



# Division of Elementary and Secondary Education

*Transforming Arkansas to lead the nation in student-focused education*

Johnny Key  
Secretary

August 25, 2020

State Board  
of Education

Kristi Gathen-Ridgell, Superintendent  
Dermott School District  
525 East Speedway  
Dermott, AR 71638  
[Kristi.ridgell@dermott.k12.ar.us](mailto:Kristi.ridgell@dermott.k12.ar.us)

Stephanie Jones, President  
Board of Directors, Dermott School District  
525 East Speedway  
Dermott, AR 71638

Charisse Dean  
Little Rock  
Chair

**Re: Petition for Minimum School District Size Waiver  
NOTICE OF HEARING**

R. Brett Williamson  
El Dorado  
Vice Chair

Dear Superintendent Ridgell and Ms. Jones:

Susan Chambers  
Bella Vista

Dr. Fitz Hill  
Little Rock

Kathy McFetridge  
Springdale

Dr. Sarah Moore  
Stuttgart

Ouida Newton  
Poyen

Steve Sutton  
Marion

Adrienne Woods  
Rogers

In Commissioner's Memo COM-21-005 dated July 13, 2020, the Arkansas Department of Education, Division of Elementary and Secondary Education published lists under Ark. Code Ann. § 6-13-1602(1) and (2) that identified the Dermott School District as having had fewer than 350 students according to the District's average daily membership in the two years immediately preceding the current one. This Commissioner's Memo notified that pursuant to Ark. Code Ann. § 6-13-1603, the Dermott School District must be administratively consolidated with or annexed to another school district or districts unless the District is granted a waiver under Ark. Code Ann. § 6-13-1613.

On August 3, 2020, the ADE/DESE received a Petition from your District seeking a minimum school district size waiver pursuant to Ark. Code Ann. § 6-13-1613. Pursuant to its legal authority set forth in Ark. Code Ann. §§ 6-11-105 and 6-13-1613, the State Board of Education will consider this matter on **Thursday, September 10, 2020, during its agenda beginning at 1:00 p.m.** in the Auditorium of the Arkansas Department of Education, Division of Elementary Education, Four Capitol Mall, Little Rock, Arkansas. You should plan to be in attendance and be prepared to offer any evidence required by Ark. Code Ann. § 6-13-1613 and answer questions that the State Board might have. Any additional written materials your District wishes to submit should be provided to me at [jennifer.dedman@arkansas.gov](mailto:jennifer.dedman@arkansas.gov) no later than noon on August 27, 2020.

If you have any questions, please do not hesitate to call me at (501) 682-4585.

Respectfully,

Jennifer Dedman  
Staff Attorney

Four Capitol Mall  
Little Rock, AR  
72201-1019  
(501) 682-4475  
[ArkansasEd.gov](http://ArkansasEd.gov)

cc: Johnny Key, Commissioner of Education  
Dr. Ivy Pfeffer, Deputy Commissioner of Education

*An Equal  
Opportunity  
Employer*

*Dermott School District  
P.O. Box 380  
525 East Speedway  
Dermott, AR 71638  
Telephone: (870) 538 - 1000 Fax: (870) 538 - 1005  
Kristi Gathen-Ridgell, Superintendent*



*Home of the Fighting Rams!*

August 3, 2020

Dear State Board of Education,

The letter is to address the requirements set forth in Arkansas Code Title 6 Educational, Commissioner §6-13-1613-Minimum School District Size Waiver.

**Petition:**

Dermott School District respectfully requests to petition for a waiver from the average daily membership requirement of three hundred fifty (350) students. Please find attached a Resolution of the Dermott School District Board of Directors, dated August 4, 2020.

**Notification:**

On July 13, 2020 Dermott School District was placed on the consolidation list published by the Arkansas Department of education under §6-13- 1602. This request is being made prior to the thirty (30) days limit.

**ADM:**

The average daily membership of Dermott School District are as follows:

2018-2019 ADM (Qtrs. 1-3)	341.06
2019-2020 ADM (Qtrs. 1-3)	346.00

**RECEIVED  
LEGAL SERVICES**

**AUG 11 2020**

**DEPARTMENT OF EDUCATION  
CENTRAL ADMINISTRATION**

**Supporting Documents:**

**Statement of Assurances:**

There is a statement of assurances from the following departments of Arkansas Department of Education.

Fiscal Department—Cynthia Smith

Facilities and Transportation Department---Tim Cain

**Reports:**

We have enclosed the following reports in this packet:

Standards and Accreditation Report

Fiscal Audits and Correction Statements

- 2018-2019
- 2019-2020

The Dermott School District Board Resolution is enclosed.

We are in the process of developing and creating this year's budget. We are working with the Fiscal Department in developing the budget.

Therefore, the Dermott School District is not in academic distress, fiscal distress or facilities distress.

The Dermott School District will continue to work closely with the Arkansas Department of Education to ensure that our facilities master plan is current and to provide safe and secure learning environment for our students and staff, and to seek guidance and direction from the fiscal department, and to ensure that we remain an Accredited School District.

We would appreciate the consideration of this request. If you have any questions, please contact Kristi Ridgell at (870)-538-1000 extension 1601 or [kristi.ridgell@dermott.k12.ar.us](mailto:kristi.ridgell@dermott.k12.ar.us)

Sincerely,



Kristi Ridgell

**RECEIVED**  
**LEGAL SERVICES**

**AUG 11 2020**

**DEPARTMENT OF EDUCATION**  
**CENTRAL ADMINISTRATION**

**RESOLUTION OF THE DERMOTT SCHOOL DISTRICT  
BOARD OF DIRECTORS  
PETITION TO REQUEST A WAIVER FROM:  
MINIMUM SCHOOL DISTRICT SIZE**

**Whereas:** The Dermott School District(District) has been notified by the Arkansas Department of Education that it has been placed on the consolidation list published by the ADE pursuant to Ark. Code Ann §6-13- 1602(2), as the District's average daily membership in the 2018-2019 and 2019-2020 School years was below three hundred fifty(350) students; and

**Whereas:** Ark Code ann §6-13- 1617 allows the districts on the consolidation list to submit a petition to the Arkansas State Board of Education within thirty (30) days after the consolidation list is published requesting a waiver from the average daily membership requirements of three hundred fifty (350) students, with proof that the District meets the criteria and submits the information set forth in the statute; and

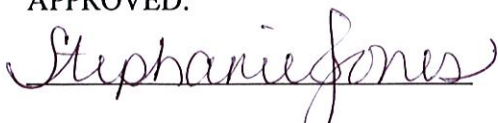
**Whereas:** The Board of Directors finds that it is in the best interest of the students in the school district to keep the school district open due to the length of potential time spent on the bus by a student traveling to and from school should the school district be administratively reorganized, as assured y the school board of directors of the District, and therefore wishes to submit the waiver request petition to the State Board of Education.

**NOW, THEREFORE, Let IT BE RESOLVED BY the Dermott School District Board of Directors,  
THAT**

Section 1. The Dermott School District wishes to petition the Arkansas State Board of Education to grant it the waiver listed in the Preamble of the Resolution

Section 2. The Dermott School District Board of Directors voted to approve this resolution on August , during an open, called scheduled meeting and further authorized its Superintendent to take such actions necessary to submit a copy of the Resolution along with supporting documents to the Arkansas State Board of Education to request the waiver pursuant to Ark. Code Ann. §6-13- 1613.

APPROVED:



Stephanie Jones, President





Leroy Kennedy, Vice President

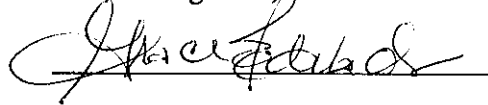


Lexa McMickle, Secretary

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Clarence Thrower, Board Member

Lucan Hargraves, Board Member

A handwritten signature in cursive script, appearing to read "Grace Edwards", written over a horizontal line.

Grace Edwards, Board Member

Budget Summary  
DERMOTT SCHOOL DISTRICT(0901000)

FY20 as of 2020-08-25				
<b>Beginning Balance</b> <u>7/1/2019</u>				<b>Ending Balance</b> <u>6/30/2020</u>
661,751.83	Revenue	3,482,959.17	Expenditures	672,627.14
FY20 Budget				
<b>Beginning Balance</b> <u>7/1/2019</u>				<b>Projected Balance</b> <u>6/30/2020</u>
661,751.83	Revenue	3,258,308.63	Expenditures	481,528.44
FY19				
<b>Beginning Balance</b> <u>7/1/2018</u>				<b>Ending Balance</b> <u>6/30/2019</u>
679,574.87	Revenue	3,402,737.24	Expenditures	661,751.83
FY18				
<b>Beginning Balance</b> <u>7/1/2017</u>				<b>Ending Balance</b> <u>6/30/2018</u>
987,670.31	Revenue	3,424,615.4	Expenditures	679,574.87
FY17				
<b>Beginning Balance</b>				<b>Ending Balance</b>

10,875.31

-17,823.04

-308,095.44

<u>7/1/2016</u>			<u>6/30/2017</u>
	<b>Revenue</b>	<b>Expenditures</b>	
1,407,283.78	3,378,991.6	3,798,605.07	987,670.31



(Does not include Building, Categorical, Federal, Activity and Food Service Funds)

Aug 25, 2020

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Revenue  
DERMOTT SCHOOL DISTRICT  
Period 13

**Unrestricted Funds**

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999  
Fund/SOF 2000-2200|2204|2206:2211|2213:2222|2224:2274|2277:2280|2282:2292|2294:2319|2321:2322|2324:2390|2392:2400|2405:2999  
Fund/SOF 4000:4999

