

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
El Dorado, Arkansas

**REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2015

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COBB AND SUSKIE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

One Financial Centre • Suite 400 • P. O. Box 21675 • Little Rock, Arkansas 72221-1675
(501) 225-2133 • Fax (501) 223-2839

Michael L. Cobb

Anne Suskie Pinyan

Independent Auditors' Report

The Board of Education
Parkers Chapel School District No. 35
El Dorado, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of Parkers Chapel School District No. 35 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Parkers Chapel School District No. 35'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.

Auditors' 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 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 entity'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 entity'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, the financial statements are prepared by Parkers Chapel School District No. 35, 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, to meet the requirements of the State of Arkansas.

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” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Parkers Chapel School District No. 35, as of June 30, 2015, or changes in financial position, thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of Parkers Chapel School District No. 35 as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parkers Chapel School District No. 35’s regulatory basis financial statements. The schedule of capital assets, billable units, and governmental awards are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The schedules of capital assets, billable units, and governmental awards are the responsibility of management and were derived from and relate 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 schedules of capital assets, billable units, and the governmental awards are fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2015, on our consideration of Parkers Chapel School District No. 35'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 Parkers Chapel School District No. 35's internal control over financial reporting and compliance.

Cobb and Suskie, Ltd.

Certified Public Accountants
October 26, 2015

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2015

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Other Governmental <u>Funds</u>
ASSETS			
Cash	\$ 1,518,402	\$ 78,941	\$ 332,637
Funds with Paying Agent	-	-	163,057
Accounts Receivable	<u>-</u>	<u>17,130</u>	<u>-</u>
 TOTAL ASSETS	 <u><u>\$ 1,518,402</u></u>	 <u><u>\$ 96,071</u></u>	 <u><u>\$ 495,694</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued Expenditures	\$ 23,215	\$ -	\$ -
Due to Student Groups	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>23,215</u>	<u>-</u>	<u>-</u>
 Fund Balances:			
Unreserved	1,495,187	96,071	495,694
Reserved	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,495,187</u>	<u>96,071</u>	<u>495,694</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 1,518,402</u></u>	 <u><u>\$ 96,071</u></u>	 <u><u>\$ 495,694</u></u>

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

Total Governmental <u>Funds</u>	Fiduciary Fund <u>Types</u>
\$ 1,929,980	\$ 66,026
163,057	-
<u>17,130</u>	<u>-</u>
<u>\$ 2,110,167</u>	<u>\$ 66,026</u>
\$ 23,215	\$ -
<u>-</u>	<u>50,196</u>
<u>23,215</u>	<u>50,196</u>
2,086,952	-
<u>-</u>	<u>15,830</u>
<u>2,086,952</u>	<u>15,830</u>
<u>\$ 2,110,167</u>	<u>\$ 66,026</u>

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES:				
Local Property Taxes	\$ 2,042,273	\$ -	\$ 17	\$ 2,042,290
State Sources	3,675,578	2,353	116,192	3,794,123
Federal Sources	-	545,751	-	545,751
Intermediate Sources	74,703	-	-	74,703
Food Services	-	129,081	-	129,081
Other Sources	41,076	-	-	41,076
Student Activities	99,173	-	-	99,173
Interest	1,844	67	-	1,911
Total Revenues	<u>5,934,647</u>	<u>677,252</u>	<u>116,209</u>	<u>6,728,108</u>
EXPENDITURES:				
<u>Instruction</u>				
Regular Instruction	2,905,659	15,195	-	2,920,854
Special Instruction	262,612	120,433	-	383,045
Vocational Instruction	96,574	-	-	96,574
Compensatory Instruction	2,877	66,169	-	69,046
Other Instruction	70,869	-	-	70,869
Total Instruction	<u>3,338,591</u>	<u>201,797</u>	<u>-</u>	<u>3,540,388</u>
<u>Support Services</u>				
Student Support Services	270,584	50,869	-	321,453
Instructional Support Services	190,300	38,555	-	228,855
General Administration Services	267,382	-	-	267,382
School Administration Services	312,403	-	-	312,403
Business Support Services	187,752	-	-	187,752
Operations and Maintenance	816,996	-	-	816,996
Pupil Transportation Services	146,791	-	12,117	158,908
Other Support Services	12,000	-	-	12,000
Food Services	-	381,881	-	381,881
Community Service	38,834	68	-	38,902
Debt Service - Principal	13,354	-	77,991	91,345
Debt Service - Interest	4,154	-	-	4,154
Activity Expenditures	98,551	-	-	98,551
Building Acquisition	1,514	-	-	1,514
Capital Outlay	43,149	4,121	360,304	407,574
Total Support Services	<u>2,403,764</u>	<u>475,494</u>	<u>450,412</u>	<u>3,329,670</u>
Total Expenditures	<u>5,742,355</u>	<u>677,291</u>	<u>450,412</u>	<u>6,870,058</u>

