

Rivercrest School District No. 57

Mississippi County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2017



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MISSISSIPPI COUNTY, ARKANSAS
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JUNE 30, 2017

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Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Rivercrest School District No. 57 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 Rivercrest School District No. 57 (the "District"), as of and for the year ended June 30, 2017, 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, 2017, 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, 2017, 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 February 16, 2018 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
February 16, 2018
EDSD43817

Arkansas

Sen. Jimmy Hickey, Jr.
Senate Chair
Sen. Lance Eads
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Mary Bentley
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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

Rivercrest School District No. 57 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 Rivercrest School District No. 57 (the "District"), as of and for the year ended June 30, 2017, 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 16, 2018. 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, 2017, 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.

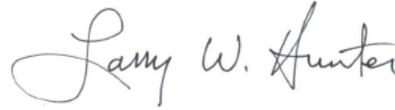
Compliance and Other Matters

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 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

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

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
February 16, 2018

Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

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

INDEPENDENT AUDITOR'S REPORT

Rivercrest School District No. 57 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Rivercrest School District No. 57 (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect of each of the District's major federal programs for the year ended June 30, 2017. 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, 2017.

Report on Internal Control Over Compliance

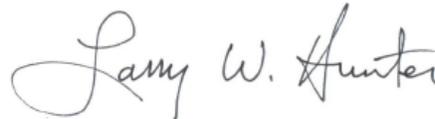
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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

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

Larry W. Hunter, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
February 16, 2018

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 5,140,041	\$ 190,350	\$ 5,008,660	\$ 15,499
Accounts receivable	29,771	192,083		
Deposit with paying agent			8,825	
TOTAL ASSETS	\$ 5,169,812	\$ 382,433	\$ 5,017,485	\$ 15,499
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 17,784	\$ 652		
Due student groups				\$ 15,499
Total Liabilities	17,784	652		15,499
Fund Balances:				
Nonspendable			\$ 8,825	
Restricted	562,979	381,781	262,114	
Assigned	94,516		4,746,546	
Unassigned	4,494,533			
Total Fund Balances	5,152,028	381,781	5,017,485	
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,169,812	\$ 382,433	\$ 5,017,485	\$ 15,499

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

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 3,350,723		
State assistance	7,689,861	\$ 4,594	
Federal assistance		1,643,346	
Activity revenues	287,529		
Meal sales		79,276	
Investment income	933		
Other revenues	552,769	386	
TOTAL REVENUES	11,881,815	1,727,602	
EXPENDITURES			
Regular programs	4,032,949	93,332	
Special education	355,885	265,252	
Career education programs	161,243		
Compensatory education programs	676,410	284,478	
Other instructional programs	283,615		
Student support services	434,874	146,542	
Instructional staff support services	522,670	151,209	
General administration support services	257,207	25,246	
School administration support services	514,791		
Central services support services	271,105	1,380	
Operation and maintenance of plant services	1,729,072	603	
Student transportation services	732,434	25,615	
Other support services	19,757		
Food services operations		779,998	
Community services operations		33	
Facilities acquisition and construction services			\$ 96,624
Non-programmed costs		1,109	
Activity expenditures	272,804		
Debt Service:			
Principal retirement	65,521		224,636
Interest and fiscal charges	16,290		395,171
Net debt issuance costs			175,151
TOTAL EXPENDITURES	10,346,627	1,774,797	891,582
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,535,188	(47,195)	(891,582)
OTHER FINANCING SOURCES (USES)			
Transfers in		4,039	427,331
Transfers out	(431,370)		
Value of installment contract	254,449		
Payment to refunding bond escrow agent			(6,660,921)
Proceeds from refunding bond issue			6,840,000
TOTAL OTHER FINANCING SOURCES (USES)	(176,921)	4,039	606,410