Object Detail for Account

10000:51999|52300-52399|52500:59999

Account	Account Description	FY17	FY18	FY19	FY20 YTD as of 2020-08-25	FY20 Budget	Variance in FY20 Budget and FY20 YTD
11110	PROPERTY TAXES-CURRENT	866,300.56	956,213.28	865,603.53	809,996.08	880,000.00	(70,003.92)
11115	PROPERTY TAX RELIEF	61,118.06	46,496.96	30,395.68	5,722.62	32,000.00	(26,277.38)
11120	PROPERTY TAX-40% BY 6/30	230,284.10	344,743.58	490,587.87	461,288.18	420,000.00	41,288.18
11125	PROPERTY RELIEF TX	109,498.80	126,498.01	84,859.17	150,738.73	54,000.00	96,738.73
11140	PROPERTY TAX-DELINQUENT	77,117.40	56,154.72	82,534.98	95,275.98	70,000.00	25,275.98
11150	EXCESS COMMISSION	11,474.16	2,322.49	21,366.36	11,951.57	24,000.00	(12,048.43)
11160	LAND REDEMPTION STATE SALE	56,076.38	51,187.91	40,022.86	31,181.27	47,000.00	(15,818.73)
11400	PENALTIES/INTEREST ON TAX	7,498.00	6,573.32	359.93	15,346.46	1,500.00	13,846.46
15100	INTEREST ON INVESTMENTS	9,177.33	9,785.73	10,290.54	10,957.08	10,000.00	957.08
17590	OTHER CONTRACTED SERVICES	663.99	63.00	151.47	0.00	0.00	0.00
17900	OTHER STDNT ACTIVITY REV	0.00	0.00	0.00	0.00	0.00	0.00
19100	RENTALS	0.00	0.00	0.00	0.00	0.00	0.00
19130	LEA BUILDG & FACILITIES	12,000.00	0.00	12.00	12.00	0.00	12.00
19510	OTHER LEA WITHIN STATE	0.00	1,108.25	0.00	0.00	0.00	0.00
19800	REFUNDS OF PRIOR YR EXPEN	0.00	0.00	0.00	500.00	0.00	500.00
19900	MISC REV FR LOCAL SOURCES	602.88	3,022.50	545.00	427.50	300.00	127.50
22000	RESTRICTED GRANTS-IN-AID	0.00	0.00	0.00	32,800.00	0.00	32,800.00
31101	ST EQUAL AID	1,564,113.00	1,500,878.00	1,451,051.00	1,400,189.00	1,400,189.00	0.00
31103	98% TAX COLLECTION RATE	67,105.00	15,768.00	35,063.00	37,558.00	0.00	37,558.00
31400	TRANSPORTATION AID	18,886.00	18,886.00	18,886.00	53,863.00	53,863.00	0.00
31450	STUDENT GROWTH FUNDING	0.00	0.00	0.00	0.00	0.00	0.00
31900	OTHER	1,890.26	0.00	0.00	0.00	0.00	0.00
32219	ED. COMP REFORM	0.00	0.00	0.00	56,797.65	0.00	56,797.65
32226	HIGH PRIORITY DIST. GRANT	58,812.74	64,237.98	58,672.56	53,408.20	58,000.00	(4,591.80)
32249	ISOLATED SPECIAL NEEDS	123,626.00	120,129.00	119,061.00	117,952.00	117,952.20	(0.20)
32250	PATHWISE MENTOR	11,077.56	0.00	0.00	0.00	0.00	0.00
32252	EQUITABLE ACCESS	3,720.00	0.00	0.00	0.00	0.00	0.00
32310	HAND CHILD-SUPV/EXTEND YR	1,562.44	1,472.57	1,509.48	1,453.38	1,500.00	(46.62)
32355	EARLY CHILD PILOT PARENT	8,261.88	10,758.98	15,398.30	0.00	15,000.00	(15,000.00)
32361	G/T AP ENGLISH LIT & COMP	0.00	0.00	0.00	50.00	0.00	50.00
32710	AR BETTER CHANCE(ABC)GRNT	43,068.00	49,230.60	49,762.20	49,660.00	49,660.00	0.00

Revenue  
DERMOTT SCHOOL DISTRICT  
Period 13

**Unrestricted Funds**

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999  
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Fund/SOF 4000:4999

Object Detail for Account  
10000:51999|52300-52399|52500:59999

32912	GENERAL FACMILTIE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32915	DEBT SERVICE FUNDING	14,656.00	13,546.00	11,590.00	9,588.00	9,588.44	(0.44)		
32931	BROADBAND PROJECTION	0.00	0.00	0.00	0.00	0.00	0.00		
45590	OTHER FOOD SERVICE REVENU	0.00	0.00	0.00	0.00	0.00	0.00		
52300	TRANS FROM BUILDING FUND	0.00	0.00	0.00	69,500.00	0.00	69,500.00		
52900	INDIRECT COST	16,437.39	19,001.24	15,014.31	6,742.47	13,755.99	(7,013.52)		
53100	SALE OF EQUIPMENT	1,250.00	0.00	0.00	0.00	0.00	0.00		
53400	COMPEN-LOSS FIXED ASSETS	2,713.67	6,537.28	0.00	0.00	0.00	0.00		
<b>Total Revenue</b>		<b>3,378,991.60</b>	<b>3,424,615.40</b>	<b>3,402,737.24</b>	<b>3,482,959.17</b>	<b>3,258,308.63</b>	<b>224,650.54</b>		

(Excluding transfers from 52000-52299 and 52400-52499)

Aug 25, 2020

**EXPENDITURES**  
**DERMOTT SCHOOL DISTRICT**  
**Period 13**

**Unrestricted Funds**

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999  
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Fund/SOF 4000:4999

**Object Detail for Account**

61000:69299|69330:69339|69350:69999

Account	Account Description	FY17	FY18	FY19	FY20 YTD as of 2020-08-25	FY20 Budget	Variance in FY20 Budget and FY20 YTD
Salaries & Benefits Totals	61110 CERT SALARY	1,474,576.47	1,530,913.82	1,609,540.67	1,484,143.89	1,486,760.94	(2,617.05)
	61120 CLS SALARY	367,834.87	354,262.32	359,019.14	349,449.61	355,462.45	(6,012.84)
	61510 ADD'L COMP. CERT	3,375.00	300.00	2,000.00	55,558.20	107,500.00	(51,941.80)
	61520 ADD'L COMP CLASSIF	0.00	0.00	0.00	1,900.00	0.00	1,900.00
	61720 CLS SUBSTITUTES	1,744.17	2,831.29	3,221.63	1,942.44	0.00	1,942.44
	61810 CERT UNUSED SICK	3,976.00	12,928.00	800.00	2,137.50	3,700.00	(1,562.50)
	61820 CLS UNSUDED SICK	4,175.00	700.00	425.00	1,450.00	425.00	1,025.00
	62210 CERT SOC SEC	76,690.03	87,979.91	92,463.11	91,995.50	95,402.58	(3,407.08)
	62220 CLS SOC SEC	21,682.16	22,466.03	21,572.12	20,945.64	22,140.58	(1,194.94)
	62260 CERT MEDICARE	18,931.52	20,575.98	21,624.79	21,515.09	22,251.99	(736.90)
	62270 CLS MEDICARE	5,070.89	5,254.13	5,045.18	4,898.63	5,178.11	(279.48)
	62310 CERT TCH RET-CONT	182,902.01	207,624.30	219,427.37	221,243.11	218,704.54	2,538.57
	62311 ATR BENEFIT CRT	0.00	200.23	292.79	718.79	500.00	218.79
	62320 CLS TCH RET - CONT	51,570.12	52,103.14	48,859.61	49,019.66	51,111.89	(2,092.23)
	62321 ATR BENEFIT CLS	0.00	13.19	5.67	26.88	150.00	(123.12)
	62510 CERT UNEMPLOY CO	2,675.83	1,519.86	2,157.50	1,750.00	2,500.00	(750.00)
	62520 CLS UNEMPLOY COM	731.17	562.14	325.50	0.00	1,000.00	(1,000.00)
	62610 CERT WKR'S COMP	5,143.32	2,967.96	5,574.40	4,482.56	5,000.00	(517.44)
	62620 CLS WKR'S COMP	3,020.68	2,180.04	3,135.60	2,521.44	3,000.00	(478.56)
	62710 CERT HEALTH BENEF	40,800.36	42,467.34	43,602.31	41,462.50	46,728.75	(5,266.25)
	62711 CRT EBD PREMIUM AS	2,649.38	3,126.80	3,151.44	2,812.52	3,061.76	(249.24)
	62720 CLS HEALTH BENEFIT	15,835.26	13,656.73	15,415.99	16,631.93	17,971.87	(1,339.94)
	62721 CLS EBD PREMIUM AS	1,198.24	537.35	530.75	761.12	980.95	(219.83)
	62910 OTHER BENEFITS-CE	6,275.00	6,000.00	6,000.00	5,971.42	6,000.00	(28.58)

**EXPENDITURES**  
DERMOTT SCHOOL DISTRICT  
Period 13

**Unrestricted Funds**

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999  
Fund/SOF 2000-2200|2204|2206:2211|2213:2222|2224:2274|2277:2280|2282:2292|2294:2319|2321:2322|2324:2390|2392:2400|2405:2999  
Fund/SOF 4000:4999