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

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess of Revenues Over (Under) Expenditures	\$ 192,292	\$ (39)	\$ (334,203)	\$ (141,950)
OTHER FINANCING SOURCES (USES)				
Lease Purchase Proceeds	240,091	-	-	240,091
Proceeds from Refunding Bonds	-	-	3,434	3,434
Transfers In	-	40,000	380,478	420,478
Transfers Out	(420,478)	-	-	(420,478)
Total Other Financing Sources (Uses)	(180,387)	40,000	383,912	243,525
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	11,905	39,961	49,709	101,575
Fund Balances, Beginning of Year	1,483,282	56,110	445,985	1,985,377
Fund Balances, End of Year	<u>\$ 1,495,187</u>	<u>\$ 96,071</u>	<u>\$ 495,694</u>	<u>\$ 2,086,952</u>

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

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
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 FUND		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property Taxes	\$ 2,124,247	\$ 2,042,273	\$ (81,974)
Federal Sources	-	-	-
State Sources	3,494,080	3,675,578	181,498
Other Local Sources	-	-	-
Intermediate Sources	60,000	74,703	14,703
Food Services	-	-	-
Other Sources	43,300	41,076	(2,224)
Student Activities	-	99,173	99,173
Interest	1,000	1,844	844
Total Revenues	<u>5,722,627</u>	<u>5,934,647</u>	<u>212,020</u>
Expenditures:			
Instruction:			
Regular Instruction	3,000,440	2,905,659	94,781
Special Instruction	264,198	262,612	1,586
Vocational Instruction	96,372	96,574	(202)
Compensatory Instruction	-	2,877	(2,877)
Other Instruction	49,273	70,869	(21,596)
Total Instruction	<u>3,410,283</u>	<u>3,338,591</u>	<u>71,692</u>
Support Services:			
Student Support Services	265,408	270,584	(5,176)
Instructional Staff Services	195,469	190,300	5,169
General Administration Services	260,993	267,382	(6,389)
School Administration Services	314,325	312,403	1,922
Business Support Services	172,606	187,752	(15,146)
Operations & Maintenance	672,659	816,996	(144,337)
Pupil Transportation Services	138,815	146,791	(7,976)
Food Service	-	-	-
Community Services	52,560	38,834	13,726
Debt Service - Principal & Interest	-	17,508	(17,508)
Other Support Services	-	12,000	(12,000)
Activity Expenditures	-	98,551	(98,551)
Building Acquisition	1,514	1,514	-
Capital Outlay	10,599	43,149	(32,550)
Total Support Services	<u>2,084,948</u>	<u>2,403,764</u>	<u>(318,816)</u>
Total Expenditures	<u>5,495,231</u>	<u>5,742,355</u>	<u>(247,124)</u>
Excess of Revenues Over (Under) Expenditures	<u>227,396</u>	<u>192,292</u>	<u>(35,104)</u>
Other Financing Sources (Uses):			
Lease Purchase Proceeds	-	240,091	240,091
Transfers In	-	-	-
Transfers Out	(280,637)	(420,478)	(139,841)
Total Other Financing Sources (Uses)	<u>(280,637)</u>	<u>(180,387)</u>	<u>100,250</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(53,241)	11,905	65,146
Fund Balance - Beginning of Year	1,416,637	1,483,282	66,645
Fund Balance - End of Year	<u>\$ 1,363,396</u>	<u>\$ 1,495,187</u>	<u>\$ 131,791</u>

