

**Bald Knob School District**

**White County, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**June 30, 2015**

LEGISLATIVE JOINT AUDITING COMMITTEE



BALD KNOB SCHOOL DISTRICT  
WHITE COUNTY, ARKANSAS  
TABLE OF CONTENTS  
JUNE 30, 2015

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 OMB Circular A-133

REGULATORY BASIS FINANCIAL STATEMENTS

Exhibit

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

Schedule

Schedule of Capital Assets (Unaudited)	1
Schedule of Expenditures of Federal Awards	2
Schedule of Findings and Questioned Costs	3
Federal Award Programs - Summary Schedule of Prior Audit Findings	4
Schedule of Selected Information for the Last Five Years - Regulatory Basis (Unaudited)	5

# Arkansas

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



**Rep. Mary Broadway**  
House Chair  
**Rep. Sue Scott**  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Bald Knob School District and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Bald Knob School District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

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

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, or the changes in financial position for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

**Other Matters**

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years - Regulatory Basis are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
February 10, 2016  
EDSD39615

# Arkansas

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



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

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

### INDEPENDENT AUDITOR'S REPORT

Bald Knob School District and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Bald Knob School District (the "District"), as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 10, 2016. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's 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 those 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.

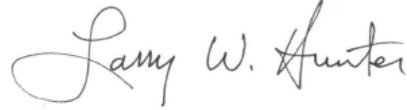
#### Compliance and Other Matters

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

ARKANSAS LEGISLATIVE AUDIT

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

Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 10, 2016

# Arkansas

**Sen. Jimmy Hickey, Jr.**  
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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

### INDEPENDENT AUDITOR'S REPORT

Bald Knob School District and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Bald Knob School District (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

#### **Report on Internal Control Over Compliance**

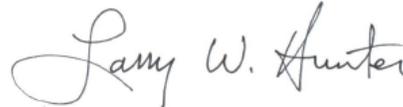
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT



Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 10, 2016

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2015

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 3,104,909	\$ 295,887	\$ 395,389	\$ 58,468
Accounts receivable	84,388	124,146		
Deposit with paying agent			277,838	
<b>TOTAL ASSETS</b>	<b>\$ 3,189,297</b>	<b>\$ 420,033</b>	<b>\$ 673,227</b>	<b>\$ 58,468</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 134,633	\$ 1,276	\$ 192,439	
Due student groups				\$ 53,368
<b>Total Liabilities</b>	<b>134,633</b>	<b>1,276</b>	<b>192,439</b>	<b>53,368</b>
Fund Balances:				
Restricted	222,361	418,757	480,788	5,100
Assigned	98,823			
Unassigned	2,733,480			
<b>Total Fund Balances</b>	<b>3,054,664</b>	<b>418,757</b>	<b>480,788</b>	<b>5,100</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,189,297</b>	<b>\$ 420,033</b>	<b>\$ 673,227</b>	<b>\$ 58,468</b>

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

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 GOVERNMENTAL FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 4,624,277		
State assistance	5,877,010	\$ 16,976	\$ 44,516
Federal assistance	11,404	3,018,623	48,367
Activity revenues	177,932		
Meal sales		145,008	
Investment income	30,361		4,196
Other revenues	345,287	37,703	112
<b>TOTAL REVENUES</b>	<b>11,066,271</b>	<b>3,218,310</b>	<b>97,191</b>
EXPENDITURES			
Regular programs	3,925,575	133,811	
Special education	405,182	272,070	
Career education programs	279,652	4,000	
Compensatory education programs	67,472	1,011,924	
Other instructional programs	654,826	101,025	
Student support services	314,700	283,387	
Instructional staff support services	679,432	388,509	
General administration support services	189,704	150,189	
School administration support services	651,017		
Central services support services	429,720	190,729	
Operation and maintenance of plant services	1,214,580		
Student transportation services	404,376	372	
Other support services	43,210		
Food services operations	8,779	744,007	
Community services operations	87,026		
Facilities acquisition and construction services	69,084		864,298
Non-programmed costs		15,100	
Activity expenditures	181,164		
Debt Service:			
Principal retirement			150,000
Interest and fiscal charges			233,632
<b>TOTAL EXPENDITURES</b>	<b>9,605,499</b>	<b>3,295,123</b>	<b>1,247,930</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,460,772</b>	<b>(76,813)</b>	<b>(1,150,739)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in		20,884	744,201
Transfers out	(765,085)		
Proceeds from refunding bond issue			6,725,000
Payment to refunding bond escrow agent			(6,642,599)
Net bond issuance costs			(70,376)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(765,085)</b>	<b>20,884</b>	<b>756,226</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>695,687</b>	<b>(55,929)</b>	<b>(394,513)</b>
FUND BALANCES - JULY 1	2,358,977	474,686	875,301
FUND BALANCES - JUNE 30	\$ 3,054,664	\$ 418,757	\$ 480,788