**Object Detail for Account**

61000:69299|69330:69339|69350:69999

62920 OTHER BENEFITS-CL	17.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(72,192.98)
<b>Salaries &amp; Benefits Totals</b>	<b>2,290,874.98</b>	<b>2,371,170.56</b>	<b>2,464,190.57</b>	<b>2,383,338.43</b>	<b>2,455,531.41</b>						
63220 INST PGRM-IMPROVE	79,194.87	54,061.22	62,245.64	67,025.29	65,000.00	2,025.29					2,025.29
63530 SOFTWARE MAINTEN	0.00	0.00	0.00	0.00	2,589.00	0.00					2,589.00
63900 OTHER PURC PROF/T	57,679.80	67,123.23	73,534.55	124,856.99	119,423.55	5,433.44					5,433.44
64110 WATER/SEWER	28,682.48	30,612.96	23,073.10	25,608.78	25,000.00	608.78					608.78
64310 BLDG & GROUNDS	0.00	0.00	0.00	50,227.35	2,500.00	47,727.35					47,727.35
64320 TECH RELATED REPA	13,326.57	12,233.13	12,088.95	13,517.31	12,500.00	1,017.31					1,017.31
64410 LAND & BLDGS	6,000.00	500.00	0.00	0.00	0.00	0.00					0.00
65210 PROPERTY INSURANC	42,389.98	40,560.52	41,924.99	43,743.40	43,743.40	0.00					0.00
65240 FLEET INSURANCE	7,725.00	9,206.81	10,963.44	12,541.00	12,541.00	0.00					0.00
65250 ACCIDENT INS FOR S	4,000.00	4,000.00	5,150.00	5,150.00	5,000.00	150.00					150.00
65310 TELEPHONE	28,419.65	24,442.01	20,836.26	31,478.92	21,000.00	10,478.92					10,478.92
65320 POSTAGE	1,624.00	913.43	1,348.85	1,471.78	1,500.00	(28.22)					(28.22)
65400 ADVERTISING	1,325.63	1,060.17	971.75	262.48	1,500.00	(1,237.52)					(1,237.52)
65500 PRINTING & BINDING	0.00	0.00	0.00	2,721.80	2,721.80	0.00					0.00
65610 TO LEAS WITHIN STA	8,937.50	5,416.78	7,583.22	2,166.61	8,000.00	(5,833.39)					(5,833.39)
65640 INTERM AGENCY-IN ST	0.00	0.00	0.00	0.00	0.00	0.00					0.00
65650 INTERM AGENCY-OUT	0.00	0.00	16,267.56	4,427.20	17,000.00	(12,572.80)					(12,572.80)
65690 OTHER TUITION	0.00	0.00	0.00	0.00	0.00	0.00					0.00
65810 TRVL-CERT-IN DISTR	281.20	254.40	718.70	181.27	1,350.00	(1,168.73)					(1,168.73)
65820 TRVL-CLS IN DISTRIC	525.40	1,289.40	1,271.67	828.24	200.00	628.24					628.24
65870 NON EMPLOYEE TRA	0.00	0.00	0.00	0.00	1,000.00	(1,000.00)					(1,000.00)
65880 MEALS	1,297.01	634.60	939.35	1,200.75	2,325.00	(1,124.25)					(1,124.25)
65890 LODGING	3,498.57	5,559.69	8,602.40	5,228.54	8,700.00	(3,471.46)					(3,471.46)
65900 MISC PURC SVS	8,129.06	9,589.21	0.00	0.00	0.00	0.00					0.00

EXPENDITURES  
DERMOTT SCHOOL DISTRICT  
Period 13

**Unrestricted Funds**

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999  
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Fund/SOF 4000:4999

**Object Detail for Account**

61000:69299|69330:69339|69350:69999

65910 SVS PURCHASED LOC	0.00	140.00	17,223.98	16,118.78	18,000.00	(1,881.22)
66100 GEN SUPPLIES	83,405.17	90,616.01	125,089.47	80,482.35	186,511.07	(106,028.72)
66107 LOW VALUE EQUIP SU	0.00	0.00	0.00	0.00	1,000.00	(1,000.00)
66200 ENERGY	0.00	0.00	0.00	0.00	0.00	0.00
66210 NAT.GAS	13,245.91	18,515.06	15,663.73	14,020.35	18,000.00	(3,979.65)
66220 ELECTRICITY	84,672.69	78,605.17	75,449.63	79,438.40	80,000.00	(561.60)
66260 GASOLINE/DIESEL	1,746.32	0.00	4,017.71	14,067.39	30,000.00	(15,932.61)
66410 TEXTBOOKS	20,026.01	6,136.30	43,128.46	1,772.55	28,000.00	(26,227.45)
66420 LIBRARY BOOKS	265.18	625.72	2,413.81	21.95	1,500.00	(1,478.05)
66430 PERIODICALS	710.22	2,003.60	363.10	162.00	1,100.00	(938.00)
66440 AUDIOVISUAL MATER	0.00	0.00	0.00	0.00	0.00	0.00
66527 LOW VAL.EQUIP. TEC	0.00	0.00	0.00	0.00	0.00	0.00
66900 OTHER SUPPLIES & M	0.00	0.00	0.00	0.00	0.00	0.00
67310 MACHINERY	0.00	0.00	0.00	19,308.12	21,007.29	(1,699.17)
67320 VEHICLES	6,268.00	0.00	0.00	69,600.00	0.00	69,600.00
67340 TECHNOLOGY RELAT	2,540.40	1,984.00	0.00	0.00	0.00	0.00
67900 DEPRECIATION	0.00	0.00	0.00	0.00	0.00	0.00
68100 DUES AND FEES	12,016.59	14,158.47	13,938.71	7,599.33	15,950.00	(8,350.67)
68300 INTEREST	57,200.45	55,102.50	53,160.00	50,927.50	50,927.50	0.00
68700 OUT OF COURT SETT	2,411.48	0.00	0.00	0.00	0.00	0.00
68830 PROPERTY TAX	0.00	1,195.89	1,400.66	0.00	0.00	0.00
69100 REDEMPTION OF PRI	168,797.45	175,000.00	175,000.00	180,000.00	180,000.00	0.00
69330 TO BUILDING FUND	761,387.50	650,000.00	142,000.00	160,000.00	0.00	160,000.00
69380 TO FOOD SERVICE FU	0.00	0.00	0.02	0.00	0.00	0.00
69500 TRANSITS	0.00	0.00	0.00	0.00	0.00	0.00
Other Expenditure Totals	1,507,730.09	1,361,540.28	956,369.71	1,088,745.43	983,000.61	105,744.82

EXPENDITURES  
DERMOTT SCHOOL DISTRICT  
Period 13

**Unrestricted Funds**

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999  
Fund/SOF 2000-2200|2204|2206:2211|2213:2222|2224:2274|2277:2280|2282:2292|2294:2319|2321:2322|2324:2390|2392:2400|2405:2999  
Fund/SOF 4000:4999

**Object Detail for Account**

61000:69299|69330:69339|69350:69999

Overall Expenditure Totals	3,798,605.07	3,732,710.84	3,420,560.28	3,472,083.86	3,438,532.02	33,551.84
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(Excluding transfers to funds 1, 2 and 4 which is 69310-69329 abd 69340-69349)

Aug 25, 2020

1

1:22:11 PM

LEA: 901  
County: CHICOT  
District: DERMOTT

Preliminary  
State Aid Notice 2020-21  
July 29, 2020

Refer to corresponding Commissioner's  
Memo for additional information

		DATA	
1.	2019 Real Assessment	\$	25,381,254
2.	2019 Personal Assessment	\$	7,234,775
3.	2019 Utility Assessment	\$	8,212,949
4.	2019 Total Assessment	\$	40,828,978
5.	98% of URT X Assessment	\$	1,000,309.96
6.	Net Revenues	\$	
7.	2019 Calendar Year Calc. Misc. Funds <sup>1</sup> - R	\$	0
8.	2020 Calendar Year Calc. Misc. Funds <sup>1</sup> - R	\$	
9.	2018-19 ADM (Qtrs. 1-3 Avg.)		341.94
10.	2019-20 ADM (Qtrs. 1-3 Avg.)		337.67
11.	2019-20 ADM (Qtr. 4) for SGF		346.00
12.	2020-21 ADM (Qtr. 1) for SGF		
13.	2020-21 ADM (Qtr. 2) for SGF		
14.	2020-21 ADM (Qtr. 3) for SGF		
15.	Initial Per-Student Revenue	\$	2,962.39
16.	Initial Per-Student Foundation Funding Amount	\$	7,018.00
17.	Initial Per-Student State Foundation Funding Aid	\$	4,055.61
18.	PY ALE FTEs (Qtrs. 1-4)		3,008,425
19.	CY English Language Learner Students		
20.	PY ESA Students (NSL Free and Reduced)		321
21.	Adjusted 1/1/05 Scheduled Debt Payment	\$	197,335.85
22.	State Wealth Index for Bonded Debt Assistance		0.26956
23.	PY ADM of Isolated School Area		
24.	Isolated Funding Amount Per Student 6-20-603	\$	0
25.	District Square Miles		242.56
26.	District Total Millage Rate in effect as of 1/1/19		41.81
27.	District Total Millage Rate in effect as of 1/1/20		41.81