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

SPECIAL REVENUE FUND

<u>Budget</u>		<u>Actual</u>		<u>Variance</u>	
\$	-	\$	-	\$	-
	494,689		545,751		51,062
	2,225		2,353		128
	-		-		-
	-		-		-
	98,435		129,081		30,646
	-		-		-
	-		-		-
	-		67		67
	<u>595,349</u>		<u>677,252</u>		<u>81,903</u>
	15,195		15,195		-
	119,866		120,433		(567)
	-		-		-
	65,391		66,169		(778)
	-		-		-
	<u>200,452</u>		<u>201,797</u>		<u>(1,345)</u>
	64,000		50,869		13,131
	26,700		38,555		(11,855)
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	319,540		381,881		(62,341)
	1,105		68		1,037
	-		-		-
	-		-		-
	-		-		-
	-		-		-
	2,716		4,121		(1,405)
	<u>414,061</u>		<u>475,494</u>		<u>(61,433)</u>
	<u>614,513</u>		<u>677,291</u>		<u>(62,778)</u>
	<u>(19,164)</u>		<u>(39)</u>		<u>19,125</u>
	-		-		-
	-		40,000		40,000
	-		-		-
	-		40,000		40,000
	(19,164)		39,961		59,125
	56,110		56,110		-
\$	<u>36,946</u>	\$	<u>96,071</u>	\$	<u>59,125</u>

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a group of five (5) permanent members, is the level of government which has governing responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Parkers Chapel School District No. 35 (the District). The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board of Education is not included in any other governmental "reporting entity", since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Only the accounts of the Parkers Chapel School District No. 35 are included in these statements, and there are no component units that are or should be included in the District's reporting entity.

B. Basis of Presentation

(1) Regulatory Basis of Presentation

The financial statements are prepared in accordance with a regulatory basis of accounting. This basis of accounting is prescribed by Arkansas Code Annotated 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, at 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 the 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.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

(1) Regulatory Basis of Presentation (Continued)

The regulatory basis of accounting differs from the accounting principles generally accepted in the United States of America (GAAP). GAAP requires that basic financial statements, in addition to presenting entity-wide financial statements, incorporate the following: Management's Discussion and Analysis, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, capital assets, other non-financial assets and long-term liabilities, specific procedures for the identification of major governmental funds and applicable note disclosures. The prescribed regulatory basis does not require these statements and concepts, nor does it generally adhere to or address pronouncements of the Governmental Accounting Standards Board (GASB).

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 financial sources and uses.

C. Fund Accounting

Fund accounting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they are to be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds as prescribed under the regulatory basis:

(1) General Fund

The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Arkansas.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

(2) Special Revenue Fund

The Special Revenue Fund is used to account for specific revenue sources which are designated by law or contractual agreement for specified functions or activities and are legally required to be accounted for in separate funds.

(3) Other Governmental Funds

Other governmental funds consist of the debt service fund, which is used for accumulation of resources for payment of principal, interest, and related costs on general long-term debt. Payments for retirement of principal and interest are remitted to independent fiscal paying agents.

(4) Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is made up of agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurements of results of operations. The District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

D. Regulatory Basis of Accounting / Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. The regulatory basis financial statements are prepared using a current financial resources measurement focus and the modified accrual basis of accounting, with some exception. With the exception of property taxes, revenues are recognized when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Regulatory Basis of Accounting / Measurement Focus (Continued)

With the exception of property taxes, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual.

(1) Revenue-Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations.

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from the non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, grants, and student fees.

(2) Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, there is no deferred revenue.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Regulatory Basis of Accounting / Measurement Focus (Continued)

(3) Expenses/Expenditures

Expenditures are recorded when the liability is incurred, except for claims, compensated absences, and interest on long-term debt, which are not recorded until paid. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid.

E. Investments

The District's investments consist solely of certificates of deposit reported at historical cost, which approximates fair value.

F. Property Taxes

Property taxes are levied in November based on property assessments made between January 1st, and May 31st, and are an enforceable lien on January 1st for real property and June 1st for personal property. The taxes are payable between January and October 10th of the following year and are considered delinquent after October 10th.