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

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 4,365,000	\$ 4,624,277	\$ 259,277			
State assistance	5,808,161	5,877,010	68,849	\$ 11,000	\$ 16,976	\$ 5,976
Federal assistance		11,404	11,404	1,773,234	3,018,623	1,245,389
Activity revenues	398,050	177,932	(220,118)			
Meal sales				143,000	145,008	2,008
Investment income	21,000	30,361	9,361			
Other revenues	307,668	345,287	37,619	3,000	37,703	34,703
<b>TOTAL REVENUES</b>	<b>10,899,879</b>	<b>11,066,271</b>	<b>166,392</b>	<b>1,930,234</b>	<b>3,218,310</b>	<b>1,288,076</b>
<b>EXPENDITURES</b>						
Regular programs	4,057,014	3,925,575	131,439		133,811	(133,811)
Special education	409,799	405,182	4,617	356,287	272,070	84,217
Career education programs	275,846	279,652	(3,806)		4,000	(4,000)
Compensatory education programs	38,748	67,472	(28,724)	473,819	1,011,924	(538,105)
Other instructional programs	653,097	654,826	(1,729)		101,025	(101,025)
Student support services	318,394	314,700	3,694	102,518	283,387	(180,869)
Instructional staff support services	815,744	679,432	136,312	340,405	388,509	(48,104)
General administration support services	179,813	189,704	(9,891)	44,800	150,189	(105,389)
School administration support services	667,497	651,017	16,480			
Central services support services	481,883	429,720	52,163		190,729	(190,729)
Operation and maintenance of plant services	1,333,593	1,214,580	119,013	4,259		4,259
Student transportation services	246,394	404,376	(157,982)	5,500	372	5,128
Other support services	35,000	43,210	(8,210)			
Food services operations	13,000	8,779	4,221	738,155	744,007	(5,852)
Community services operations	98,575	87,026	11,549	1,235		1,235
Facilities acquisition and construction services	61,848	69,084	(7,236)			
Non-programmed costs	31,965		31,965	15,100	15,100	
Activity expenditures	343,700	181,164	162,536			
<b>TOTAL EXPENDITURES</b>	<b>10,061,910</b>	<b>9,605,499</b>	<b>456,411</b>	<b>2,082,078</b>	<b>3,295,123</b>	<b>(1,213,045)</b>

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 837,969	\$ 1,460,772	\$ 622,803	\$ (151,844)	\$ (76,813)	\$ 75,031
OTHER FINANCING SOURCES (USES)						
Transfers in	4,758,283		(4,758,283)	80,000	20,884	(59,116)
Transfers out	(5,734,475)	(765,085)	4,969,390			
TOTAL OTHER FINANCING SOURCES (USES)	(976,192)	(765,085)	211,107	80,000	20,884	(59,116)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(138,223)	695,687	833,910	(71,844)	(55,929)	15,915
FUND BALANCES - JULY 1	2,349,336	2,358,977	9,641	71,844	474,686	402,842
FUND BALANCES - JUNE 30	<u>\$ 2,211,113</u>	<u>\$ 3,054,664</u>	<u>\$ 843,551</u>	<u>\$ 0</u>	<u>\$ 418,757</u>	<u>\$ 418,757</u>

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

BALD KNOB SCHOOL DISTRICT  
WHITE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

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

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Revenue Recognition Policies

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

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at fair value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

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

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 2014 calendar year taxes collected by June 30, 2015 and 24 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2015 equaled or exceeded the 24 percent calculation.

BALD KNOB SCHOOL DISTRICT  
WHITE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**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. Fund Balance Classifications

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

H. Budget and Budgetary Accounting

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

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

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

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

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

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

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

**L. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	3,604,653	3,975,249
Total Deposits	\$ 3,854,653	\$ 4,225,249

**3: ACCOUNTS RECEIVABLE**

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

Description	Governmental Funds	
	Major	Special Revenue
	General	
State assistance	\$54,320	\$ 717
Federal assistance		123,429
Other	30,068	
Totals	\$ 84,388	\$ 124,146

BALD KNOB SCHOOL DISTRICT  
WHITE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**4: COMMITMENTS**

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

A. Construction Contracts

<u>Project Name</u>	<u>Completion Date</u>	<u>Contract Balance</u>
Auditorium renovation	December 1, 2015	\$ 8,929
Phase 1 auditorium roof	December 1, 2015	4,150