Funding Category		Amount		FUNDING			
				Statutory Code/Acts of 2019	Restricted	Revenue Code	Fund/SOF Code
28.	State Foundation Funding Aid (\$7,018)	\$	1,369,458	6-20-2303, 6-20-2305, 6-20-2308	No	31101	2001
29.	98% of URT X Assessment less Net Revenues <sup>2</sup>	\$		6-20-2303, 6-20-2305	No	31103	2001
30.	Educational Excellence Trust Fund <sup>3</sup> - R	\$	168,094	6-5-301 et seq.	Yes		
31.	Alternative Learning Environment (\$4,700) - R	\$	14,140	6-20-2303, 6-20-2305	Yes	32370	2275
32.	English Language Learners (\$352) - R	\$		6-20-2303, 6-20-2305	Yes	32371	2276
33.	ESA Funding <sup>4</sup> (\$526/\$1,051/\$1,576) - R	\$	505,896	6-20-2303, 6-20-2305	Yes	32381	2281
34.	ESA Transitional Funding <sup>4</sup> (Rate Varies) - R	\$	0	6-20-2305	Yes	32381	2281
35.	ESA Funding Withholding <sup>4</sup>	\$		6-20-2305			
36.	ESA Growth Funding <sup>4</sup> - R	\$	0	6-20-2305	Yes	32381	2281
37.	Professional Development (\$36.00) - R	\$	12,156	6-20-2303, 6-20-2305	Yes	32256	2223
38.	Bonded Debt Assistance (\$18.03) - R	\$	7,932	6-20-2503	Yes	32915	2001
39.	Isolated Funding	\$		6-20-601, 6-20-603	Yes	31500	2212
40.	Special Needs Isolated Funding <sup>5</sup>	\$		6-20-604 (c), (d) & (e)	Yes	31500	2212
41.	Special Needs Small District Funding <sup>5</sup>	\$		6-20-604 (f)	No	32249	2920
42.	Special Needs Isolated Transportation <sup>5</sup>	\$		6-20-604 (h)	Yes	32248	2228
43.	Declining Enrollment Funding <sup>5</sup> - R	\$	14,983	6-20-2305	No	31460	2218
44.	Declining Enrollment Adequacy	\$		6-20-2305	No	31460	2218
45.	Student Growth - PYQtr. 4 + CYQtrs. 1, 2 & 3 <sup>5</sup> - R	\$		6-20-2303 & 2305	No	31450	2217
46.	Enhanced Transportation Funding	\$	53,863	6-20-2309	No	31400	2222

1) Miscellaneous funds are defined and calculated as per ACA § 6-20-2303 (12), ACA § 6-20-2308, and ACA § 6-20-2503 (a) (3).  
 2) Negative funding amounts for 98% of URT X assessment less net revenues indicate funds owed to the state. For those districts receiving SFFA, the negative amount is deducted from SFFA.  
 3) Educational excellence trust funds are included in foundation funding and are restricted pursuant to ACA § 6-5-307.  
 4) The combination of ESA (plus), ESA transitional (plus or minus), ESA withholding (minus), and ESA growth funding (plus) equals the total net ESA funding received by a school district.  
 5) Eligible school districts shall receive the higher of student growth funding plus special needs (isolated/small district/transportation) funding or declining enrollment funding. No school district shall receive both declining enrollment funding and student growth funding or special needs (isolated/small district/transportation) funding. The initial state aid notice provides declining enrollment funding that has not been compared to student growth funding and/or special needs (isolated/small district/transportation) funding.

ACA-Arkansas code annotated, ADM-average daily membership, ALE-alternative learning environment, Avg.-average, Calc.-calculated, CY-current year, ESA-enhanced student achievement, FTE-full-time equivalent, FY-fiscal year, LEA-local education agency, Misc.-miscellaneous, NSL-national school lunch, PY-prior year, Qtr.-quarter, R-state board rule, SFFA-state foundation funding aid, SGF-student growth funding, SOF-source of fund, URT-uniform rate of tax

# Dermott School District (0901000)

525 E Speedway Hwy35 , Dermott, AR 71638

www.dermott.k12.ar.us

**Superintendent** KRISTI RIDGELL  
**Email** kristi.ridgell@dermott.k12.ar.us  
**Phone** (870) 538-1000 Ext. 1601

## District Accreditation Status

Accredited

## District Information

### Total Enrollment

347

## FTE Information

### Superintendent

1.00

### Assistant Superintendent

## ADE Standards Specialist(s)

Judy Foot

Judy.Foot@arkansas.gov

501-683-2094

## School Accreditation Status

### Status

0901001 Dermott Elementary School  
0901003 Dermott High School

Accredited

Accredited

## **Dermott Elementary School (0901001)**

525 East Speedway , Dermott, AR 71638

**Principal** SHAMONDA GARNER  
**Email** shamonda.garner@dermott.k12.ar.us  
**Phone** (870) 538-1010 Ext. 1101

### **School Accreditation Status**

Accredited

### **School Information**

<b>Grades Served</b>	<b>Total Enrollment</b>	<b>Expenditure Media Center</b>	<b>Total Book Volume</b>
K - 06	217	54.00	12512

### **FTE Information**

<b>Counselor</b>	<b>Principal</b>	<b>Assistant Principal</b>	<b>Library / Media Specialist</b>
0.50	0.70		1.00

# **Dermott High School (09 .003)**

525 East Speedway , Dermott, AR 71638

**Principal** AMANDA BITTLE  
**Email** amanda.bittle@dermott.k12.ar.us  
**Phone** (870) 538-1000 Ext. 1607

## **School Accreditation Status**

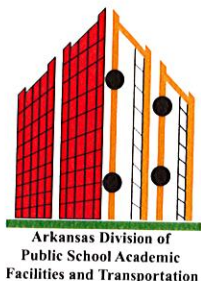
Accredited

## **School Information**

<b>Grades Served</b>	<b>Total Enrollment</b>	<b>Expenditure Media Center</b>	<b>Total Book Volume</b>
07 - 12	130	21.95	7663

## **FTE Information**

<b>Counselor</b>	<b>Principal</b>	<b>Assistant Principal</b>	<b>Library / Media Specialist</b>
0.50	1.00		1.00



**Arkansas**  
**Division of Public School Academic Facilities & Transportation**

One Capitol Mall, Suite 4D-200, Little Rock, AR 72201

**FACILITIES**  
Telephone (501) 682-4261  
Fax (501) 683-1200

**TRANSPORTATION**  
Telephone (501) 682-4264  
Fax (501) 682-6308

[www.ArkansasFacilities.Arkansas.gov](http://www.ArkansasFacilities.Arkansas.gov)

July 30, 2020

Ms. Kristi Gathen-Ridgell  
Superintendent  
Dermott School District  
525 East Speedway Street  
Dermott, AR 71638

RE: In response to your request dated July 28, 2020

Dear Ms. Gathen-Ridgell:

Dermott School District condition survey indicates academic building systems are overall, in good to fair condition. Several buildings need to have the HVAC systems replaced. An on-site inspection of academic facilities did not reveal any serious adequacy issues, and Dermott School District is not in Level 5 support for facility issues or facilities distress.

The district has not applied for Partnership Program funding in cycles 2017-2019, 2019-2021, or 2021-2023.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Britton".

Murray L. Britton  
Assistant Director

MB/kv

## Annual Financial Report (AFRB) Legal Balance

LEA: 0901000

(Teacher Salary, Operating and Debt Service Funds)

COUNTY: CHICOT

SCHOOL YEAR: 2019 - 2020

 PAGE: 1  
 RPT520 - SIS UNCERTIFIED  
 CYCLE: 1

DISTRICT: DERMOTT SCHOOL DISTRICT

RUN: 7/28/2020 2:16:40 PM

	Actual FY 2018 - 2019	Budget FY 2019 - 2020
BEGINNING BALANCE		
PLUS Total Operating & Debt Service Funds Revenues*	719,304.95	715,862.18
PLUS Operating & Debt Service Funds Transfers 'in' from other Funds	3,960,475.05	3,787,947.19
PLUS Operating & Debt Service Funds Other Revenue (Indirect Cost & Other)	0.00	0.00
LESS Teacher Salary Fund Expenditures	15,014.31	13,128.68
LESS Operating Fund Expenditures	1,897,020.64	1,848,434.35
LESS Operating Transfers 'Out' (To Funds 3,5,6,7,8)	1,710,846.47	1,922,875.07
LESS Total Debt Service Fund Expenditures	142,000.02	0.00
	229,065.00	231,927.50
LEGAL BALANCE	\$715,862.18	\$513,701.13
*Accrued Revenue included in this total	\$0.00	\$0.00

Legal Balance includes restricted categorical balances as shown on the Categorical Fund Report. However, the categorical balances will be deducted from the Legal Balance reports for ADE and Legislature.

LEA : 0901000 Annual Financial Report and Budget - Level 1

Page #: 1

District : DERMOTT SCHOOL DISTRICT

Run : 7/28/2020 2:10:45 PM

County : CHICOT

FUND 1 - Teacher Salary

Actual FY 18-19

Budget FY 18-19

Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00
Total Expenditures	1,897,020.64	1,937,797.54
Total Transfers	1,897,020.64	1,936,597.54
Ending Balance	0.00	-1,200.00

FUND 2 - Operating

Beginning Balance	719,304.95	719,304.95
Total Revenues	3,960,475.05	3,949,111.98
Total Expenditures	1,710,846.47	1,862,865.23
Total Transfers	-2,253,071.35	-2,140,704.67
Ending Balance	715,862.18	664,847.03

FUND 3 - Building

Beginning Balance	2,289,118.98	2,289,118.98
Total Revenues	0.00	0.00
Total Expenditures	181,550.20	406,000.00
Total Transfers	142,000.00	0.00
Ending Balance	2,249,568.78	1,883,118.98

FUND 4 - Debt Service

Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00

Total Expenditures	229,065.00	229,160.00
Total Transfers	229,065.00	229,160.00
Ending Balance	0.00	0.00

**FUND 5 - Capital Outlay**

Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00
Total Expenditures	0.00	0.00
Total Transfers	0.00	0.00
Ending Balance	0.00	0.00

**FUND 6 - Federal Grants**

Beginning Balance	74,307.25	74,307.25
Total Revenues	823,161.17	972,880.75
Total Expenditures	828,854.06	922,160.79
Total Transfers	0.00	-3.08
Ending Balance	68,614.36	125,024.13

LEA : 0901000 Annual Financial Report and Budget - Level I

Page #: 1

District : DERMOTT SCHOOL DISTRICT

Run : 7/28/2020 2:10:09 PM

County : CHICOT

## FUND 1 - Teacher Salary

Actual FY 19-20

Budget FY 19-20

Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00
Total Expenditures	1,756,701.91	1,819,484.35
Total Transfers	1,756,701.91	1,848,434.35
Ending Balance	0.00	28,950.00