Property taxes shall be accrued or deferred, as applicable, in accordance with guidelines issued by the Arkansas Department of Education (ADE). Arkansas law defines revenue receipts of a school district as actual proceeds of local taxes collected during the current fiscal year.

Amendment No. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Arkansas Code Annotated § 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 report purposes, URT revenues are considered property taxes.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

Capital asset purchases are recorded as expenditures at the time of purchase and depreciation is not recognized. Information on capital assets and related depreciation is reported in the schedule of capital assets. For this schedule, capital assets are capitalized at historical cost or estimated historical cost.

I. Accrued Liabilities and Long-term Obligations

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences, interest, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

J. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Reserved fund balances represent that portion of the fund balance which is not appropriable for expenditure, or is legally segregated for a specific future use.

K. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflects the District's intentions and is subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside for budget stabilization which exceeds the statutory required amount.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Budget and Budgetary Accounting

The District is required by Arkansas State Law to prepare an annual budget approved by the School Board and submitted to the Arkansas Department of Education by September 15 of the current fiscal year. The annual budget is prepared on the regulatory basis of accounting. The District does not prepare and submit amended budgets during the fiscal year to the Department of Education.

NOTE 2: CASH AND INVESTMENTS

Arkansas statutes allow each local district the right to determine the depositories in which to deposit district funds and the amounts and type of investments in which to invest District funds, provided however, that investments are limited specifically to bonds or notes of the United States of America, general obligation bonds of the State of Arkansas or bank certificates of deposit. At June 30, 2015, the District's cash consisted of demand deposits and certificates of deposit at one local depository bank. The District's investments consisted solely of certificates of deposit.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law. Arkansas law requires collateralization of all deposits with federal depository insurance (FDIC); a surety bond; U.S. Treasury and U.S. agencies and instrumentalities bonds or other obligations; the bonds of the State of Arkansas, or by bonds of a political subdivision thereof which has never defaulted on any of its obligations, in an amount at least equal to the amount of such deposit or by a bond executed by a surety company authorized to do business in the State of Arkansas.

The carrying amount of total deposits, amount of the total bank balances and the custodial credit risk at June 30, 2015, are summarized as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured (FDIC) and		
Collateralized	\$ 1,996,096	\$ 2,129,951
Uninsured, Uncollateralized	-	-
TOTAL	<u>\$ 1,996,096</u>	<u>\$ 2,129,951</u>

The carrying value of the above-mentioned cash deposits at June 30, 2015, is included in the accompanying financial statements as follows:

Total Governmental Funds	\$ 1,929,980
Fiduciary Fund Types	<u>66,116</u>
	<u>\$ 1,996,096</u>

NOTE 3: BONDED AND NON-BONDED DEBT

The long-term debt is payable out of future income of the District. In order to liquidate the principal and interest on the bonded debt, the District has pledge 7.8 mills of the total 32. 8 mill levy of the District.

The changes in long-term debt for the year ended June 30, 2015, are as follows:

	Balance June 30, 2014	Issued	Retired	Balance June 30, 2015	Due Within One Year
Bonds Payable	\$ 4,307,000	\$ 3,445,000	\$ 3,382,000	\$ 4,370,000	\$ 50,000
Capital Leases	-	<u>243,000</u>	<u>13,354</u>	<u>229,646</u>	<u>27,311</u>
TOTAL	<u>\$ 4,307,000</u>	<u>\$ 3,688,000</u>	<u>\$ 3,395,354</u>	<u>\$ 4,599,646</u>	<u>\$ 77,311</u>

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3: BONDED AND NON-BONDED DEBT (CONTINUED)

Bonded Debt at June 30, 2015, issued and outstanding consisted of the following:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Debt Rate of Interest</u>	<u>Authorized and Issued</u>	<u>Debt Outstanding to June 30, 2015</u>	<u>Maturities to June 30, 2015</u>
Bonds Payable:					
9/1/2014	6/1/2016	2.00%-3.65%	\$ 3,445,000	\$ 3,445,000	\$ -
9/1/2011	9/1/2028	4.58%	925,000	925,000	-
			<u>\$ 4,370,000</u>	<u>\$ 4,370,000</u>	<u>\$ -</u>