B. Long-term Debt Issued and Outstanding

The District is presently paying on the following long-term debt:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2015</u>	<u>Maturities To June 30, 2015</u>
11/1/07	2/1/30	3.4 - 4.25%	\$ 485,000	\$ 380,000	\$ 105,000
7/6/11	6/1/26	4.75%	925,000	925,000	
10/11/11	10/1/29	4.95%	185,456	185,456	
6/1/12	2/1/30	1 - 2.75%	1,045,000	890,000	155,000
11/1/13	2/1/30	.5 - 3.5%	1,045,000	925,000	120,000
12/1/14	2/1/30	1 - 3%	6,725,000	6,695,000	30,000
Totals			<u>\$ 10,410,456</u>	<u>\$ 10,000,456</u>	<u>\$ 410,000</u>

Changes in Long-term Debt

	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
Bonds payable	<u>\$ 9,970,456</u>	<u>\$ 6,725,000</u>	<u>\$ 6,695,000</u>	<u>* \$ 10,000,456</u>

\*Includes \$6,545,000 early retirement of debt - See Note 6.

Future Principal and Interest Payments

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 520,000	\$ 238,173	\$ 758,173
2017	530,000	232,360	762,360
2018	540,000	226,437	766,437
2019	550,000	219,931	769,931
2020	550,000	213,315	763,315
2021-2025	2,920,000	911,503	3,831,503
2026-2030	4,390,456	373,573	4,764,029
Totals	<u>\$ 10,000,456</u>	<u>\$ 2,415,292</u>	<u>\$ 12,415,748</u>

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

**4: COMMITMENTS (Continued)**

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

Qualified School Construction Bonds

On July 6, 2011 and October 11, 2011, the District obtained funding of \$925,000 and \$185,456, respectively, 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 15 year and 18 years, respectively. These amounts plus interest earned will be used to retire the debt when due. The balance of the sinking funds at June 30, 2015 was \$246,668 and \$31,170, respectively.

Security for Debt Payments

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

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 26,107	\$ 1,276	\$ 192,439
Due to grantors	108,526		
Totals	<u>\$ 134,633</u>	<u>\$ 1,276</u>	<u>\$ 192,439</u>

**6: DEBT REFUNDINGS**

On December 1, 2014, the District issued refunding bonds of \$6,725,000 with interest rates of 1 to 3 percent to refund \$6,545,000 of outstanding bonds dated June 15, 2011. The interest rates of the bonds refunded were 2 to 3.8 percent. Net bond proceeds of \$6,642,599 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on January 23, 2015. The remaining proceeds of \$12,025 (after payment of \$70,376 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$428,598 to the District over the life of the bonds.

**7: INTERFUND TRANSFERS**

The District transferred \$744,201 from the general fund to the other aggregate funds for debt related payments (\$349,715), to satisfy debt refunding savings required to be utilized for capital expenditures (\$382,461), and to supplement capital projects (\$12,025). The District also transferred \$20,884 from the general fund to the special revenue fund to supplement the District's food services operations.

BALD KNOB SCHOOL DISTRICT  
WHITE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

**8: RETIREMENT PLANS**

Arkansas Teacher Retirement System

Plan Description

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

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2015 were \$982,632, equal to the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2014 (actuarial valuation date and measurement date) was \$6,362,388.

Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2015 were \$4,091, equal to the required contributions.

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

**8: RETIREMENT PLANS (Continued)**

Arkansas Public Employees Retirement System (Continued)

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2014 (actuarial valuation date and measurement date) was \$22,022.

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

DEDUCTIONS	
Scholarships	\$ 1,000
FUND BALANCE - JULY 1	6,100
FUND BALANCE - JUNE 30	\$ 5,100

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$10,410,456 issued from November 1, 2007 through December 1, 2014. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$12,415,748, payable through February 1, 2030. Principal and interest paid for the current year and total property taxes pledged for debt service were \$381,472 and \$1,621,500, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 23.53 percent.