## FUND 2 - Operating

Beginning Balance	715,862.18	715,862.18
Total Revenues	3,947,780.98	3,787,947.19
Total Expenditures	1,681,933.23	1,984,625.07
Total Transfers	-1,919,037.41	-2,123,403.51
Ending Balance	1,062,672.52	395,780.79

## FUND 3 - Building

Beginning Balance	2,249,568.78	2,249,568.78
Total Revenues	0.00	0.00
Total Expenditures	64,969.22	136,000.00
Total Transfers	-69,500.00	0.00
Ending Balance	2,115,099.56	2,113,568.78

## FUND 4 - Debt Service

Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00

		Exception Reports
Total Expenditures	231,835.50	231,927.50
Total Transfers	231,835.50	231,927.50
Ending Balance	0.00	0.00

**FUND 5 - Capital Outlay**

Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00
Total Expenditures	0.00	0.00
Total Transfers	0.00	0.00
Ending Balance	0.00	0.00

**FUND 6 - Federal Grants**

Beginning Balance	68,614.36	68,614.36
Total Revenues	492,441.47	604,334.33
Total Expenditures	523,171.19	655,961.72
Total Transfers	0.00	0.00
Ending Balance	37,884.64	16,986.97



## Arkansas Department of Education

Four Capitol Mall • Little Rock, Arkansas • 72201-1030 • (501) 682-4475 • Fax (501) 682-1079

Asa Hutchinson  
Governor

Johnny Key  
Secretary

July 27, 2020

Dermott School District is in the DESE Fiscal Services and Support Less than 350 monitoring program. The district is currently in good financial standing.

Attached are reports (unrestricted fund balance and district board report) for review. If any additional information is needed or there are questions, please feel free to contact me.

Cindy Smith  
Coordinator Fiscal Services and Support  
Arkansas Department of Education  
Division of Elementary and Secondary Education  
Four Capitol Mall  
Room 105-C  
Little Rock, AR 72201  
501-683-5288 office  
501-515-3391 cell  
[cynthia.smith@arkansas.gov](mailto:cynthia.smith@arkansas.gov)



DIVISION OF ELEMENTARY  
& SECONDARY EDUCATION

## Budget Summary

DERMOTT SCHOOL DISTRICT(0901000)

FY20 as of 2020-07-27

**Beginning Balance**

7/1/2019

	Revenue	Expenditures
661,751.83	3,473,684.33	3,261,128.72

FY20 Budget

**Beginning Balance**

7/1/2019

	Revenue	Expenditures
661,751.83	3,258,308.63	3,438,532.02

FY19

**Beginning Balance**

7/1/2018

	Revenue	Expenditures
679,574.87	3,402,737.24	3,420,560.28

FY18

**Beginning Balance**

7/1/2017

	Revenue	Expenditures
987,670.31	3,424,615.40	3,732,710.84

FY17

**Beginning Balance**

7/1/2016

	Revenue	Expenditures
1,407,283.78	3,378,991.60	3,798,605.07

Jul 27, 2020

<b>Ending Balance</b> <u>6/30/2020</u>
874,307.44
<b>Projected Balance</b> <u>6/30/2020</u>
481,528.44
<b>Ending Balance</b> <u>6/30/2019</u>
661,751.83
<b>Ending Balance</b> <u>6/30/2018</u>
679,574.87
<b>Ending Balance</b> <u>6/30/2017</u>
987,670.31
6:20:17 AM

(180,223.39)

(17,823.04)

(308,095.44)

# Revenue

## DERMOTT SCHOOL DISTRICT

Period 13

### Unrestricted Funds

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1

Fund/SOF 2000-2200|2204|2206:2211|2213:2222|2224:2274|2277:2280|2282:2292|2294:2319|2321:2322|2324:2390|2392:2400|2

Fund/SOF 4000:4999

### Object Detail for Account

10000:51999|52300-52399|52500:59999

Account	Account Description	FY17	FY18	FY19	FY20 YTD as of 2020-07-27	FY20 Budget
11110	PROPERTY TAXES-CURRENT	866,300.56	956,213.28	865,603.53	809,996.08	880,000.00
11115	PROPERTY TAX RELIEF	61,118.06	46,496.96	30,395.68	5,722.62	32,000.00
11120	PROPERTY TAX-40% BY 6/30	230,284.10	344,743.58	490,587.87	461,288.18	420,000.00
11125	PROPERTY RELIEF TX	109,498.80	126,498.01	84,859.17	150,738.73	54,000.00
11140	PROPERTY TAX-DELINQUENT	77,117.40	56,154.72	82,534.98	95,275.98	70,000.00
11150	EXCESS COMMISSION	11,474.16	2,322.49	21,366.36	11,951.57	24,000.00
11160	LAND REDEMP-IN STATE SALE	56,076.38	51,187.91	40,022.86	31,181.27	47,000.00
11400	PENALTIES/INTEREST ON TAX	7,498.00	6,573.32	359.93	15,346.46	1,500.00
15100	INTEREST ON INVESTMENTS	9,177.33	9,785.73	10,290.54	8,424.71	10,000.00
17590	OTHER CONTRACTED SERVICES	663.99	63.00	151.47	0.00	0.00
17900	OTHER STDNT ACTIVITY REV	0.00	0.00	0.00	0.00	0.00
19100	RENTALS	0.00	0.00	0.00	0.00	0.00
19130	LEA BUILDGS & FACILITIES	12,000.00	0.00	12.00	12.00	0.00
19510	OTHER LEA WITHIN STATE	0.00	1,108.25	0.00	0.00	0.00
19800	REFUNDS OF PRIOR YR EXPEN	0.00	0.00	0.00	500.00	0.00
19900	MISC REV FR LOCAL SOURCES	602.88	3,022.50	545.00	427.50	300.00
22000	RESTRICTED GRANTS-IN-AID	0.00	0.00	0.00	32,800.00	0.00
31101	ST EQUAL AID	1,564,113.00	1,500,878.00	1,451,051.00	1,400,189.00	1,400,189.00
31103	98% TAX COLLECTION RATE	67,105.00	15,768.00	35,063.00	37,558.00	0.00
31400	TRANSPORTATION AID	18,886.00	18,886.00	18,886.00	53,863.00	53,863.00
31450	STUDENT GROWTH FUNDING	0.00	0.00	0.00	0.00	0.00
31900	OTHER	1,890.26	0.00	0.00	0.00	0.00
32219	ED. COMP REFORM	0.00	0.00	0.00	56,797.65	0.00
32226	HIGH PRIORITY DIST. GRANT	58,812.74	64,237.98	58,672.56	53,408.20	58,000.00
32249	ISOLATED SPECIAL NEEDS	123,626.00	120,129.00	119,061.00	117,952.00	117,952.20
32250	PATHWISE MENTOR	11,077.56	0.00	0.00	0.00	0.00
32252	EQUITABLE ACCESS	3,720.00	0.00	0.00	0.00	0.00
32310	HAND CHILD-SUPV/EXTEND YR	1,562.44	1,472.57	1,509.48	1,453.38	1,500.00
32355	EARLY CHILD PILOT PARENT	8,261.88	10,758.98	15,398.30	0.00	15,000.00
32361	G/T AP ENGLISH LIT & COMP	0.00	0.00	0.00	50.00	0.00
32710	AR BETTER CHANCE(ABC)GRNT	43,068.00	49,230.60	49,762.20	49,660.00	49,660.00
32912	GENERAL FACILITIE	0.00	0.00	0.00	0.00	0.00
32915	DEBT SERVICE FUNDING	14,656.00	13,546.00	11,590.00	9,588.00	9,588.44
32931	BROADBAND PROJECTION	0.00	0.00	0.00	0.00	0.00
45590	OTHER FOOD SERVICE REVENU	0.00	0.00	0.00	0.00	0.00
52300	TRANS FROM BUILDING FUND	0.00	0.00	0.00	69,500.00	0.00
52900	INDIRECT COST	16,437.39	19,001.24	15,014.31	0.00	13,755.99
53100	SALE OF EQUIPMENT	1,250.00	0.00	0.00	0.00	0.00
53400	COMPEN-LOSS FIXED ASSETS	2,713.67	6,537.28	0.00	0.00	0.00
<b>Total Revenue</b>		<b>3,378,991.60</b>	<b>3,424,615.40</b>	<b>3,402,737.24</b>	<b>3,473,684.33</b>	<b>3,258,308.63</b>

Jul 27, 2020

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Variance in FY20  
Budget and FY20  
YTD

(70,003.92)

(26,277.38)

41,288.18

96,738.73

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(15,818.73)

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# **EXPENDITURES**

DERMOTT SCHOOL DISTRICT

Period 13

## Unrestricted Funds

Fund/SOF 1000-1200|1204|1206:1211|1213:1222|1224:1274|1277:1280|1282:1292|1294:1319|1321:1322|1324:1390|1392:1400|1405:1999

Fund/SOF 2000-2200|2204|2206:2211|2213:2222|2224:2274|2277:2280|2282:2292|2294:2319|2321:2322|2324:2390|2392:2400|2405:2999