Capital Leases at June 30, 2015 consisted of:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Debt Rate of Interest</u>	<u>Authorized and Issued</u>	<u>Debt Outstanding to June 30, 2015</u>	<u>Maturities to June 30, 2015</u>
Capital Leases:					
11/19/2014	11/19/2022	3.40%	\$ 243,000	\$ 229,646	\$ 13,354

On September 1, 2014, the District issued \$3,445,000 in qualified school refunding bonds with a final maturity date of June 1, 2016 at interest rates of 2.00% to 3.65%. On November 19, 2018, the District entered into a lease purchase agreement in the amount of \$280,132.

Total principal and interest payments on the indebtedness for the years subsequent to June 30, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 77,311	\$ 149,453	\$ 226,764
2017	143,281	147,483	290,764
2018	144,264	144,200	288,464
2019	145,282	140,882	286,164
2020	146,325	137,539	283,864
2021-2025	703,183	636,643	1,339,826
2026-2030	1,645,000	488,343	2,133,343
2031-2035	825,000	223,250	1,048,250
2036-2039	770,000	70,985	840,985
	<u>\$ 4,599,646</u>	<u>\$ 2,138,778</u>	<u>\$ 6,738,424</u>

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: LEASE COMMITMENTS

A capital lease was entered into for the purpose of financing the acquisition and installation of lighting fixtures for a term of eight (8) years. The remaining obligations under this arrangement as of June 30, 2015, are as follows:

Total Minimum Lease Payments	\$ 262,624
Less: Amount Representing Interest	<u>32,978</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 229,646</u>

The approximate minimum future payment on the indebtedness beyond the current fiscal year are as follows:

2016	\$ 27,311
2017	28,281
2018	29,264
2019	30,282
2020	31,325
2021	32,424
2022	33,550
2023	<u>17,209</u>
Total	<u>\$ 229,646</u>

NOTE 5: RETIREMENT PLANS

A. Arkansas Teacher Retirement System

(1) Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5: RETIREMENT PLANS (CONTINUED)

A. Arkansas Teacher Retirement System (Continued)

(1) Plan Description (Continued)

ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution 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. The report can be obtained by writing to ATRS, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

(2) Funding Policy

ATRS has contributory and non-contributory plans. Contributory members are required by code to contribute 6% of their salaries. Each participating employer is required by code to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14% of covered salaries. The employer contribution was paid by the Arkansas Department of Education from the public school fund, except for those employees paid from federal funding. Employer contributions for those employees were paid by the District. Beginning July 1, 1993, the employer contribution for nonfederally funded members became the lesser of the result of multiplying the applicable percent of active member payroll for the fiscal year by the total covered reported salaries of the previous fiscal year, including any prior year reported salaries, or the amount appropriated by the Arkansas General Assembly. The amount appropriated is limited to the amount funded. The Department of Education determines the amount funded.

The District's contribution to ATRS during the year ended June 30, 2015 was approximately \$435,020, equal to 14% of the established rate. Contributions made during the years ended June 30, 2014 and 2013 were approximately \$403,896 and \$374,146 respectively.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5: RETIREMENT PLANS (CONTINUED)

A. Arkansas Teacher Retirement System (Continued)

(3) Net Pension Liability

The Arkansas Department of Education has stipulated that under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68 are 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 \$3,107,790.

B. Arkansas Public Employees Retirement System

(1) 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 Arkansas public school employees hired before July 1, 1989.

APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution 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. That report may be obtained by writing to APERS, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

(2) Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by code to contribute 6% of their salaries. Each participating employer is required by code to contribute at a rate established by the Arkansas General Assembly.

The current statutory employer rate is 4% of annual covered payroll. The District's contributions to APERS for the years ended June 30, 2015, 2014, and 2013, were \$0, \$0, and \$0, respectively, equal to the required contributions for each year.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5: RETIREMENT PLANS (CONTINUED)

B. Arkansas Public Employees Retirement System (Continued)

(3) Net Pension Liability

The Arkansas Department of Education has stipulated that under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68 are 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 \$0.

