

Nemo Vista School District No. 8

Conway County, Arkansas

**Regulatory Basis Financial Statements
And Other Reports**

June 30, 2019



NEMO VISTA SCHOOL DISTRICT NO. 8
CONWAY COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2019

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

REGULATORY BASIS FINANCIAL STATEMENTS

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

SCHEDULES

	<u>Schedule</u>
Schedule of Capital Assets (Unaudited)	1
Schedule of Selected Information for the Last Five Years – Regulatory Basis (Unaudited)	2

Arkansas

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Senate Chair
Sen. Eddie Cheatham
Senate Vice Chair



Rep. Richard Womack
House Chair
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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

INDEPENDENT AUDITOR'S REPORT

Nemo Vista School District No. 8 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 Nemo Vista School District No. 8 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

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 Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis are presented for the purpose of additional analysis and are not a required part of the regulatory basis financial statements.

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 June 4, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe that scope or 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
June 4, 2020
EDSD07219

Arkansas

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



Rep. Richard Womack
House Chair
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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

Nemo Vista School District No. 8 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 Nemo Vista School District No. 8 (the "District"), as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated June 4, 2020. We have issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we consider 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 there is a reasonable possibility that a material misstatement of the District's regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

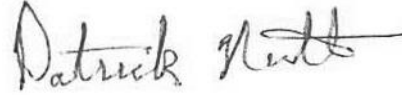
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state 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 *Governmental 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 black ink that reads "Patrick Nutt". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Patrick Nutt, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
June 4, 2020

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 912,714	\$ 117,133	\$ 4,557,475	\$ 39,871
Accounts receivable		39,215		
Due from other funds	30,495			
TOTAL ASSETS	\$ 943,209	\$ 156,348	\$ 4,557,475	\$ 39,871
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 37,294			\$ 2,213
Due student groups				37,658
Due to other funds		\$ 30,495		
Total Liabilities	37,294	30,495		39,871
Fund Balances:				
Restricted	143,114	125,853		
Assigned	54,776		\$ 4,557,475	
Unassigned	708,025			
Total Fund Balances	905,915	125,853	4,557,475	
TOTAL LIABILITIES AND FUND BALANCES	\$ 943,209	\$ 156,348	\$ 4,557,475	\$ 39,871

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

NEMO VISTA SCHOOL DISTRICT NO. 8
CONWAY COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,687,172		
State assistance	1,822,572	\$ 1,897	
Federal assistance	3,090	610,124	
Activity revenues	54,936		
Meal sales		66,674	
Investment income	137,487		
Other revenues	57,586		
TOTAL REVENUES	4,762,843	678,695	
EXPENDITURES			
Regular programs	1,886,333	12,739	
Special education	275,817	57,305	
Career education programs	184,738	695	
Compensatory education programs	78,986	118,445	
Other instructional programs	206,546	4,776	
Student support services	269,269	109,689	
Instructional staff support services	204,584	60,579	
General administration support services	207,567		
School administration support services	312,312		
Central services support services	70,751		
Operation and maintenance of plant services	623,408		\$ 3,050
Student transportation services	252,582		
Other support services	43,020		
Food services operations	36,147	275,868	
Community services operations		1,759	
Facilities acquisition and construction services	2,025		270,763
Activity expenditures	39,419		
Debt Service:			
Principal retirement			140,000
Interest and fiscal charges			40,175
TOTAL EXPENDITURES	4,693,504	641,855	453,988
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	69,339	36,840	(453,988)
OTHER FINANCING SOURCES (USES)			
Transfers in			180,175
Transfers out	(180,175)		
TOTAL OTHER FINANCING SOURCES (USES)	(180,175)		180,175
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(110,836)	36,840	(273,813)
FUND BALANCES - JULY 1 (RESTATED)	1,016,751	89,013	4,831,288
FUND BALANCES - JUNE 30	\$ 905,915	\$ 125,853	\$ 4,557,475

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

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 4,031,253	\$ 2,687,172	\$ (1,344,081)			
State assistance	816,320	1,822,572	1,006,252	\$ 1,800	\$ 1,897	\$ 97
Federal assistance	5,000	3,090	(1,910)	570,378	610,124	39,746
Activity revenues		54,936	54,936			
Meal sales				61,600	66,674	5,074
Investment income	60,000	137,487	77,487			
Other revenues	47,853	57,586	9,733	30		(30)
TOTAL REVENUES	4,960,426	4,762,843	(197,583)	633,808	678,695	44,887
EXPENDITURES						
Regular programs	1,997,466	1,886,333	111,133	16,605	12,739	3,866
Special education	278,654	275,817	2,837	62,595	57,305	5,290
Career education programs	222,887	184,738	38,149	695	695	
Compensatory education programs	80,894	78,986	1,908	122,091	118,445	3,646
Other instructional programs	211,321	206,546	4,775	5,667	4,776	891
Student support services	277,865	269,269	8,596	123,924	109,689	14,235
Instructional staff support services	230,311	204,584	25,727	63,992	60,579	3,413
General administration support services	213,137	207,567	5,570			
School administration support services	314,282	312,312	1,970			
Central services support services	82,460	70,751	11,709	60		60
Operation and maintenance of plant services	697,876	623,408	74,468			
Student transportation services	289,158	252,582	36,576			
Other support services	34,000	43,020	(9,020)			
Food services operations	40,105	36,147	3,958	279,683	275,868	3,815
Community services operations				5,000	1,759	3,241
Facilities acquisition and construction services	2,025	2,025				
Activity expenditures		39,419	(39,419)			
TOTAL EXPENDITURES	4,972,441	4,693,504	278,937	680,312	641,855	38,457

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (12,015)	\$ 69,339	\$ 81,354	\$ (46,504)	\$ 36,840	\$ 83,344
OTHER FINANCING SOURCES (USES)						
Transfers in	6,928,611		(6,928,611)	16,639		(16,639)
Transfers out	(6,991,456)	(180,175)	6,811,281	(16,639)		16,639
TOTAL OTHER FINANCING SOURCES (USES)	(62,845)	(180,175)	(117,330)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(74,860)	(110,836)	(35,976)	(46,504)	36,840	83,344
FUND BALANCES - JULY 1 (RESTATED)	1,095,891	1,016,751	(79,140)	92,883	89,013	(3,870)
FUND BALANCES - JUNE 30	<u>\$ 1,021,031</u>	<u>\$ 905,915</u>	<u>\$ (115,116)</u>	<u>\$ 46,379</u>	<u>\$ 125,853</u>	<u>\$ 79,474</u>

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

NEMO VISTA SCHOOL DISTRICT NO. 8
CONWAY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Revenue Recognition Policies

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

E. Capital Assets

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

NEMO VISTA SCHOOL DISTRICT NO. 8
CONWAY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 2018 calendar year taxes collected by June 30, 2019 and 8 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2019 equaled or exceeded the 8 percent calculation.

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

G. Interfund Receivables and Payables

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

H. Fund Balance Classifications

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

I. Budget and Budgetary Accounting

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

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

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

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Stabilization Arrangements

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

K. Minimum Fund Balance Policies

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

L. Fund Balance Classification Policies and Procedures

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

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

M. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 344,647	\$ 347,139
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	5,282,546	5,554,895
Total Deposits	\$ 5,627,193	\$ 5,902,034

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

3: ACCOUNTS RECEIVABLE

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

Description	Governmental Funds Major Special Revenue
Federal assistance	\$ 39,215

4: COMMITMENTS

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

A. Operating Lease (noncapital lease with initial noncancellable lease terms in excess of one year)

General description of leases and leasing arrangements: On November 16, 2018 the District executed a lease for eight copiers. Terms of the lease were monthly payments of \$2,078 for 36 months.

1. Future minimum rental payments (aggregate) at June 30, 2019: \$60,253
2. Future minimum rental payments for the succeeding years:

Year Ended June 30,	Amount
2020	\$ 24,932
2021	24,932
2022	10,389
Total	\$ 60,253

Rental payments for the operating leases described above were approximately \$15,744 for the year ended June 30, 2019.

B. Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2019	Maturities To June 30, 2019
Bonds					
6/15/03	2/1/20	2 - 4.1%	\$ 1,260,000	\$ 95,000	\$ 1,165,000
7/1/12	2/1/36	1.15 - 3.25%	1,350,000	1,080,000	270,000
Totals			2,610,000	1,175,000	1,435,000

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

4: COMMITMENTS (Continued)

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

Changes in Long-term Debt

	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
Bonds payable	\$ 1,315,000	\$ 0	\$ 140,000	\$ 1,175,000

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2020	\$ 145,000	\$ 34,820	\$ 179,820
2021	55,000	30,000	85,000
2022	55,000	28,680	83,680
2023	55,000	27,360	82,360
2024	55,000	26,040	81,040
2025-2029	305,000	107,513	412,513
2030-2034	350,000	59,185	409,185
2035-2036	155,000	7,638	162,638
Totals	\$ 1,175,000	\$ 321,235	\$ 1,496,235

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

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

Description	Governmental Fund Major General	Fiduciary Fund Types
Vendor payables	\$ 37,294	\$ 2,213

NEMO VISTA SCHOOL DISTRICT NO. 8
CONWAY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6: INTERFUND TRANSFERS

The District transferred \$180,175 from the general fund to the other aggregate funds for debt related payments.

7: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

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

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2019 were \$440,898, equal to the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2018 (actuarial valuation date and measurement date) was \$4,017,223.

8: PRIOR YEAR RESTATEMENT

The beginning fund balance of the general fund was increased by \$38,221 due to the reclassification to the general fund of three activity accounts previously reported as agency funds in the fiduciary fund types. The beginning fund balances of the special revenue fund and the other aggregate funds were decreased and increased; respectively, by \$3,050 to reclassify certain financial resources used for capital projects.

9: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$2,610,000 issued from June 15, 2003 through July 1, 2012. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$1,496,235, payable through February 1, 2036. Principal and interest paid for the current year and total property taxes pledged for debt service were \$179,345 and \$820,885, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 21.85 percent.

10: RISK MANAGEMENT

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

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

NEMO VISTA SCHOOL DISTRICT NO. 8
CONWAY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 \$87,851 for the year ended June 30, 2019.

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 1,338		
Educational programs - national school lunch state categorical funding	6,758		
English-language learners	513		
Professional development	2,310		
Child nutrition programs		\$ 117,133	
Medical services		6,016	
Special education programs	20,921		
Title I programs		2,704	
Early childhood programs	56,887		
Other purposes	54,387		
Total Restricted	<u>143,114</u>	<u>125,853</u>	
Assigned to:			
Capital projects			\$ 4,557,475
Student activities	54,776		
Total Assigned	<u>54,776</u>		<u>4,557,475</u>
Unassigned	<u>708,025</u>		
Totals	<u>\$ 905,915</u>	<u>\$ 125,853</u>	<u>\$ 4,557,475</u>

13: SUBSEQUENT EVENT

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The extent of the impact of COVID-19 on the financial statements for future reporting periods will depend on certain developments, including the duration and speed of the outbreak and revenue collections – all of which are uncertain and cannot be predicted. The financial impact of COVID-19 to the District is uncertain as of the audit report date.

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

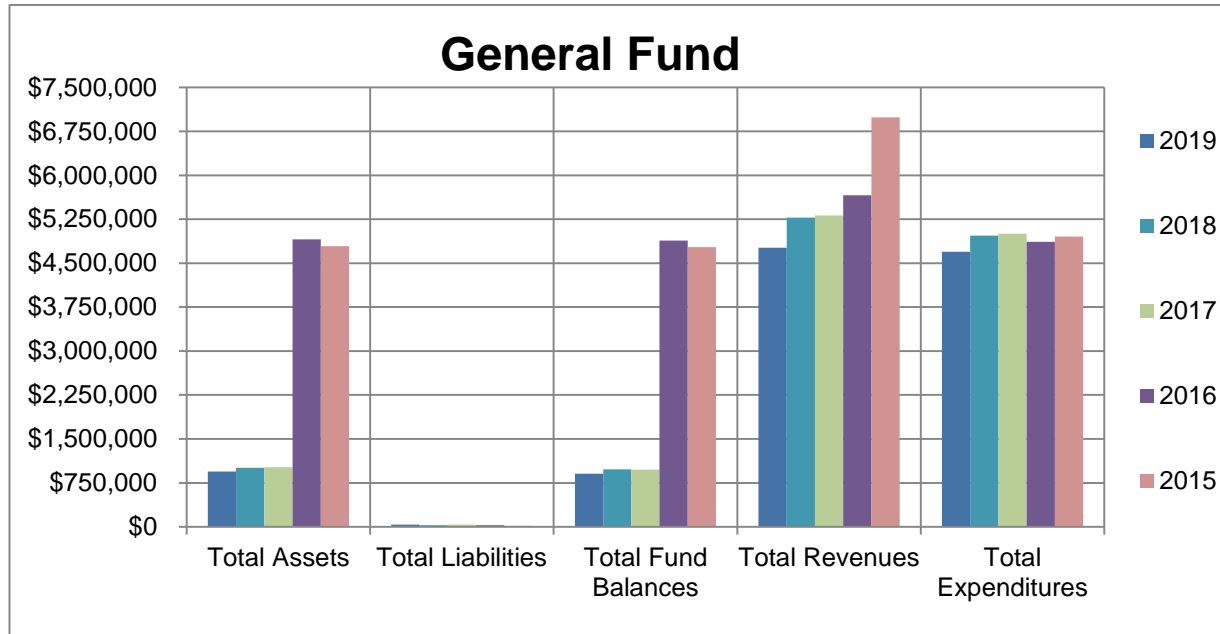
Schedule 1

	Balance June 30, 2019
<i>Nondepreciable capital assets:</i>	
Land	\$ 81,041
<i>Depreciable capital assets:</i>	
Buildings	10,597,254
Improvements/infrastructure	1,028,946
Equipment	1,611,954
Total depreciable capital assets	13,238,154
Less accumulated depreciation for:	
Buildings	3,367,453
Improvements/infrastructure	253,191
Equipment	1,235,729
Total accumulated depreciation	4,856,373
Total depreciable capital assets, net	8,381,781
Capital assets, net	\$ 8,462,822

NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

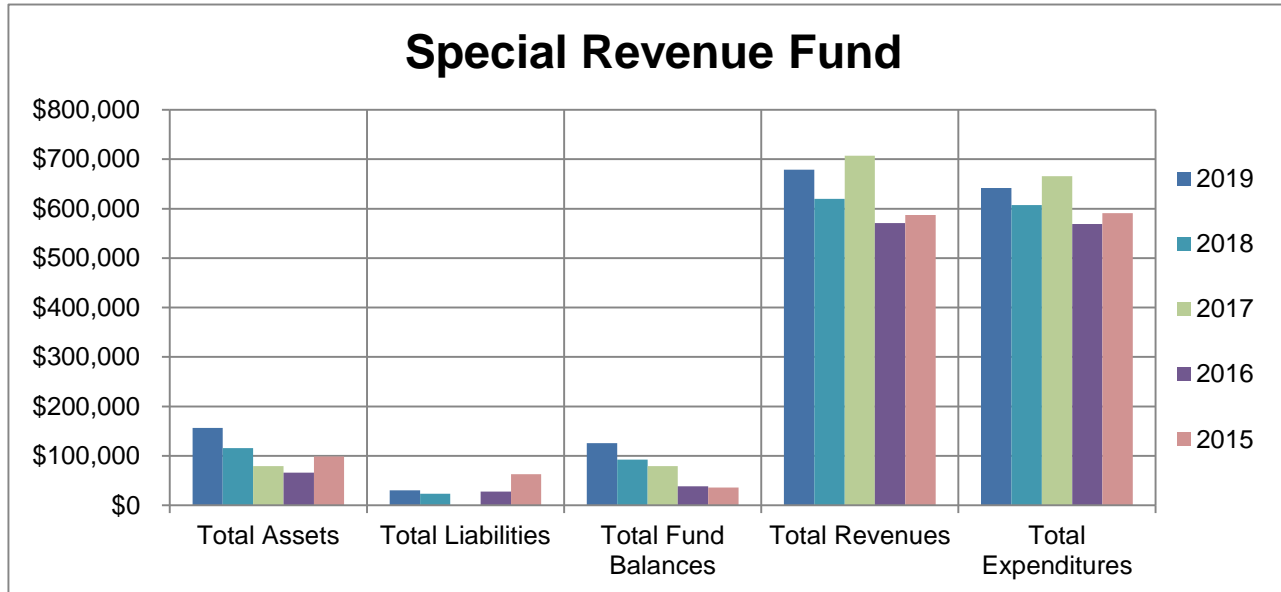
General Fund	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 943,209	\$ 1,006,567	\$ 1,015,783	\$ 4,908,184	\$ 4,788,999
Total Liabilities	37,294	28,037	39,719	24,901	16,418
Total Fund Balances	905,915	978,530	976,064	4,883,283	4,772,581
Total Revenues	4,762,843	5,276,518	5,313,587	5,656,866	6,987,135
Total Expenditures	4,693,504	4,969,265	4,999,353	4,864,294	4,956,574
Total Other Financing Sources (Uses)	(180,175)	(304,787)	(4,221,453)	(681,870)	(1,885,245)



NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 156,348	\$ 115,365	\$ 79,304	\$ 66,235	\$ 98,888
Total Liabilities	30,495	23,302	109	27,975	63,008
Total Fund Balances	125,853	92,063	79,195	38,260	35,880
Total Revenues	678,695	620,080	706,815	571,064	587,093
Total Expenditures	641,855	607,212	665,880	568,684	591,221
Total Other Financing Sources (Uses)					



NEMO VISTA SCHOOL DISTRICT NO. 8
 CONWAY COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2019
 (Unaudited)

Other Aggregate Funds	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 4,557,475	\$ 4,829,438	\$ 4,900,761	\$ 1,897,553	\$ 2,148,682
Total Liabilities		1,200			3,003
Total Fund Balances	4,557,475	4,828,238	4,900,761	1,897,553	2,145,679
Total Revenues			3,336	685	51,302
Total Expenditures	453,988	377,310	1,211,701	930,681	610,056
Total Other Financing Sources (Uses)	180,175	304,787	4,211,573	681,870	1,885,245