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 1,358,267	\$ (43,156)	\$ (285,172)
FUND BALANCES - JULY 1	<u>3,793,761</u>	<u>424,937</u>	<u>5,302,657</u>
FUND BALANCES - JUNE 30	<u><u>\$ 5,152,028</u></u>	<u><u>\$ 381,781</u></u>	<u><u>\$ 5,017,485</u></u>

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

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI 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, 2017

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 3,022,961	\$ 3,350,723	\$ 327,762			
State assistance	7,837,034	7,689,861	(147,173)	\$ 4,800	\$ 4,594	\$ (206)
Federal assistance	15,000		(15,000)	2,006,475	1,643,346	(363,129)
Activity revenues	333,805	287,529	(46,276)			
Meal sales				78,700	79,276	576
Investment income	26,000	933	(25,067)			
Other revenues	419,370	552,769	133,399		386	386
TOTAL REVENUES	11,654,170	11,881,815	227,645	2,089,975	1,727,602	(362,373)
EXPENDITURES						
Regular programs	4,134,529	4,032,949	101,580	95,812	93,332	2,480
Special education	359,023	355,885	3,138	354,568	265,252	89,316
Career education programs	146,080	161,243	(15,163)			
Compensatory education programs	797,062	676,410	120,652	353,544	284,478	69,066
Other instructional programs	259,197	283,615	(24,418)			
Student support services	431,474	434,874	(3,400)	191,357	146,542	44,815
Instructional staff support services	521,747	522,670	(923)	259,462	151,209	108,253
General administration support services	250,872	257,207	(6,335)	30,713	25,246	5,467
School administration support services	496,220	514,791	(18,571)			
Central services support services	268,774	271,105	(2,331)	3,000	1,380	1,620
Operation and maintenance of plant services	1,492,470	1,729,072	(236,602)	3,000	603	2,397
Student transportation services	764,450	732,434	32,016	28,328	25,615	2,713
Other support services	30,025	19,757	10,268			
Food services operations				875,659	779,998	95,661
Community services operations				11,500	33	11,467
Non-programmed costs				23,408	1,109	22,299
Activity expenditures	303,885	272,804	31,081			
Debt Service:						
Principal retirement	97,639	65,521	32,118			
Interest and fiscal charges	26,434	16,290	10,144			
TOTAL EXPENDITURES	10,379,881	10,346,627	33,254	2,230,351	1,774,797	455,554

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI 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, 2017

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,274,289	\$ 1,535,188	\$ 260,899	\$ (140,376)	\$ (47,195)	\$ 93,181
OTHER FINANCING SOURCES (USES)						
Transfers in	12,358,293		(12,358,293)		4,039	4,039
Transfers out	(12,766,549)	(431,370)	12,335,179			
Value of installment contract		254,449	254,449			
TOTAL OTHER FINANCING SOURCES (USES)	(408,256)	(176,921)	231,335		4,039	4,039
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	866,033	1,358,267	492,234	(140,376)	(43,156)	97,220
FUND BALANCES - JULY 1	3,745,831	3,793,761	47,930	394,335	424,937	30,602
FUND BALANCES - JUNE 30	<u>\$ 4,611,864</u>	<u>\$ 5,152,028</u>	<u>\$ 540,164</u>	<u>\$ 253,959</u>	<u>\$ 381,781</u>	<u>\$ 127,822</u>

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

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 Rivercrest School District (District). There are no component units.

B. Description of Funds

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

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

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

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

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

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

Fiduciary Fund types include the following:

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

C. Measurement Focus and Basis of Accounting

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

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$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	20-30
Buildings	20-50
Equipment	5-25

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.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

F. Property Taxes (Continued)

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2016 calendar year taxes collected by June 30, 2017 and 16 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, 2017 equaled or exceeded the 16 percent calculation.