Fund/SOF 4000:4999

## Object Detail for Account

61000:69299|69330:69339|69350:69999

	Account	Account Description	FY17	FY18	FY19	FY20 YTD as of 2020-07-27	FY20 Budget
Salaries & Benefits Totals	61110	CERT SALARY	1,474,576.47	1,530,913.82	1,609,540.67	1,484,143.89	1,486,760.94
	61120	CLS SALARY	367,834.87	354,262.32	359,019.14	349,449.61	355,462.45
	61510	ADD'L COMP. CERT	3,375.00	300.00	2,000.00	55,558.20	107,500.00
	61520	ADD'L COMP CLASSIFIED	0.00	0.00	0.00	1,900.00	0.00
	61720	CLS SUBSTITUTES	1,744.17	2,831.29	3,221.63	1,942.44	0.00
	61810	CERT UNUSED SICK	3,976.00	12,928.00	800.00	2,137.50	3,700.00
	61820	CLS UNSUDED SICK	4,175.00	700.00	425.00	1,450.00	425.00
	62210	CERT SOC SEC	76,690.03	87,979.91	92,463.11	91,995.50	95,402.58
	62220	CLS SOC SEC	21,682.16	22,466.03	21,572.12	20,945.64	22,140.58
	62260	CERT MEDICARE	18,931.52	20,575.98	21,624.79	21,515.09	22,251.99
	62270	CLS MEDICARE	5,070.89	5,254.13	5,045.18	4,898.63	5,178.11
	62310	CERT TCH RET-CONT	182,902.01	207,624.30	219,427.37	221,243.11	218,704.54
	62311	ATR BENEFIT CRT	0.00	200.23	292.79	718.79	500.00
	62320	CLS TCH RET - CONT	51,570.12	52,103.14	48,859.61	49,019.66	51,111.89
	62321	ATR BENEFIT CLS	0.00	13.19	5.67	26.88	150.00
	62510	CERT UNEMPLOY COMP	2,675.83	1,519.86	2,157.50	1,750.00	2,500.00
	62520	CLS UNEMPLOY COMP	731.17	562.14	325.50	0.00	1,000.00
	62610	CERT WKR'S COMP	5,143.32	2,967.96	5,574.40	4,482.56	5,000.00
	62620	CLS WKR'S COMP	3,020.68	2,180.04	3,135.60	2,521.44	3,000.00
	62710	CERT HEALTH BENEFITS	40,800.36	42,467.34	43,602.31	41,462.50	46,728.75
	62711	CRT EBD PREMIUM ASSIS	2,649.38	3,126.80	3,151.44	2,812.52	3,061.76
	62720	CLS HEALTH BENEFITS	15,835.26	13,656.73	15,415.99	16,631.93	17,971.87
	62721	CLS EBD PREMIUM ASSIS	1,198.24	537.35	530.75	761.12	980.95
	62910	OTHER BENEFITS-CERTIF	6,275.00	6,000.00	6,000.00	5,971.42	6,000.00
	62920	OTHER BENEFITS-CLASSI	17.50	0.00	0.00	0.00	0.00
	Salaries & Benefits Totals		2,290,874.98	2,371,170.56	2,464,190.57	2,383,338.43	2,455,531.41
Other Expenditure Totals	63220	INST PGRM-IMPROVEMEN	79,194.87	54,061.22	62,245.64	67,025.29	65,000.00
	63530	SOFTWARE MAINTENACE	0.00	0.00	0.00	2,589.00	0.00
	63900	OTHER PURC PROF/TECH	57,679.80	67,123.23	73,534.55	73,901.85	119,423.55
	64110	WATER/SEWER	28,682.48	30,612.96	23,073.10	25,608.78	25,000.00
	64310	BLDG & GROUNDS	0.00	0.00	0.00	50,227.35	2,500.00
	64320	TECH RELATED REPAIRS/	13,326.57	12,233.13	12,088.95	13,517.31	12,500.00
	64410	LAND & BLDGS	6,000.00	500.00	0.00	0.00	0.00
	65210	PROPERTY INSURANCE	42,389.98	40,560.52	41,924.99	43,743.40	43,743.40
	65240	FLEET INSURANCE	7,725.00	9,206.81	10,963.44	12,541.00	12,541.00
	65250	ACCIDENT INS FOR STUD	4,000.00	4,000.00	5,150.00	5,150.00	5,000.00
	65310	TELEPHONE	28,419.65	24,442.01	20,836.26	31,478.92	21,000.00
	65320	POSTAGE	1,624.00	913.43	1,348.85	1,471.78	1,500.00
	65400	ADVERTISING	1,325.63	1,060.17	971.75	262.48	1,500.00
	65500	PRINTING & BINDING	0.00	0.00	0.00	2,721.80	2,721.80
	65610	TO LEA'S WITHIN STATE	8,937.50	5,416.78	7,583.22	2,166.61	8,000.00
	65640	INTERM AGNCY-IN STATE	0.00	0.00	0.00	0.00	0.00
	65650	INTERM AGNCY-OUT OF S	0.00	0.00	16,267.56	4,427.20	17,000.00
	65690	OTHER TUITION	0.00	0.00	0.00	0.00	0.00
	65810	TRVI -CFRT-IN DISTRICT	281.20	254.40	718.70	181.27	1,350.00

Variance in FY20  
Budget and FY20 YTD

(2,617.05)  
(6,012.84)  
(51,941.80)  
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65820	TRVL-CLS IN DISTRICT	525.40	1,289.40	1,271.67	828.24	200.00
65870	NON EMPLOYEE TRAVEL	0.00	0.00	0.00	0.00	1,000.00
65880	MEALS	1,297.01	634.60	939.35	1,200.75	2,325.00
65890	LODGING	3,498.57	5,559.69	8,602.40	5,228.54	8,700.00
65900	MISC PURC SVS	8,129.06	9,589.21	0.00	0.00	0.00
65910	SVS PURCHASED LOCALL	0.00	140.00	17,223.98	16,118.78	18,000.00
66100	GEN SUPPLIES	83,405.17	90,616.01	125,089.47	80,482.35	186,511.07
66107	LOW VALUE EQUIP SUPPL	0.00	0.00	0.00	0.00	1,000.00
66200	ENERGY	0.00	0.00	0.00	0.00	0.00
66210	NAT.GAS	13,245.91	18,515.06	15,663.73	14,020.35	18,000.00
66220	ELECTRICITY	84,672.69	78,605.17	75,449.63	79,438.40	80,000.00
66260	GASOLINE/DIESEL	1,746.32	0.00	4,017.71	14,067.39	30,000.00
66410	TEXTBOOKS	20,026.01	6,136.30	43,128.46	1,772.55	28,000.00
66420	LIBRARY BOOKS	265.18	625.72	2,413.81	21.95	1,500.00
66430	PERIODICALS	710.22	2,003.60	363.10	162.00	1,100.00
66440	AUDIOVISUAL MATERIALS	0.00	0.00	0.00	0.00	0.00
66527	LOW VAL.EQUIP. TECH.SU	0.00	0.00	0.00	0.00	0.00
66900	OTHER SUPPLIES & MATE	0.00	0.00	0.00	0.00	0.00
67310	MACHINERY	0.00	0.00	0.00	19,308.12	21,007.29
67320	VEHICLES	6,268.00	0.00	0.00	69,600.00	0.00
67340	TECHNOLOGY RELATED H	2,540.40	1,984.00	0.00	0.00	0.00
67900	DEPRECIATION	0.00	0.00	0.00	0.00	0.00
68100	DUES AND FEES	12,016.59	14,158.47	13,938.71	7,599.33	15,950.00
68300	INTEREST	57,200.45	55,102.50	53,160.00	50,927.50	50,927.50
68700	OUT OF COURT SETTLEM	2,411.48	0.00	0.00	0.00	0.00
68830	PROPERTY TAX	0.00	1,195.89	1,400.66	0.00	0.00
69100	REDEMPTION OF PRINCIP	168,797.45	175,000.00	175,000.00	180,000.00	180,000.00
69330	TO BUILDING FUND	761,387.50	650,000.00	142,000.00	0.00	0.00
69380	TO FOOD SERVICE FUND	0.00	0.00	0.02	0.00	0.00
69500	TRANSITS	0.00	0.00	0.00	0.00	0.00
Other Expenditure Totals		<b>1,507,730.09</b>	<b>1,361,540.28</b>	<b>956,369.71</b>	<b>877,790.29</b>	<b>983,000.61</b>

Overall Expenditure Totals	<b>3,798,605.07</b>	<b>3,732,710.84</b>	<b>3,420,560.28</b>	<b>3,261,128.72</b>	<b>3,438,532.02</b>
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Jul 27, 2020

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DERMOTT SPECIAL SCH. DIST.  
 DETAILED STATEMENT OF CHANGES IN FUND BALANCES  
 FOR PERIODS 1 THROUGH 13 OF 20

SELECTION CRITERIA: orgn.fund like '[123468]'

