from the FAC stating that the certification process is ready for his/her action and he/she will need to log into the submission **using his/her email address and the password that he/she established.** **The District's certifying official does not need to log into the submission until he/she receives an email requesting that he/she do so.** After logging in, to review and certify the form:

- Click the **Continue/Certify** button on the left-hand side of the **Account Home** page.
- Click the **Select** link (last column) associated with fiscal year 2019 and the name of the District.
- Select the drop-down menu for **Audit Form** on the left-hand side of the **Report Home** page.
- Click on **View/Print Form SF-SAC.** A window will appear which will allow the District's certifying official to open or save the file. The Data Collection Form will appear in Excel format by default.

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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

TO: Auditee

FROM: Patrick Nutt, CPA
Deputy Legislative Auditor

DATE: February 21, 2020

SUBJECT: Legislative Joint Auditing Committee Review of:

Beebe School District of White County
June 30, 2019

The Standing Committee on Educational Institutions will review this report at **1:30 p.m., on Thursday, February 27, 2020, in Conference Room 138**, State Capitol Building, Little Rock, Arkansas.

If you should have any questions or comments regarding this matter, please feel free to contact us.



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

February 21, 2020

To the Superintendent and School Board Members
Beebe School District (District)

We have audited the regulatory basis financial statements of each major governmental fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2019, and have issued our report thereon dated November 20, 2019. Ark. Code Ann. § 6-1-101(d) requires the District's board or governing body to review the audit report at the first regularly scheduled meeting following receipt of the audit report if the audit report is received by the board or governing party prior to 10 days before the regularly scheduled meeting. If the audit report is received by the board or governing body within 10 days before a regularly scheduled meeting, the audit report may be reviewed at the next regularly scheduled meeting after the 10 day period. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Engagement Letter to you dated September 26, 2019. Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the audit year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter dated November 20, 2019.

Beebe School District

White County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2019



BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Beebe School District 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 Beebe School District (the "District"), as of and for the year ended June 30, 2019, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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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

Beebe School District 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 Beebe School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated November 20, 2019. 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, 2019, 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 regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Beebe School District and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Beebe School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

BEEBE SCHOOL DISTRICT
 WHITE COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 2,238,563		\$ 1,454,179	\$ 251,887
Accounts receivable	5,836	\$ 361,065		
Due from other funds	321,851			
Deposit with paying agent			1,735,922	
TOTAL ASSETS	\$ 2,566,250	\$ 361,065	\$ 3,190,101	\$ 251,887
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 151,516	\$ 3,208		\$ 15,763
Due student groups				236,124
Due to other funds		321,851		
Total Liabilities	151,516	325,059		251,887
Fund Balances:				
Restricted	303,300	36,006	\$ 1,735,922	
Assigned	420,160		1,454,179	
Unassigned	1,691,274			
Total Fund Balances	2,414,734	36,006	3,190,101	
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,566,250	\$ 361,065	\$ 3,190,101	\$ 251,887

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

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 8,143,058		
State assistance	18,643,397	\$ 10,441	\$ 145,900
Federal assistance	724	2,959,936	176,475
Activity revenues	161,584		
Meal sales		371,786	
Investment income	81,069		39,370
Other revenues	1,009,169	108,178	
TOTAL REVENUES	28,039,001	3,450,341	361,745
EXPENDITURES			
Regular programs	12,387,461	68,317	
Special education	1,898,328	460,948	
Career education programs	558,894		
Compensatory education programs	49,000	411,104	
Other instructional programs	1,230,918	64,987	
Student support services	1,158,950	252,078	
Instructional staff support services	1,549,325	418,986	
General administration support services	787,257		
School administration support services	1,478,343		
Central services support services	353,196		
Operation and maintenance of plant services	3,085,530		253,066
Student transportation services	1,270,096	39,638	
Other support services	30,417		
Food services operations	143,934	1,880,797	
Community services operations	534,512	5	
Facilities acquisition and construction services	7,163		
Activity expenditures	172,919		
Debt Service:			
Principal retirement			910,000
Interest and fiscal charges			548,219
TOTAL EXPENDITURES	26,696,243	3,596,860	1,711,285
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,342,758	(146,519)	(1,349,540)
OTHER FINANCING SOURCES (USES)			
Transfers in		155,783	1,532,967
Transfers out	(1,688,750)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,688,750)	155,783	1,532,967
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(345,992)	9,264	183,427
FUND BALANCES - JULY 1	2,760,726	26,742	3,006,674
FUND BALANCES - JUNE 30	\$ 2,414,734	\$ 36,006	\$ 3,190,101

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

BEEBE SCHOOL DISTRICT
 WHITE 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, 2019

	General			Special Revenue			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,434,680	\$ 1,342,758	\$ (91,922)	\$ (17,235)	\$ (146,519)	\$ (129,284)	
OTHER FINANCING SOURCES (USES)							
Transfers in	37,932,691		(37,932,691)		155,783	155,783	
Transfers out	(39,261,305)	(1,688,750)	37,572,555				
TOTAL OTHER FINANCING SOURCES (USES)	(1,328,614)	(1,688,750)	(360,136)		155,783	155,783	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	106,066	(345,992)	(452,058)	(17,235)	9,264	26,499	
FUND BALANCES - JULY 1	3,071,444	2,760,726	(310,718)	26,739	26,742	3	
FUND BALANCES - JUNE 30	\$ 3,177,510	\$ 2,414,734	\$ (762,776)	\$ 9,504	\$ 36,006	\$ 26,502	

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

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Board of Education, a five member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Beebe School District (District). There are no component units.