**11: RISK MANAGEMENT**

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

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

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

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

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

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2015

**11: RISK MANAGEMENT (Continued)**

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

**12: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$251,518 for the year ended June 30, 2015.

**13: 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	\$ 1,658		
Educational programs - national school lunch state categorical funding	55,683		
English-language learners	10,746		
Professional development	27,276		
Capital projects			\$ 202,950
Debt service			277,838
Medical services		\$ 30,627	
Special education programs	14,731		
Secondary career centers	112,262		
Migrant education program		322,752	
Other purposes	5	65,378	
Total Restricted	<u>222,361</u>	<u>418,757</u>	<u>480,788</u>
Assigned to:			
Student activities	82,058		
Other purposes	16,765		
Total Assigned	<u>98,823</u>		
Unassigned	<u>2,733,480</u>		
Totals	<u>\$ 3,054,664</u>	<u>\$ 418,757</u>	<u>\$ 480,788</u>

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (Unaudited)

Schedule 1

	Balance June 30, 2015
<i>Nondepreciable capital assets:</i>	
Land	\$ 196,179
Construction in progress	882,855
Total nondepreciable capital assets	1,079,034
 <i>Depreciable capital assets:</i>	
Buildings	20,912,133
Improvements/infrastructure	916,449
Equipment	2,930,733
Total depreciable capital assets	24,759,315
 Less accumulated depreciation for:	
Buildings	5,639,981
Improvements/infrastructure	390,514
Equipment	2,076,978
Total accumulated depreciation	8,107,473
 Total depreciable capital assets, net	 16,651,842
 Capital assets, net	 \$ 17,730,876

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2015

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program - Cash Assistance	10.553	73-01	\$ 126,644
National School Lunch Program - Cash Assistance	10.555	73-01	370,044
Total State Department of Education			496,688
Passed Through State Department of Human Services:			
National School Lunch Program - Non-Cash Assistance (Food Distribution) (Note 3)	10.555	7301000	59,452
TOTAL CHILD NUTRITION CLUSTER			556,140
<b>OTHER PROGRAMS</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	73-01	470,917
Migrant Education - State Grant Program	84.011	73-01	1,464,390
Special Education - Grants to States	84.027	73-01	292,498
Rural Education	84.358	73-01	24,019
Improving Teacher Quality State Grants	84.367	73-01	83,167
Total U. S. Department of Education			2,334,991
<u>U. S. Department of Health and Human Services</u>			
Passed Through State Department of Career Education:			
Temporary Assistance for Needy Families	93.558	73-01	4,000
TOTAL OTHER PROGRAMS			2,338,991
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,895,131

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Bald Knob School District (District) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the State Department of Human Services.
- Note 4: During the year ended June 30, 2015, the District received Medicaid funding of \$29,618 from the State Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.



BALD KNOB SCHOOL DISTRICT  
WHITE COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

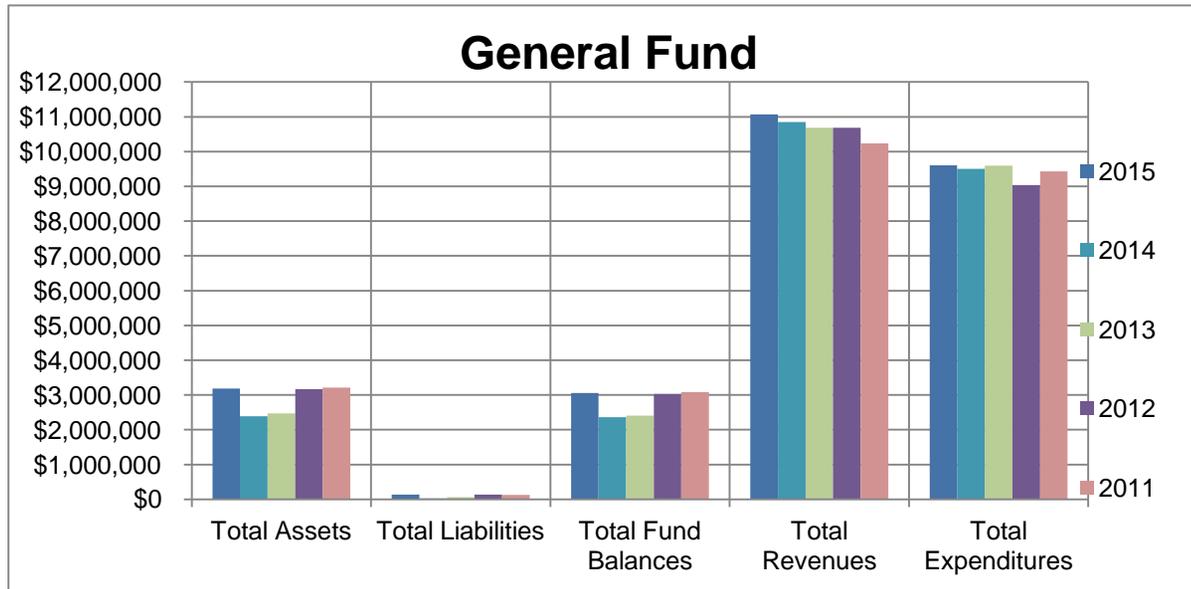
Schedule 4

There were no findings in the prior audit.

BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (Unaudited)

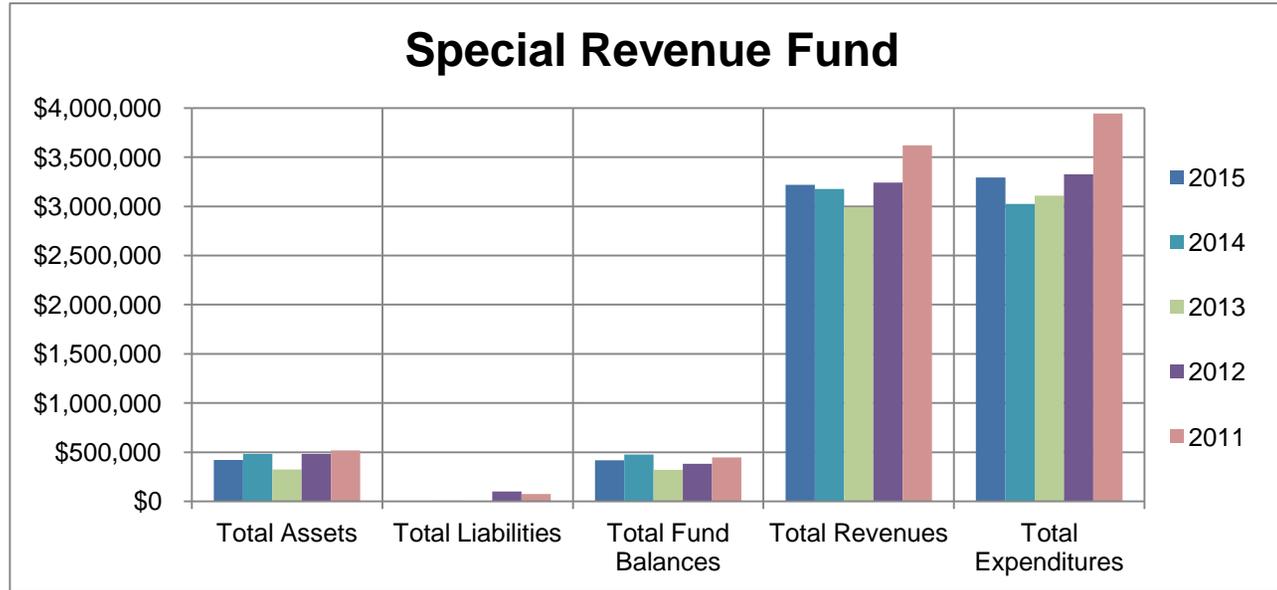
Schedule 5

<u>General Fund</u>	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets	\$ 3,189,297	\$ 2,385,284	\$ 2,474,244	\$ 3,165,860	\$ 3,209,065
Total Liabilities	134,633	26,307	64,011	136,424	124,867
Total Fund Balances	3,054,664	2,358,977	2,410,233	3,029,436	3,084,198
Total Revenues	11,066,271	10,854,015	10,688,844	10,683,561	10,240,613
Total Expenditures	9,605,499	9,502,512	9,591,430	9,033,157	9,428,491
Total Other Financing Sources (Uses)	(765,085)	(1,402,759)	(1,716,617)	(1,705,166)	(880,273)



BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets	\$ 420,033	\$ 481,651	\$ 324,872	\$ 480,752	\$ 519,266
Total Liabilities	1,276	6,965	2,931	98,844	73,785
Total Fund Balances	418,757	474,686	321,941	381,908	445,481
Total Revenues	3,218,310	3,177,658	2,991,521	3,240,929	3,619,797
Total Expenditures	3,295,123	3,024,913	3,108,265	3,327,007	3,945,464
Total Other Financing Sources (Uses)	20,884		56,777	22,505	18,246



BALD KNOB SCHOOL DISTRICT  
 WHITE COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2015	2014	2013	2012	2011
Total Assets	\$ 673,227	\$ 875,487	\$ 684,795	\$ 2,018,651	\$ 85,701
Total Liabilities	192,439	186	395,113	25,938	2,153
Total Fund Balances	480,788	875,301	289,682	1,992,713	83,548
Total Revenues	97,191	1,255,358	2,555,521	1,515,002	658,960
Total Expenditures	1,247,930	3,077,526	5,918,392	3,379,449	1,520,985
Total Other Financing Sources (Uses)	756,226	2,407,787	1,659,840	3,773,612	874,170