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

G. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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.
4. 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.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

K. Fund Balance Classification Policies and Procedures

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

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

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)	\$ 341,629	\$ 347,612
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	10,012,921	10,116,329
Uninsured and uncollateralized	10,012,921	200,622
Total Deposits	\$ 10,354,550	\$ 10,664,563

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a deposit policy addressing custodial credit risk; however, as of June 30, 2017, \$200,622 of the District's bank balance of \$10,664,563 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$200,622</u>
--------------------------------	------------------

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Federal assistance		\$ 192,083
Other	\$ 29,771	
Totals	\$ 29,771	\$ 192,083

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2017:

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, 2017	Maturities To June 30, 2017
9/1/05	2/1/25	2.95 - 4%	\$ 520,000	\$ 250,000	\$ 270,000
12/1/06	2/1/22	3.7 - 3.9%	530,000	210,000	320,000
11/8/16	2/1/43	1.75 - 3%	6,840,000	6,840,000	
11/1/15	2/1/34	1 - 3.15%	5,145,000	5,000,000	145,000
2/23/12	2/23/22	4%	230,370	126,553	103,817
5/5/10	5/5/20	4.9%	159,750	56,272	103,478
3/25/14	3/25/24	3.494%	215,000	158,060	56,940
10/27/15	10/27/21	3.37%	90,000	76,215	13,785
7/15/16	7/15/25	3.25%	254,449	242,166	12,283
Totals			\$ 13,984,569	\$ 12,959,266	\$ 1,025,303

Changes in Long-term Debt

	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017
Bonds payable	\$ 12,205,000	\$ 6,840,000	\$ 6,745,000	\$ 12,300,000
Postdated warrants	267,696		33,420	234,276
Capital leases	222,278		39,453	182,825
Installment contracts		254,449	12,283	242,166
Totals	\$ 12,694,974	\$ 7,094,449	\$ 6,830,157	\$ 12,959,266

* Includes \$6,540,000 early retirement of debt – See Note 6.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4: COMMITMENTS (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2018	\$ 420,943	\$ 243,379	\$ 664,322
2019	424,786	327,638	752,425
2020	438,780	318,255	757,035
2021	432,282	308,450	740,731
2022	435,570	298,454	734,024
2023-2027	1,996,905	1,359,835	3,356,739
2028-2032	2,370,000	1,117,691	3,487,691
2033-2037	2,705,000	782,085	3,487,085
2038-2042	3,075,000	350,250	3,425,250
2043	660,000	19,800	679,800
Totals	<u>\$ 12,959,266</u>	<u>\$ 5,125,837</u>	<u>\$ 18,085,103</u>

Capital Leases

Capital assets acquired through capital leases consisted of the following at June 30, 2017:

Class of Property	Cost	Accumulated Depreciation	Net Value
Buses	<u>\$ 390,120</u>	<u>\$ 265,928</u>	<u>\$ 124,192</u>

The present value of the net minimum lease payments is as follows at June 30, 2017:

Total Minimum Lease Payments	\$ 202,082
Less: Amount Representing Interest	<u>19,257</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 182,825</u>

Security for Debt Payments

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

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at June 30, 2017 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 17,322	\$ 652
Payroll withholdings and matching	462	
Totals	\$ 17,784	\$ 652

6: DEBT REFUNDING

On November 8, 2016, the District issued refunding bonds of \$6,840,000 with interest rates of 1.75 to 3 percent to refund \$6,540,000 of outstanding bonds dated June 1, 2012. The interest rates of the bonds refunded were 1.625 to 4 percent. Net bond proceeds of \$6,660,921 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on February 1, 2017. The remaining proceeds of \$3,928 (after payment of \$175,151 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$827,698 to the District over the life of the bonds.

7: INTERFUND TRANSFERS

The District transferred \$427,331 from the general fund to the other aggregate funds for debt related payments of \$174,229 and debt refunding savings of \$253,102 to be utilized for capital expenditures. Additionally, \$4,039 was transferred from the general fund to the special revenue fund as corrective action related to a prior year audit finding in the child nutrition program.