B. Description of Funds

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

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

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

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

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

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

Fiduciary Fund types include the following:

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

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.

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.

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Interfund Receivables and Payables

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

H. Fund Balance Classifications

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

I. Budget and Budgetary Accounting

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

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

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

J. Stabilization Arrangements

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

K. Minimum Fund Balance Policies

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

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2019:

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, 2019	Maturities To June 30, 2019
6/1/03	2/1/20	1.2 - 4%	\$ 1,420,000	\$ 110,000	\$ 1,310,000
11/1/03	2/1/21	2.95 - 3.95%	926,750	140,000	786,750
11/1/05	2/1/20	3.05 - 3.8%	1,220,000	110,000	1,110,000
8/3/10	8/1/27	5.23%	3,605,000	3,605,000	
2/1/12	2/1/37	2.5 - 3.75%	1,570,000	1,220,000	350,000
3/1/15	2/1/37	1 - 3.1%	1,405,000	1,195,000	210,000
6/22/17	2/1/37	1.4 - 3%	9,705,000	9,705,000	
Total Long-Term Debt			<u>\$ 19,851,750</u>	<u>\$ 16,085,000</u>	<u>\$ 3,766,750</u>

Changes in Long-term Debt

	Balance July 01, 2018	Issued	Retired	Balance June 30, 2019
Bonds payable	<u>\$ 16,995,000</u>	<u>\$ 0</u>	<u>\$ 910,000</u>	<u>\$ 16,085,000</u>

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2020	\$ 400,000	\$ 514,719	\$ 914,719
2021	655,000	501,559	1,156,559
2022	610,000	489,999	1,099,999
2023	620,000	480,354	1,100,354
2024	630,000	467,889	1,097,889
2025-2029	6,940,000	1,756,367	8,696,367
2030-2034	3,745,000	731,418	4,476,418
2035-2037	2,485,000	154,862	2,639,862
Totals	<u>\$ 16,085,000</u>	<u>\$ 5,097,167</u>	<u>\$ 21,182,167</u>

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

8: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

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

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, 2019 were \$2,634,532, 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, 2018 (actuarial valuation date and measurement date) was \$21,988,678.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$19,851,750 issued from June 1, 2003 through June 22, 2017. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$21,182,167, payable through February 1, 2037. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,454,217 and \$2,580,860, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 56.35 percent.

10: RISK MANAGEMENT

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

The District carries commercial insurance for board liability and student athletic and extracurricular activities.

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

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

13: LEASE AGREEMENT WITH SPRINT

On September 15, 2007, the District executed a 30 year lease agreement with Sprint (formerly Clearwire Spectrum Holdings II, LLC), for broadband service access capacity use and royalties. The District received \$190,440 in the fiscal year ended June 30, 2019. The District will receive monthly royalties as follows: \$15,870 per month for each of the years 13 through 15, \$18,251 per month for each of the years 16 through 20, \$20,988 per month for each of the years 21 through 25, and \$24,136 per month for each of years 26 through 30. In addition to the monthly royalties, the District will receive a monthly \$3,000 service credit fee to be paid until Sprint has activated services on the channels in the market.

BEEBE SCHOOL DISTRICT
WHITE COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	7302		\$ 305,714
Arkansas Department of Education - National School Lunch Program	10.555	7302		774,078
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	7302000		111,632
Total for National School Lunch Program				885,710
Total U. S. Department of Agriculture				1,191,424
TOTAL CHILD NUTRITION CLUSTER				1,191,424
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	7302		657,588
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				657,588
OTHER PROGRAMS				
<u>U. S. Department of Defense</u>				
ROTC (Note 4)	12.AR20012			64,986
Total U. S. Department of Defense				64,986
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	7302		663,136
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048	7302		31,616
Arkansas Department of Education - Rural Education	84.358	7302		11,045
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	7302		111,639
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	7302		22,184
Total U. S. Department of Education				839,620
TOTAL OTHER PROGRAMS				904,606
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 2,753,618

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Beebe School District (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 4: The Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2019, the District received Medicaid funding of \$80,414 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

Dr. Kathy Pillow-Price, President
Jason Smith, Vice President
Clay Goff, Secretary



Harold Davis, Member
Janet Hines, Member
Dr. Chris Nail, Superintendent

Beebe Public Schools
1201 West Center Street
Beebe, Arkansas 72012
Phone 501-882-5463
Fax 501-882-5465

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30 2019**

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

BEEBE SCHOOL DISTRICT
 WHITE COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Special Revenue Fund					
Total Assets	\$ 361,065	\$ 295,389	\$ 279,151	\$ 307,447	\$ 218,133
Total Liabilities	325,059	268,647	243,328	247,778	40,631
Total Fund Balances	36,006	26,742	35,823	59,669	177,502
Total Revenues	3,450,341	3,414,585	3,410,298	3,333,047	3,202,141
Total Expenditures	3,596,860	3,604,276	3,721,694	3,615,117	3,419,204
Total Other Financing Sources (Uses)	155,783	180,610	287,550	164,237	185,981