NOTE 6: INTERFUND TRANSFERS

Interfund transfers consist primarily of transfers from the General Fund to the Debt Service Fund for the payment of scheduled debt service expenditures. Interfund transfers for the year ended June 30, 2015, are summarized as follows:

<u>Transfer From</u>	<u>Transfer To</u>		<u>Total</u>
	<u>Special</u>	<u>Other</u>	
	<u>Revenue</u>	<u>Funds</u>	
General Fund	<u>\$ 40,000</u>	<u>\$ 380,478</u>	<u>\$ 420,478</u>

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

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

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8: 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 \$203,613 for the year ended June 30, 2015.

NOTE 9: SUBSEQUENT EVENTS

Parkers Chapel School District No. 35 did not have any recognized or nonrecognized subsequent events occur after June 30, 2015, the date of the balance sheet. Subsequent events have been evaluated through October 26, 2015, the date the financial statements were available to be issued.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2015</u>
Land	\$ 64,264	\$ -	\$ -	\$ 64,264
Buildings	7,453,740	-	-	7,453,740
Site Improvements	1,426,987	-	-	1,426,987
Equipment	<u>1,479,068</u>	<u>80,113</u>	<u>178,998</u>	<u>1,380,183</u>
	10,424,059	80,113	178,998	10,325,174
(Less) Accumulated Depreciation	<u>4,575,444</u>	<u>244,192</u>	<u>-</u>	<u>4,819,636</u>
	<u>\$ 5,848,615</u>	<u>\$ (164,079)</u>	<u>\$ 178,998</u>	<u>\$ 5,505,538</u>

See independent auditors' report on supplementary schedules.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: CAPITAL ASSETS

Capital assets generally result from expenditures in the governmental funds. These assets are not reported in the fund financial statement balance sheet – regulatory basis.

Capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the assets or materially extend an asset's life are not capitalized. Interest incurred during construction is not capitalized.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets not being depreciated include land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Since surplus assets are sold for immaterial amounts when declared as no longer needed for public school purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is computed using the straight-line method over the estimated useful life of the assets. The District has established capitalization thresholds and estimated useful lives as follows:

<u>Description</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Lives in Years</u>
Land	All	-
Construction in Progress	All	-
Buildings	All	50
Vehicles	\$1,000	8
Equipment	\$1,000	5-25

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
SCHEDULE OF BILLABLE UNITS
CHILD AND ADULT CARE FOOD PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015

<u>Description</u>	<u>Number of Units</u>	<u>Rate</u>	<u>Total Income</u>
Meals Rendered in Accordance with U.S. Department of Agriculture Child Nutrition Program:			
Breakfast			
Paid	7,749	\$ 0.28	\$ 2,170
Free	2,475	1.62	4,010
Free - Severe	18,133	1.93	34,997
Reduced	214	1.32	282
Reduced - Severe	2,443	1.63	3,982
Total Breakfast	<u>31,014</u>		<u>45,441</u>
Lunch			
Paid	36,459	0.28	10,209
Free	37,702	2.98	112,352
Reduced Price	8,132	2.58	20,981
Subtotal Lunch	<u>82,293</u>		<u>143,542</u>
Performance Based Reimbursement (1)	<u>-</u>		<u>4,822</u>
Total Lunch	<u>82,293</u>		<u>148,364</u>
Total	<u>113,307</u>		<u>\$ 193,805</u>

(1) Performance Based Reimbursement
for school lunches:

	<u>Units</u>	<u>Rate</u>	
Current year, through April, 2015	75,238	\$ 0.06	\$ 4,514
Prior year - not accrued @ 6/30/2014	5,135	0.06	308
Total			<u>\$ 4,822</u>

See independent auditors' report on supplementary schedules.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
SCHEDULE OF GOVERNMENTAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Disbursements/ Expenditures</u>
<u>U.S. Department of Education:</u>		
Passed-Through the Arkansas Department of Education:		
Title I	84.010	\$ 70,196
Special Education, IDEA, Part B	84.027	141,651
Title II, D	84.367	<u>15,195</u>
Total U.S. Department of Education		<u>227,042</u>
<u>U.S. Department of Agriculture</u>		
Child Nutrition Cluster:		
Passed-Through the Arkansas Department of Education:		
School Breakfast Program	10.553	45,441
National School Lunch Program	10.555	<u>148,364</u>
Total U.S. Department of Agriculture		<u>193,805</u>
Passed-Through the State Department of Human Services		
Food Distribution	10.555	<u>28,185</u>
Total Child Nutrition Cluster		<u>221,990</u>
 TOTAL		 <u>\$ 449,032</u>

See independent auditors' report on supplementary schedules.