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, 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, 2017 were \$913,952, equal to the required contributions.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8: RETIREMENT PLANS (Continued)

Arkansas Teacher 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, 2016 (actuarial valuation date and measurement date) was \$9,616,570.

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, 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, 2017 were \$503, 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, 2016 (actuarial valuation date and measurement date) was \$4,260.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$13,035,000 issued from September 1, 2005 to November 8, 2016. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$17,338,919, payable through February 1, 2043. Principal and interest paid for the current year and total property taxes pledged for debt service were \$591,913 and \$1,166,183, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 50.76 percent.

10: RISK MANAGEMENT

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

The Districts carries commercial insurance for board liability, student accidents, and catastrophic crop coverage.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

10: RISK MANAGEMENT (Continued)

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 \$224,885 for the year ended June 30, 2017.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Nonspendable:			
Deposit with paying agent			\$ 8,825
Restricted for:			
Educational programs - national school lunch state categorical funding	\$ 174,437		
English-language learners	5,958		
Professional development	16,888		
Capital projects			262,114
Child nutrition programs		\$ 290,643	
Medical services		73,026	
Special education programs	14,445		
Juvenile instruction	132,127		
Early childhood education	141,287		
Other purposes	77,837	18,112	
Total Restricted	<u>562,979</u>	<u>381,781</u>	<u>262,114</u>
Assigned to:			
Capital projects			4,746,546
Student activities	94,516		
Total Assigned	<u>94,516</u>		<u>4,746,546</u>
Unassigned	<u>4,494,533</u>		
Totals	<u>\$5,152,028</u>	<u>\$ 381,781</u>	<u>\$5,017,485</u>

13: SUBSEQUENT EVENT

On August 11, 2017, the District executed a \$2,685,521 contract for the construction of a new stadium.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

Schedule 1

	Balance June 30, 2017
<i>Nondepreciable capital assets:</i>	
Land	\$ 3,381,035
Construction in progress	114,193
Total nondepreciable capital assets	3,495,228
 <i>Depreciable capital assets:</i>	
Buildings	25,975,838
Improvements/infrastructure	696,118
Equipment	3,590,029
Total depreciable capital assets	30,261,985
 Less accumulated depreciation for:	
Buildings	4,619,991
Improvements/infrastructure	376,510
Equipment	2,427,856
Total accumulated depreciation	7,424,357
Total depreciable capital assets, net	22,837,628
Capital assets, net	\$ 26,332,856

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Passed Through Arkansas Department of Education:				
School Breakfast Program	10.553	4706		\$ 157,881
National School Lunch Program	10.555	4706		400,210
Total Arkansas Department of Education				558,091
Passed Through Arkansas Department of Human Services:				
National School Lunch Program (Note 3)	10.555	4706000		49,336
TOTAL CHILD NUTRITION CLUSTER				607,427
OTHER PROGRAMS				
<u>U. S. Department of Agriculture</u>				
Passed Through Arkansas Department of Education:				
Fresh Fruit and Vegetable Program	10.582	4706		31,673
<u>U. S. Department of Defense</u>				
Direct Program:				
ROTC (Note 4)	12 AE13001			72,604
<u>U. S. Department of Education</u>				
Passed Through Arkansas Department of Education:				
Title I Grants to Local Educational Agencies	84.010	4706		360,551
Special Education - Grants to States	84.027	4706		373,161
Rural Education	84.358	4706		8,900
Supporting Effective Instruction State Grant	84.367	4706		129,948
Total U. S. Department of Education				872,560
<u>U. S. Department of Health and Human Services</u>				
Passed Through Arkansas Department of Human Services:				
Substance Abuse and Mental Health Services - Projects Of Regional and National Significance	93.243	4706		9,316
TOTAL OTHER PROGRAMS				986,153
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 0	\$ 1,593,580

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 Rivercrest School District No. 57 (District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 4: The Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 5: The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes 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)? yes no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education - Grants to States

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

RIVERCREST SCHOOL DISTRICT
SALLY BENNETT, SUPERINTENDENT
1700A WEST STATE HWY 14
WILSON, AR 72395
"COLTS"

Telephone:
870-655-8633

Fax:
870-655-8841

Schedule 4

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U. S. Department of Agriculture
Passed Through Arkansas Department of Education
National School Lunch Program – CFDA Number 10.555

2016 - Finding 2016-001: Special Tests and Provisions

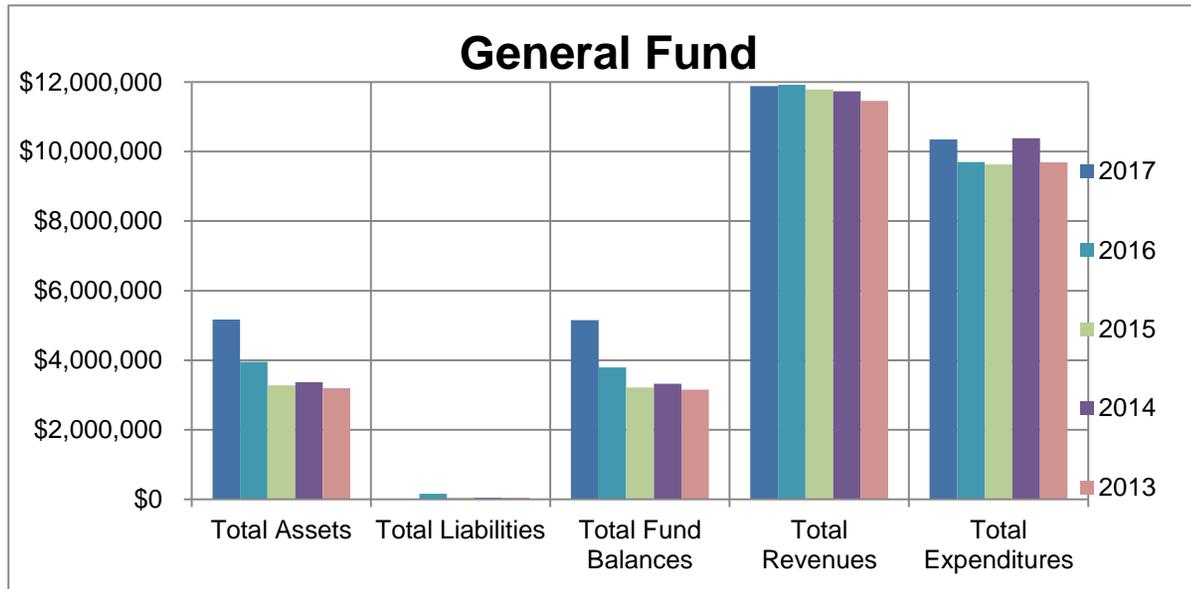
Condition: An examination of the fiscal year 2016 paid lunch equity calculation, prepared by the District, revealed an error which resulted in the District not implementing a required price increase of \$.10 for paid lunches.

Current Status: The District transferred from operating to food service to cover this finding. The District also increased lunch prices by \$.10.

RIVERCREST SCHOOL DISTRICT NO. 57
MISSISSIPPI COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017
(Unaudited)

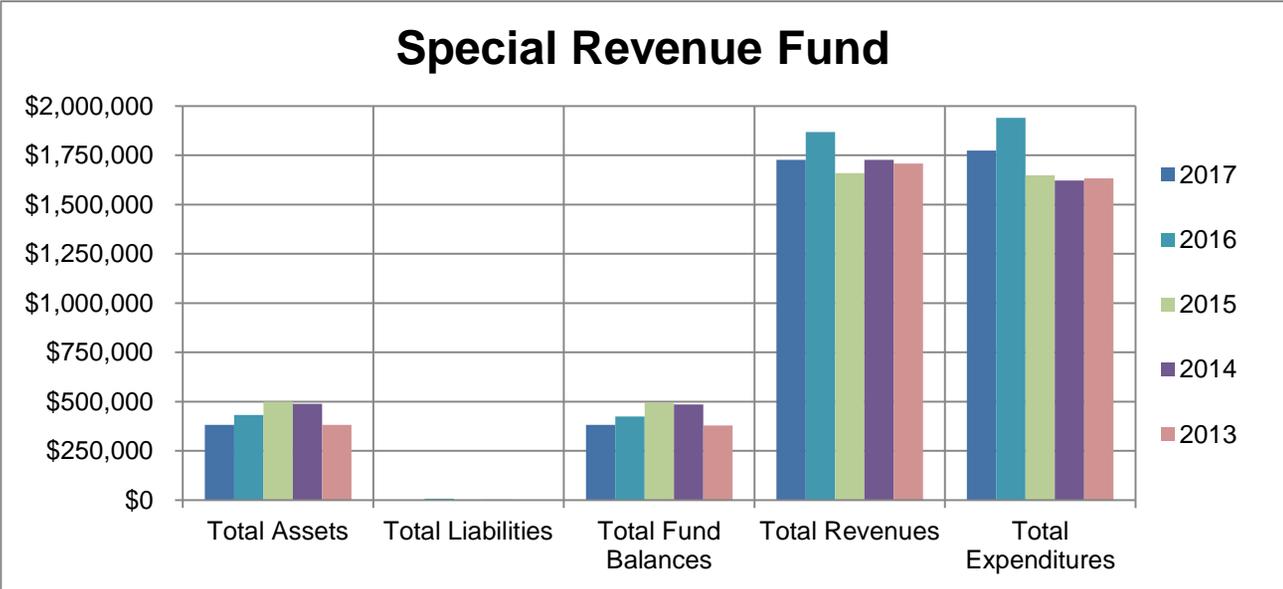
Schedule 5

General Fund	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets	\$ 5,169,812	\$ 3,956,780	\$ 3,273,813	\$ 3,368,662	\$ 3,198,767
Total Liabilities	17,784	163,019	54,035	42,987	41,850
Total Fund Balances	5,152,028	3,793,761	3,219,778	3,325,675	3,156,917
Total Revenues	11,881,815	11,918,340	11,786,247	11,736,998	11,455,862
Total Expenditures	10,346,627	9,701,237	9,631,794	10,382,735	9,687,806
Total Other Financing Sources (Uses)	(176,921)	(1,643,120)	(2,260,350)	(1,185,505)	(1,371,028)



RIVERCREST SCHOOL DISTRICT NO. 57
 MISSISSIPPI COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets	\$ 382,433	\$ 431,770	\$ 499,123	\$ 488,752	\$ 381,575
Total Liabilities	652	6,833	3,573	3,280	1,797
Total Fund Balances	381,781	424,937	495,550	485,472	379,778
Total Revenues	1,727,602	1,869,035	1,659,227	1,727,901	1,707,783
Total Expenditures	1,774,797	1,939,648	1,649,149	1,622,207	1,633,882
Total Other Financing Sources (Uses)	4,039				



RIVERCREST SCHOOL DISTRICT NO. 57
 MISSISSIPPI COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2017
 (Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2017	2016	2015	2014	2013
Total Assets	\$ 5,017,485	\$ 5,320,226	\$ 4,062,011	\$ 5,179,123	\$ 8,681,466
Total Liabilities		17,569			
Total Fund Balances	5,017,485	5,302,657	4,062,011	5,179,123	8,681,466
Total Revenues			461,423	5,708,369	2,684,307
Total Expenditures	891,582	494,761	3,888,885	10,611,217	4,062,673
Total Other Financing Sources (Uses)	606,410	1,735,407	2,310,350	1,400,505	3,154,061