FUND/SF	FUND TITLE	BEG BALANCE	REVENUE	NON-REVENUE	NON-EXPEND	EXPENDITURES	END BALANCE
1000	TEACHER SALARY FUND	.00	.00	1,418,323.05	.00	1,418,323.05	.00
1223	PROFESSIONAL DEVELOP	.00	.00	2,149.92	.00	2,149.92	.00
1246	PATHWISE MENTORING	.00	.00	.00	.00	.00	.00
1275	ALTERNATIVE LEARNING	.00	.00	45,168.04	.00	45,168.04	.00
1281	N.S.L.A.	.00	.00	167,544.36	.00	167,544.36	.00
1293	SECONDARY WORKFORCE	.00	.00	.00	.00	.00	.00
1365	ABC	.00	.00	27,264.99	.00	27,264.99	.00
1920	ISOLATED SPECIAL NEE	.00	.00	96,251.55	.00	96,251.55	.00
TOTAL	TEACHER SALARY FUND	.00	.00	1,756,701.91	.00	1,756,701.91	.00
2000	OPERATING FUND	.00	.00	1,361,525.40	.00	1,355,220.26	-2,716,745.66
2001	OPERATING FUND-2	592,712.74	3,148,105.95	69,500.00	288,633.15	.00	3,521,685.54
2011	HOFNOD	1,876.16	.00	.00	.00	.00	1,876.16
2061	FACILITY RENTAL	1,319.03	300.00	.00	.00	.00	1,619.03
2099	NO KID HUNGRY	.00	32,800.00	.00	.00	.00	4,539.09
2218	DECLINING ENROLLMENT	.00	.00	.00	.00	28,260.91	.00
2222	SUPPLEMENTAL TRANSP.	.00	53,863.00	.00	.00	53,863.00	.00
2223	PROFESSIONAL DEVELOP	.00	9,369.00	.00	.00	9,103.01	.00
2240	SP ED LEA SUPERVISOR	.00	1,453.38	1,883.93	2,149.92	.00	.00
2246	PATHWISE MENTOR	.00	.00	.00	.00	.00	1,453.38
2265	CATASTROPHIC SPECIAL	39,512.49	.00	.00	.00	5,060.36	34,452.13
2271	G/T ADVANCED PLACEMENT	.00	50.00	.00	.00	.00	50.00
2275	ALTERNATIVE LEARNING	.00	15,473.00	39,570.45	45,168.04	9,875.41	.00
2276	ENG LEARNER LANGUAGE	.00	345.00	.00	.00	.00	1,923.07
2281	N.S.L.A.	47,232.31	510,826.09	.00	213,277.14	170,339.88	174,441.38
2293	SECONDARY WORKFORCE	5,299.97	7,583.56	.00	.00	882.90	12,000.63
2365	ABC	16,186.80	49,660.00	.00	27,264.99	22,374.96	16,206.85
2394	DEBT SERVICE SUPPLEM	.00	.00	.00	.00	.00	.00
2920	ISOLATED SP. NEEDS S	801.20	117,952.00	.00	96,251.55	20,827.10	1,674.55
2995	EXCLUSIVE VENDOR CON	9,343.41	.00	.00	.00	1,847.04	7,496.37
TOTAL	OPERATING FUND	715,862.18	3,947,780.98	110,954.38	2,034,270.19	1,677,654.83	1,062,672.52
3000	BUILDING FUND	264,713.79	.00	.00	69,500.00	64,969.22	130,244.57
3001	TRANSFER FROM OPER.	1,141,000.00	.00	.00	.00	.00	1,141,000.00
3200	TRANSFER FROM OPERAT	792,000.00	.00	.00	.00	.00	792,000.00
3300	BOND REFUND SAVINGS	51,854.99	.00	.00	.00	.00	51,854.99
TOTAL	BUILDING FUND	2,249,568.78	.00	.00	69,500.00	64,969.22	2,115,099.56
4000	DEBT SERVICE FUND	.00	.00	231,835.50	180,000.00	51,835.50	.00
TOTAL	DEBT SERVICE FUND	.00	.00	231,835.50	180,000.00	51,835.50	.00
6441	21ST CCLC	.00	.00	.00	.00	.00	.00
6501	CHAPTER I	.00	312,008.64	.00	.00	324,291.62	-12,282.98
6505	1003A GRANT REGULAR	.00	.00	.00	.00	.00	.00
6560	L BLACK DAYCARE	3,416.63	.00	.00	.00	1,836.23	1,580.40
6702	VI-B	.00	93,374.14	.00	.00	100,727.78	-7,353.64
6750	MEDICARE CATASTROPHI	65,197.73	43,608.98	.00	.00	69,963.86	38,842.85
6752	ARMAC	.00	19,938.05	.00	.00	2,840.04	17,098.01
6756	TITLE II-A TEA.QUALI	.00	19,711.71	.00	.00	19,711.71	.00
6784	TITLE VI - B-2	.00	.00	.00	.00	.00	.00

DERMOTT SPECIAL SCH. DIST.  
DETAILED STATEMENT OF CHANGES IN FUND BALANCES  
FOR PERIODS 1 THROUGH 13 OF 20

SELECTION CRITERIA: orgn.fund like '[123468]%'

FUND/SF	FUND TITLE	BEG BALANCE	REVENUE	NON-REVENUE	NON-EXPEND	EXPENDITURES	END BALANCE
6786	TITLE IV STUDENT SUP	.00	3,799.95	.00	.00	3,799.95	.00
TOTAL NO FUND GROUP TITLE		68,614.36	492,441.47	.00	.00	523,171.19	37,884.64
8000	FOOD SERVICE FUND	20,508.75	295,125.01	4,278.40	.00	319,912.16	.00
8492	SUM FD PRO	.00	.00	.00	.00	.00	.00
8657	FF& V GRANT	.00	9,659.19	.00	.00	9,659.19	.00
TOTAL FOOD SERVICE FUND		20,508.75	304,784.20	4,278.40	.00	329,571.35	.00
TOTAL		3,054,554.07	4,745,006.65	2,103,770.19	2,283,770.19	4,403,904.00	3,215,656.72

# **Dermott Special School District**

**Chicot County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**June 30, 2018**



DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
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JUNE 30, 2018

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# Arkansas

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



Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Dermott Special School District (the "District"), as of and for the year ended June 30, 2018, 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, 2018, 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, 2018, 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 14, 2019 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 14, 2019  
EDSD04118

# Arkansas

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



Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
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

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Dermott Special School District (the "District"), as of and for the year ended June 30, 2018, 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 14, 2019. 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, 2018, 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

### 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*.

### **District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on it.

### **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



Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 14, 2019

# Arkansas

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



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

Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

## 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

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Dermott Special School District (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, 2018. 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, 2018.

#### Report on Internal Control Over Compliance

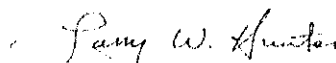
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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



Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 14, 2019

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2018

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 214,183	\$ 104,827	\$ 2,289,119	\$ 13,814
Investments	390,256			
Accounts receivable		198,846		
Due from other funds	141,376			
<b>TOTAL ASSETS</b>	<b>\$ 745,815</b>	<b>\$ 303,673</b>	<b>\$ 2,289,119</b>	<b>\$ 13,814</b>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		\$ 1,518		
Due student groups				\$ 13,814
Due to other funds		141,376		
Total Liabilities		142,894		13,814
Fund Balances:				
Restricted	\$ 99,619	160,779		
Committed			\$ 2,101,000	
Assigned	31,480		188,119	
Unassigned	614,716			
Total Fund Balances	745,815	160,779	2,289,119	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 745,815</b>	<b>\$ 303,673</b>	<b>\$ 2,289,119</b>	<b>\$ 13,814</b>

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 1,590,190		
State assistance	2,367,396	\$ 1,635	
Federal assistance		1,067,579	
Activity revenues	26,639		
Meal sales		16,890	
Investment income	9,786		
Other revenues	29,732		
<b>TOTAL REVENUES</b>	<b>4,023,743</b>	<b>1,086,104</b>	
EXPENDITURES			
Regular programs	1,428,409	24,319	
Special education	232,312	129,516	
Career education programs	39,079		
Compensatory education programs	149,874	288,900	
Other instructional programs	103,043		
Student support services	147,159	41,079	
Instructional staff support services	396,074	262,494	
General administration support services	174,199	48,462	
School administration support services	149,210		
Central services support services	78,487		\$ 2,434
Operation and maintenance of plant services	393,740		42,502
Student transportation services	149,004	14,416	88,200
Other support services	5,133		
Food services operations		373,689	
Community services operations		5,360	
Facilities acquisition and construction services			60,279
Non-programmed costs		19,001	
Activity expenditures	36,207		
Debt Service:			
Principal retirement	4,455		175,000
Interest and fiscal charges	117		56,007
<b>TOTAL EXPENDITURES</b>	<b>3,486,502</b>	<b>1,207,236</b>	<b>424,422</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>537,241</b>	<b>(121,132)</b>	<b>(424,422)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			881,007
Transfers out	(881,007)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(881,007)</b>		<b>881,007</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(343,766)</b>	<b>(121,132)</b>	<b>456,585</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,089,581</b>	<b>281,911</b>	<b>1,832,534</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 745,815</b>	<b>\$ 160,779</b>	<b>\$ 2,289,119</b>

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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, 2018

Exhibit C

	General		Variance Favorable (Unfavorable)	Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$	\$	\$	\$	\$	\$
State assistance	1,262,000	1,590,190	328,190		1,635	(65)
Federal assistance	2,390,574	2,367,396	(23,178)	1,700	1,067,579	(237)
Activity revenues	700	26,639	25,939	1,305,555		(65)
Meal sales						
Investment income	7,000	9,786	2,786	31,000	16,890	(14,110)
Other revenues	1,500	29,732	28,232			
<b>TOTAL REVENUES</b>	<b>3,661,774</b>	<b>4,023,743</b>	<b>361,969</b>	<b>1,338,255</b>	<b>1,086,104</b>	<b>(252,151)</b>
<b>EXPENDITURES</b>						
Regular programs	1,563,439	1,428,409	135,030			
Special education	254,727	232,312	22,415	41,863	24,319	17,544
Career education programs	49,558	39,079	10,479	181,457	129,516	51,941
Compensatory education programs	151,054	149,874	1,180	369,568	288,900	80,668
Other instructional programs	70,485	103,043	(32,558)			
Student support services	138,273	147,159	(8,886)	64,575	41,079	23,496
Instructional staff support services	456,592	396,074	60,518	365,155	262,494	102,661
General administration support services	176,827	174,199	2,628	52,754	48,462	4,292
School administration support services	149,391	149,210	181			
Central services support services	98,371	78,487	19,884			
Operation and maintenance of plant services	414,533	393,740	20,793		14,416	(14,416)
Student transportation services	205,682	149,004	56,678			
Other support services	10,000	5,133	4,867			
Food services operations	10,000		10,000	379,248	373,689	5,559
Community services operations				6,909	5,360	1,549
Non-programmed costs				23,477	19,001	4,476
Activity expenditures						
Debt Service:						
Principal retirement		36,207	(36,207)			
Interest and fiscal charges		4,455	(4,455)			
		117	(117)			
<b>TOTAL EXPENDITURES</b>	<b>3,748,932</b>	<b>3,486,502</b>	<b>262,430</b>	<b>1,485,006</b>	<b>1,207,236</b>	<b>277,770</b>

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS

Exhibit C

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, 2018

	General		Variance Favorable (Unfavorable)	Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (87,158)	\$ 537,241	\$ 624,399	\$ (146,751)	\$ (121,132)	\$ 25,619
OTHER FINANCING SOURCES (USES)						
Transfers in	4,856,038		(4,856,038)	10,000		(10,000)
Transfers out	(5,059,672)	(881,007)	4,178,665	(10,000)		10,000
TOTAL OTHER FINANCING SOURCES (USES)	(203,634)	(881,007)	(677,373)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(290,792)	(343,766)	(52,974)	(146,751)	(121,132)	25,619
FUND BALANCES - JULY 1	1,107,274	1,089,581	(17,693)	274,867	281,911	7,044
FUND BALANCES - JUNE 30	\$ 816,482	\$ 745,815	\$ (70,667)	\$ 128,116	\$ 160,779	\$ 32,663

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a six 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 Dermott Special 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.