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
NOTES TO SCHEDULE OF GOVERNMENTAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Governmental Awards (the Schedule) is a summary of the activity of the District's federal awards programs. The Schedule has been prepared on the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the presentation of the basic financial statements.

NOTE 2: NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. For the year ended June 30, 2015, the District received \$28,185 in food commodities.

NOTE 3: MEDICAID

During the year ended June 30, 2015, the District expended \$57,991 of Medicaid funding from the State Department of Human Service as well as \$8,972 of ARMAC Medicaid Administrative Claiming funds. Such payments are not considered federal awards expended, and therefore are not included in the Schedule of Governmental Awards.

COBB AND SUSKIE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

One Financial Centre • Suite 400 • P. O. Box 21675 • Little Rock, Arkansas 72221-1675
(501) 225-2133 • Fax (501) 223-2839

Michael L. Cobb

Anne Suskie Pinyan

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Education
Parkers Chapel School District No. 35
El Dorado, Arkansas

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 Standard* issued by the Comptroller General of the United States, the financial statements of each major governmental fund, and the aggregate remaining fund information of Parkers Chapel School District No. 35, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Parkers Chapel School District No. 35's regulatory basis financial statements, and have issued our report thereon dated October 26, 2015. 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 financial statements, we considered Parkers Chapel School District No. 35'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Parkers Chapel School District No. 35's internal control. Accordingly, we do not express an opinion on the effectiveness of Parkers Chapel School District No. 35'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. 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 Parkers Chapel School District No. 35's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
October 26, 2015

COBB AND SUSKIE, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

One Financial Centre • Suite 400 • P. O. Box 21675 • Little Rock, Arkansas 72221-1675
(501) 225-2133 • Fax (501) 223-2839

Michael L. Cobb

Anne Suskie Pinyan

Independent Auditors' Report on Compliance With Arkansas State Requirements

The Board of Education
Parkers Chapel School District No. 35
El Dorado, Arkansas

We have examined management's assertions that Parkers Chapel School District No. 35 substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations including those listed in the accompanying schedule of statutes required to be addressed by the Arkansas Department of Education during the year ended June 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, Parkers Chapel School District No. 35 complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

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

Cobb and Suskie, Ltd.

Certified Public Accountants
October 26, 2015

PARKERS CHAPEL SCHOOL DISTRICT NO. 35
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION
TO BE ADDRESSED IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2015

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding and Purchasing Commodities	6-21-301 – 6-21-305
Ethical Guidelines and Prohibitions	6-13-628, 6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20-402
• Bonded & Non-bonded Debt, District School Bonds	6-20-1201 – 6-20-1208, 6-20-1210
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals – declining accrual percentages)	6-20-401
• Investment of Funds	19-1-504
Management of Schools	
• Board of Directors	6-13-604; 6-13-606; 6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-24-101 et seq.
• District Treasurer	6-13-701
○ Warrants/checks	6-17-918; 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 - 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
Salary Laws – Classified	6-17-2201 et seq.; 6-17-2301 et seq.
Salary Increases 5% or more (Certified & Classified)	6-13-635
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teacher and Employees	
• Personnel Policies	6-17-201 et seq.; 6-17-2301
• Employment and Assignment	6-17-301 et seq.
• Teacher's License Requirement	6-17-401 et seq.
• Contracts	6-17-801 et seq.
• Certification Requirements	6-17-309; 6-17-401
• Fair Dismissal Act	6-17-1501 et seq.; 6-17-1701 et seq.
• Sick Leave Policies	6-17-1201 et seq.; 6-17-1301 et seq.
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
Trust Funds (Education Excellence)	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees.