

Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

TO: Auditee

FROM: Patrick Nutt, CPA
Deputy Legislative Auditor

DATE: March 13, 2020

SUBJECT: Legislative Joint Auditing Committee Review of:

Gentry School District of Benton County
June 30, 2019

With the approval of the Chairs of the Legislative Joint Auditing Committee, we are early releasing the report listed above on March 18, 2020. This report will be presented at a future meeting of the Standing Committee on Educational Institutions at the call of the Chairs. You will be notified of the meeting date.

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

March 13, 2020

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To the Superintendent and School Board Members
Gentry 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 January 31, 2020. 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 November 13, 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 January 31, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship.

Other Matters

We were engaged to report on the Schedule of Expenditures of Federal Awards, which accompanies the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information is in conformity with the basis of accounting prescribed by law, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years, which accompany the financial statements but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

ARKANSAS LEGISLATIVE AUDIT



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

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2019

Independent Auditor's Report
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

REGULATORY BASIS FINANCIAL STATEMENTS

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

SCHEDULES

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

Arkansas



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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Gentry School District No. 19 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 Gentry School District No. 19 (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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2019, or the changes in financial position for the year then ended.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 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 in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas
January 31, 2020
EDSD01919

Arkansas

Sen. Jason Rapert
Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair



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Legislative Auditor

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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

Gentry School District No. 19 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 Gentry School District No. 19 (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 January 31, 2020. 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*.

Purpose of this Report

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

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 31, 2020

Arkansas



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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

Gentry School District No. 19 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Gentry School District No. 19'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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 31, 2020

GENTRY SCHOOL DISTRICT NO. 19
 BENTON COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 2,168,139	\$ 49,480	\$ 2,814,000	\$ 126,500
Accounts receivable	28,750	116,109	13,564	1,220
Due from other funds	71,483			
Deposit with paying agent			718,199	
TOTAL ASSETS	\$ 2,268,372	\$ 165,589	\$ 3,545,763	\$ 127,720
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 71,911	\$ 14,071	\$ 164,822	\$ 3,706
Due student groups				85,165
Due to other funds		71,483		
Total Liabilities	71,911	85,554	164,822	88,871
Fund Balances:				
Restricted	396,199	80,035	1,894,374	38,849
Assigned	80,420		1,486,567	
Unassigned	1,719,842			
Total Fund Balances	2,196,461	80,035	3,380,941	38,849
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,268,372	\$ 165,589	\$ 3,545,763	\$ 127,720

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

GENTRY SCHOOL DISTRICT NO. 19
BENTON 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)	\$ 8,169,097		
State assistance	6,127,293	\$ 4,874	\$ 203,099
Federal assistance		1,524,208	66,690
Activity revenues	162,936		
Meal sales		144,910	
Investment income	1,020		49,113
Other revenues	994,493	470	
TOTAL REVENUES	15,454,839	1,674,462	318,902
EXPENDITURES			
Regular programs	5,780,233		299,152
Special education	891,475	159,001	
Career education programs	650,128	39,678	
Compensatory education programs	64,423	355,844	
Other instructional programs	167,563	32,857	
Student support services	537,569	96,819	
Instructional staff support services	789,381	218,365	5,502
General administration support services	295,561		
School administration support services	688,740		
Central services support services	508,399	1,433	15,381
Operation and maintenance of plant services	1,660,822		20,033
Student transportation services	773,444		
Other support services	30,339		
Food services operations		728,774	
Facilities acquisition and construction services			828,409
Non-programmed costs	16,561		
Activity expenditures	150,068		
Debt Service:			
Principal retirement			720,000
Interest and fiscal charges			645,118
TOTAL EXPENDITURES	13,004,706	1,632,771	2,533,595
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,450,133	41,691	(2,214,693)
OTHER FINANCING SOURCES (USES)			
Transfers in			1,848,225
Transfers out	(1,848,225)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,848,225)		1,848,225
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	601,908	41,691	(366,468)
FUND BALANCES - JULY 1	1,594,553	38,344	3,747,409
FUND BALANCES - JUNE 30	\$ 2,196,461	\$ 80,035	\$ 3,380,941

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

GENTRY SCHOOL DISTRICT NO. 19
 BENTON 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)	
REVENUES							
Property taxes (including property tax relief trust distribution)	\$ 6,960,705	\$ 8,169,097	\$ 1,208,392	\$ 4,500	\$ 4,874	\$ 374	
State assistance	6,139,593	6,127,293	(12,300)	1,569,456	1,524,208	(45,248)	
Federal assistance	311,000	162,936	(148,064)	26,000	144,910	118,910	
Meal sales	1,600	1,020	(580)				
Investment income	669,725	994,493	324,768		470	470	
Other revenues							
TOTAL REVENUES	14,082,623	15,454,839	1,372,216	1,599,956	1,674,462	74,506	
EXPENDITURES							
Regular programs	5,614,592	5,780,233	(165,641)				
Special education	804,308	891,475	(87,167)	169,682	159,001	10,681	
Career education programs	510,172	650,128	(139,956)	36,978	39,678	(2,700)	
Compensatory education programs	64,899	64,423	476	349,141	355,844	(6,703)	
Other instructional programs	168,859	167,563	1,296	18,551	32,857	(14,306)	
Student support services	552,820	537,569	15,251	106,800	96,819	9,981	
Instructional staff support services	820,519	789,381	31,138	250,273	218,365	31,908	
General administration support services	281,815	295,561	(13,746)				
School administration support services	677,054	688,740	(11,676)	1,108	1,433	(325)	
Central services support services	476,665	508,399	(31,714)				
Operation and maintenance of plant services	1,587,164	1,660,822	(73,638)				
Student transportation services	588,894	773,444	(184,550)				
Other support services	34,000	30,339	3,661	643,881	728,774	(84,893)	
Food services operations	20,000		20,000	500		500	
Community services operations		16,561	(16,561)				
Non-programmed costs		150,068	(150,068)				
Activity expenditures	310,000		159,932				
TOTAL EXPENDITURES	12,511,811	13,004,706	(492,895)	1,576,914	1,632,771	(55,857)	

GENTRY SCHOOL DISTRICT NO. 19
 BENTON 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	\$ 1,570,812	\$ 2,450,133	\$ 879,321	\$ 23,042	\$ 41,691	\$ 18,649	
OTHER FINANCING SOURCES (USES)							
Transfers in	17,252,972		(17,252,972)	28,119		(28,119)	
Transfers out	(18,825,207)	(1,848,225)	16,976,982	(28,119)		28,119	
TOTAL OTHER FINANCING SOURCES (USES)	(1,572,235)	(1,848,225)	(275,990)	0		0	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,423)	601,908	603,331	23,042	41,691	18,649	
FUND BALANCES - JULY 1	1,753,907	1,594,553	(159,354)	16,200	38,344	22,144	
FUND BALANCES - JUNE 30	<u>1,752,484</u>	<u>2,196,461</u>	<u>443,977</u>	<u>39,242</u>	<u>80,035</u>	<u>40,793</u>	

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

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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

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

C. Measurement Focus and Basis of Accounting

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

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see Note 1 F below).

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$2,500 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Property Taxes

Property taxes are levied (tax rates are established) in November of each year based on property assessment (real and personal) that occurred within a specific period of time beginning January 1 of the same year. Property taxes are collectible beginning the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2018 calendar year taxes collected by June 30, 2019 and 8 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2019 equaled or exceeded the 8 percent calculation.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

F. Property Taxes (Continued)

Amendment no. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark. Code Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

G. Interfund Receivables and Payables

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

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.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Minimum Fund Balance Policies

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

L. Fund Balance Classification Policies and Procedures

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

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

M. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 3,465,924	\$ 3,465,924
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	1,692,175	2,299,957
Total Deposits	\$ 5,158,099	\$ 5,765,881

The above total deposits do not include cash on hand of \$20.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019 were comprised of the following:

Description	Governmental Funds			Fiduciary Fund Types
	Major			
	General	Special Revenue	Other Aggregate	
State assistance	\$ 5,417		\$ 13,564	
Federal assistance		\$ 116,109		
Activity fund accounts	3,904			\$ 1,220
Other	19,429			
Totals	\$ 28,750	\$ 116,109	\$ 13,564	\$ 1,220

4: COMMITMENTS

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

A. Construction Contracts

Project Name	Completion Date	Contract Balance
Intermediate School Stadium Lights	August 2019	\$ 136,293
	September 2019	332,260

B. 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
Bonds					
9/21/10	9/1/27	4.75%	\$ 1,500,000	\$ 1,500,000	
9/1/11	4/1/34	.75-3.75%	1,380,000	1,015,000	\$ 365,000
11/1/12	4/1/37	1 - 3%	3,595,000	2,970,000	625,000
8/1/14	4/1/34	1 - 3.25%	6,015,000	5,100,000	915,000
12/6/16	4/1/47	1 - 3.125%	9,500,000	9,045,000	455,000
5/25/17	4/1/47	1 - 3.375%	3,100,000	2,945,000	155,000
Total Bonds			25,090,000	22,575,000	2,515,000
Total Long-Term Debt			\$ 25,090,000	\$ 22,575,000	\$ 2,515,000

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4: **COMMITMENTS (Continued)**

B. Long-term Debt Issued and Outstanding (Continued)

Changes in Long-term Debt

	Balance July 01, 2018	Issued	Retired	Balance June 30, 2019
Bonds payable	\$ 23,295,000	\$ 0	\$ 720,000	\$ 22,575,000

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2020	\$ 740,000	\$ 632,110	\$ 1,372,110
2021	750,000	619,923	1,369,923
2022	765,000	606,953	1,371,953
2023	785,000	593,202	1,378,202
2024	805,000	577,825	1,382,825
2025-2029	5,805,000	2,506,136	8,311,136
2030-2034	4,900,000	1,654,000	6,554,000
2035-2039	3,675,000	969,031	4,644,031
2040-2044	2,605,000	521,944	3,126,944
2045-2047	1,745,000	112,431	1,857,431
Totals	\$ 22,575,000	\$ 8,793,555	\$ 31,368,555

Qualified School Construction Bonds

On September 21, 2010, the District obtained funding of \$1,500,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Arkansas Department of Education (ADE). Depending on the date of the bond issue, ADE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

5: ACCOUNTS PAYABLE

Accounts payable at June 30, 2019 were comprised of the following:

Description	Governmental Funds			Fiduciary Fund Types
	Major			
	General	Special Revenue	Other Aggregate	
Vendor payables	\$ 71,911	\$ 14,071	\$ 164,822	\$ 3,706

6: INTERFUND TRANSFERS

The District transferred \$1,848,225 from the general fund to the other aggregate funds for debt related payments of \$1,448,225 and future capital projects of \$400,000.

7: RETIREMENT PLANS

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, 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 \$1,238,903, 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 \$10,411,706.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7: RETIREMENT PLANS (Continued)

Arkansas Public Employees Retirement System (Continued)

Plan Description

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

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2019 were \$1,105, 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 \$8,819.

8: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS

ADDITIONS	
Donations	\$ 36,700
DEDUCTIONS	
Scholarships	45,075
CHANGE IN FUND BALANCE	(8,375)
FUND BALANCE - JULY 1	47,224
FUND BALANCE - JUNE 30	\$ 38,849

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$25,090,000 issued from September 21, 2010 to May 25, 2017. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$31,368,555, payable through April 1, 2047. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,361,723 and \$3,196,603, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 42.60 percent.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, student accidents, and employee accidental death and dismemberment.

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

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

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$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.

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

11: 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 \$275,612 for the year ended June 30, 2019.

GENTRY SCHOOL DISTRICT NO. 19
 BENTON COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 3,891		
Educational programs - national school lunch state categorical funding	47,202		
English-language learners	11,118		
Professional development	14,740		
Capital projects			\$ 835,024
Child nutrition programs		\$ 28,229	
Debt service			1,059,350
Medical services		51,806	
Special education programs	105,801		
Vocational education programs	51,729		
Broadband project	80,745		
Other purposes	80,973		
Total Restricted	<u>396,199</u>	<u>80,035</u>	<u>1,894,374</u>
Assigned to:			
Capital projects			1,486,567
Student activities	80,420		
Total Assigned	<u>80,420</u>		<u>1,486,567</u>
Unassigned	<u>1,719,842</u>		
Totals	<u>\$2,196,461</u>	<u>\$ 80,035</u>	<u>\$3,380,941</u>

GENTRY SCHOOL DISTRICT NO. 19
 BENTON COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

Schedule 1

	Balance June 30, 2019
<i>Nondepreciable capital assets:</i>	
Land	\$ 252,820
Construction in progress	9,799,207
Total nondepreciable capital assets	10,052,027
 <i>Depreciable capital assets:</i>	
Buildings	27,766,636
Improvements/infrastructure	2,672,559
Equipment	2,434,377
Total depreciable capital assets	32,873,572
 Less accumulated depreciation for:	
Buildings	11,367,150
Improvements/infrastructure	1,966,473
Equipment	1,725,235
Total accumulated depreciation	15,058,858
 Total depreciable capital assets, net	17,814,714
 Capital assets, net	\$ 27,866,741

GENTRY SCHOOL DISTRICT NO. 19
BENTON 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	0403		\$ 152,907
Arkansas Department of Education - National School Lunch Program	10.555	0403		401,922
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	0403000		41,500
Total for National School Lunch Program				<u>443,422</u>
Total U. S. Department of Agriculture				<u>596,329</u>
TOTAL CHILD NUTRITION CLUSTER				<u>596,329</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	0403		335,311
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>335,311</u>
OTHER PROGRAMS				
<u>National Endowment for the Arts</u>				
Department of Arkansas Heritage-Arkansas Arts Council - Promotion of the Arts - Partnership Agreements	45.025	0403		930
Total National Endowment for the Arts				<u>930</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	0403		367,145
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048	0403		1,840
Arkansas Department of Education - Rural Education	84.358	0403		3,051
Arkansas Department of Education - English Language Acquisition State Grants	84.365	0403		31,927
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	0403		43,553
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	0403		28,123
Total U. S. Department of Education				<u>475,639</u>
TOTAL OTHER PROGRAMS				<u>476,569</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 1,408,209</u>

The accompanying notes are an integral part of this schedule.

GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Gentry School District No. 19 (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 District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 5: During the year ended June 30, 2019, the District received Medicaid funding of \$72,873 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

GENTRY SCHOOL DISTRICT NO. 19
 BENTON COUNTY, ARKANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse
 Regulatory basis - unmodified

Internal control over financial reporting:

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

FEDERAL AWARDS

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



Gentry Public Schools



Terrie Metz, Superintendent
201 South Giles Avenue
Gentry, Arkansas 72734

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

FINANCIAL STATEMENT FINDINGS

There were no finding in the prior audit.

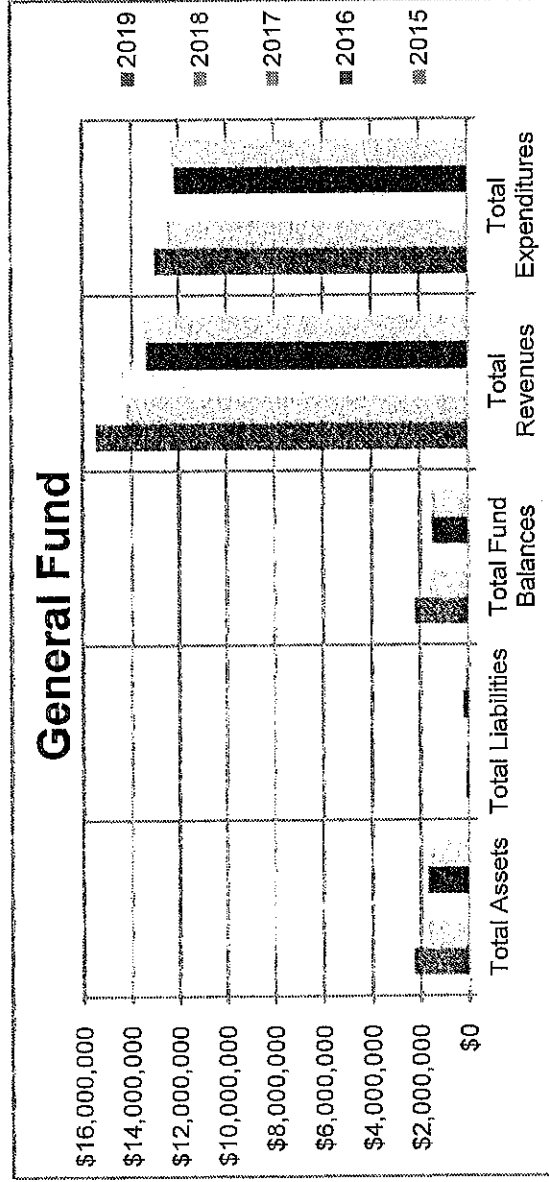
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

The mission of the Gentry School District is to work with the community in providing safe and successful experiences for each student.

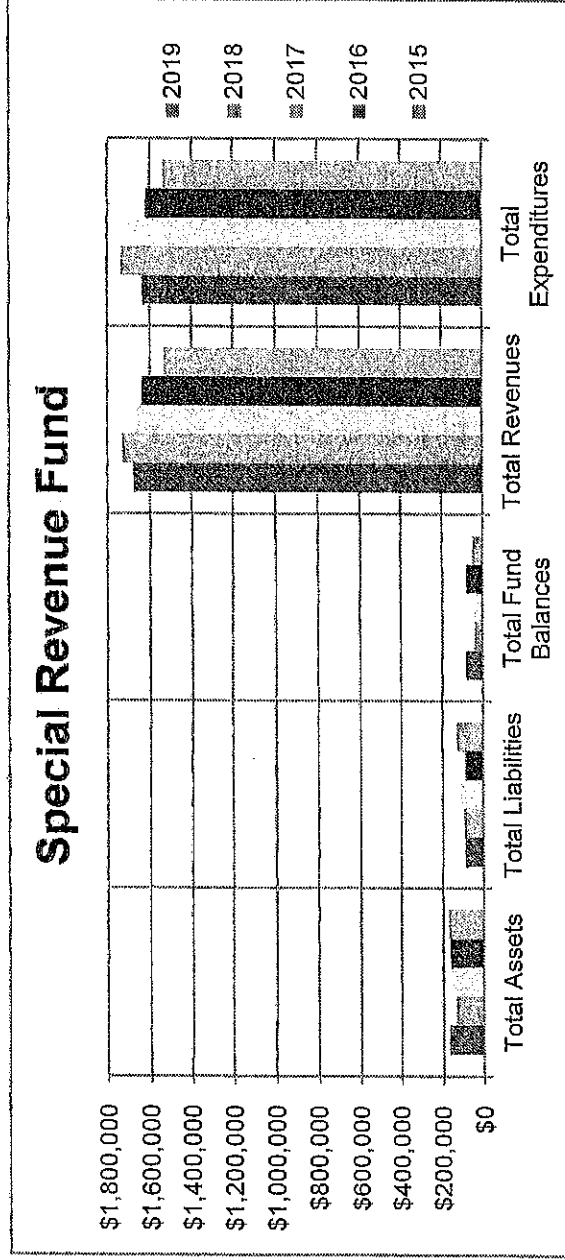
GENTRY SCHOOL DISTRICT NO. 19
BENTON COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019
(Unaudited)

	Year Ended June 30, 2019				
	2019	2018	2017	2016	2015
General Fund					
Total Assets	\$ 2,268,372	\$ 1,650,060	\$ 1,679,741	\$ 1,660,134	\$ 1,564,066
Total Liabilities	71,911	55,507	42,676	177,685	95,907
Total Fund Balances	2,196,461	1,594,553	1,637,065	1,482,449	1,468,159
Total Revenues	15,454,839	14,194,305	14,340,166	13,358,385	13,406,125
Total Expenditures	13,004,706	12,450,277	12,416,484	12,145,745	12,302,286
Total Other Financing Sources (Uses)	(1,848,225)	(1,786,540)	(1,769,066)	(1,198,350)	(1,128,179)



GENTRY SCHOOL DISTRICT NO. 19
BENTON 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				
	2019	2018	2017	2016	2015
Special Revenue Fund					
Total Assets	\$ 165,589	\$ 129,530	\$ 151,095	\$ 161,933	\$ 170,155
Total Liabilities	85,554	91,186	108,561	84,867	124,761
Total Fund Balances	80,035	38,344	42,534	77,066	45,394
Total Revenues	1,674,462	1,731,485	1,664,368	1,634,713	1,532,486
Total Expenditures	1,632,771	1,735,040	1,714,180	1,618,489	1,535,143
Total Other Financing Sources (Uses)		(635)	15,280	15,448	3,524



GENTRY SCHOOL DISTRICT NO. 19
BENTON 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				
	2019	2018	2017	2016	2015
Other Aggregate Funds					
Total Assets	\$ 3,545,763	\$ 4,710,650	\$ 12,202,622	\$ 1,609,236	\$ 1,756,126
Total Liabilities	164,822	963,241	689,785	52,020	7,995
Total Fund Balances	3,380,941	3,747,409	11,512,837	1,557,216	1,748,131
Total Revenues	318,902	1,056,254	91,080	220,174	72,804
Total Expenditures	2,533,595	10,608,222	4,489,245	1,593,991	977,667
Total Other Financing Sources (Uses)	1,848,225	1,786,540	14,353,786	1,182,902	1,131,125