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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

C. Measurement Focus and Basis of Accounting (Continued)

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:

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

F. Property Taxes

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

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2017 calendar year taxes collected by June 30, 2018 and 12 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, 2018 equaled or exceeded the 12 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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**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. Committed fund balance – represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Education.
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.

**I. Budget and Budgetary Accounting**

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

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

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

**J. Stabilization Arrangements**

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

**K. Minimum Fund Balance Policies**

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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

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

The District's highest level of decision-making authority is its Board of Education. The establishment of amounts classified as committed fund balances and subsequent modifications to such balances are the result of formal action taken by the District's Board of Education through a resolution or adoption of board policy.

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:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 640,256	\$ 640,256
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>2,371,843</u>	<u>2,563,394</u>
Total Deposits	<u>\$ 3,012,099</u>	<u>\$ 3,203,650</u>

The above total deposits do not include cash on hand of \$100. The above total deposits include certificates of deposit of \$390,256 reported as investments and classified as nonparticipating contracts.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 were comprised of the following:

Description	Governmental Fund
	Major
	Special Revenue
Federal assistance	\$ 198,846

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2018:

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, 2018	Maturities To June 30, 2018
4/1/13	2/1/38	1.4 - 3.15%	\$ 755,000	\$ 705,000	\$ 50,000
9/1/14	6/1/28	1 - 2.6%	2,120,000	1,630,000	490,000
Totals			\$ 2,875,000	\$ 2,335,000	\$ 540,000

Changes in Long-term Debt

	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
Bonds payable	\$ 2,510,000		\$ 175,000	\$ 2,335,000
Capital leases	4,455		4,455	
Totals	\$ 2,514,455 *	\$ 0	\$ 179,455	\$ 2,335,000

\*The July 1, 2017 balance was restated by \$16,389. This was the balance, as previously reported, of an installment contract issued August 12, 2013 that was early retired in June 2017.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**4: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2019	\$ 175,000	\$ 53,160	\$ 228,160
2020	180,000	50,928	230,928
2021	185,000	48,258	233,258
2022	185,000	45,125	230,125
2023	190,000	41,583	231,583
2024-2028	1,030,000	140,947	1,170,947
2029-2033	185,000	49,687	234,687
2034-2038	205,000	20,317	225,317
Totals	<u>\$ 2,335,000</u>	<u>\$ 450,005</u>	<u>\$ 2,785,005</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.

**5: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2018 were comprised of the following:

Description	Governmental Fund Major Special Revenue
Vendor payables	<u>\$ 1,518</u>

**6: INTERFUND TRANSFERS**

The District transferred \$881,007 from the general fund to the other aggregate funds for debt related payments of \$231,007 and \$650,000 to supplement future capital projects.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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.arts.gov](http://www.arts.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, 2018 were \$368,814 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, 2017 (actuarial valuation date and measurement date) was \$3,764,332.

**8: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$2,875,000 issued from April 1, 2013 through September 1, 2014. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$2,785,005, payable through February 1, 2038. Principal and interest paid for the current year and total property taxes pledged for debt service were \$230,102 and \$639,347, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 35.99 percent.

**9: 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 student accidents.

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

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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**9: RISK MANAGEMENT (Continued)**

The District participates in the Arkansas Public School Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

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.

**10: 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 \$84,321 for the year ended June 30, 2018.

**11: 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	\$ 2,980		
Educational programs -			
national school lunch state			
categorical funding	34,292		
English-language learners	2,301		
Child nutrition programs		\$ 85,201	
Medical services		54,449	
Special education programs	38,346		
Other purposes	21,700	21,129	
Total Restricted	<u>99,619</u>	<u>160,779</u>	
Committed to:			
Capital projects			<u>\$2,101,000</u>
Assigned to:			
Capital projects			188,119
Student activities	26,640		
Other purposes	4,840		
Total Assigned	<u>31,480</u>		<u>188,119</u>
Unassigned	<u>614,716</u>		
Totals	<u>\$ 745,815</u>	<u>\$ 160,779</u>	<u>\$2,289,119</u>

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)

Schedule 1

	Balance June 30, 2018
<i>Nondepreciable capital assets:</i>	
Land	\$ 303,723
<i>Depreciable capital assets:</i>	
Buildings	4,280,076
Improvements/infrastructure	435,266
Equipment	2,521,739
Total depreciable capital assets	<u>7,237,081</u>
Less accumulated depreciation for:	
Buildings	3,294,030
Improvements/infrastructure	328,417
Equipment	2,078,357
Total accumulated depreciation	<u>5,700,804</u>
Total depreciable capital assets, net	<u>1,536,277</u>
Capital assets, net	<u>\$ 1,840,000</u>

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0901		\$ 70,870
Arkansas Department of Education - National School Lunch Program	10.555	0901		167,760
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	0901000		21,285
Total for National School Lunch Program				189,045
Total U. S. Department of Agriculture				259,915
<b>TOTAL CHILD NUTRITION CLUSTER</b>				259,915
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	0901		149,207
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				149,207
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	0901		11,158
Total U. S. Department of Agriculture				11,158
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	0901		433,786
Arkansas Department of Education - Twenty-First Century Community Learning Centers	84.287	0901		100,494
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	0901		81,191
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	0901		10,000
Total U. S. Department of Education				625,471
<b>TOTAL OTHER PROGRAMS</b>				636,629
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 1,045,751

The accompanying notes are an integral part of this schedule.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Dermott Special School District (District) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 4: The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 5: During the year ended June 30, 2018, the District received Medicaid funding of \$10,610 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

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

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

\$ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

**2018-001. Internal Control**

Criteria: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses included the following: non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the District's electronic signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The District Treasurer was responsible for receiving and depositing monies collected, and preparation of bank reconciliations, without compensating controls.

Cause: District management, due to cost/benefit implications, which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

Effect or potential effect: The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets.

Views of responsible officials: We concur with the recommendation and will implement corrective procedures to the extent possible.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Dermott Special School District  
PO BOX 380 525 East Speedway  
Dermott, AR 71638  
870-538-1000  
Kristi Ridgell, Superintendent**

**Summary Schedule of Prior Audit Findings  
For the year ended June 30, 2018**

**FINANCIAL STATEMENT FINDINGS**

**2017 - Finding 2017-001: Internal Control**

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses included the following: non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the district's electronic signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The District Treasurer was responsible for receiving and depositing monies collected, and preparation of bank reconciliations, without compensating controls.

Current Status: Due to cost/benefit implications, the District was unable to adequately segregate the financial accounting duties. See Finding 2018-001 at Schedule 3.

**2016 - Finding 2016-001: Internal Control**

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the district's signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The District Treasurer was responsible for receiving and depositing monies collected, and preparation of bank reconciliations, without compensating controls.

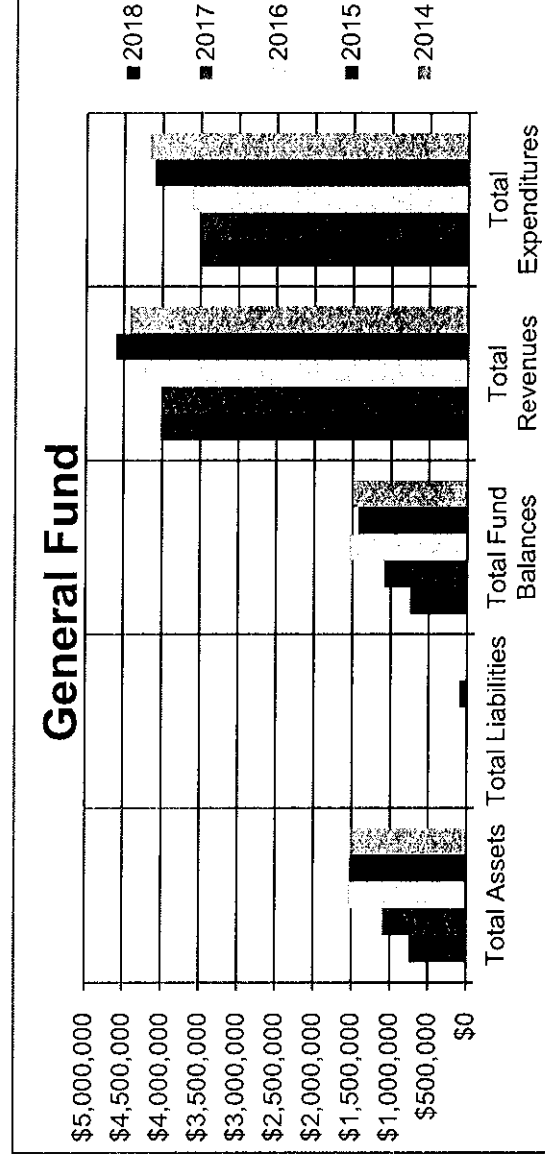
Current Status: Due to cost/benefit implications, the District was unable to adequately segregate the financial accounting duties. See Finding 2018-001 at Schedule 3.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

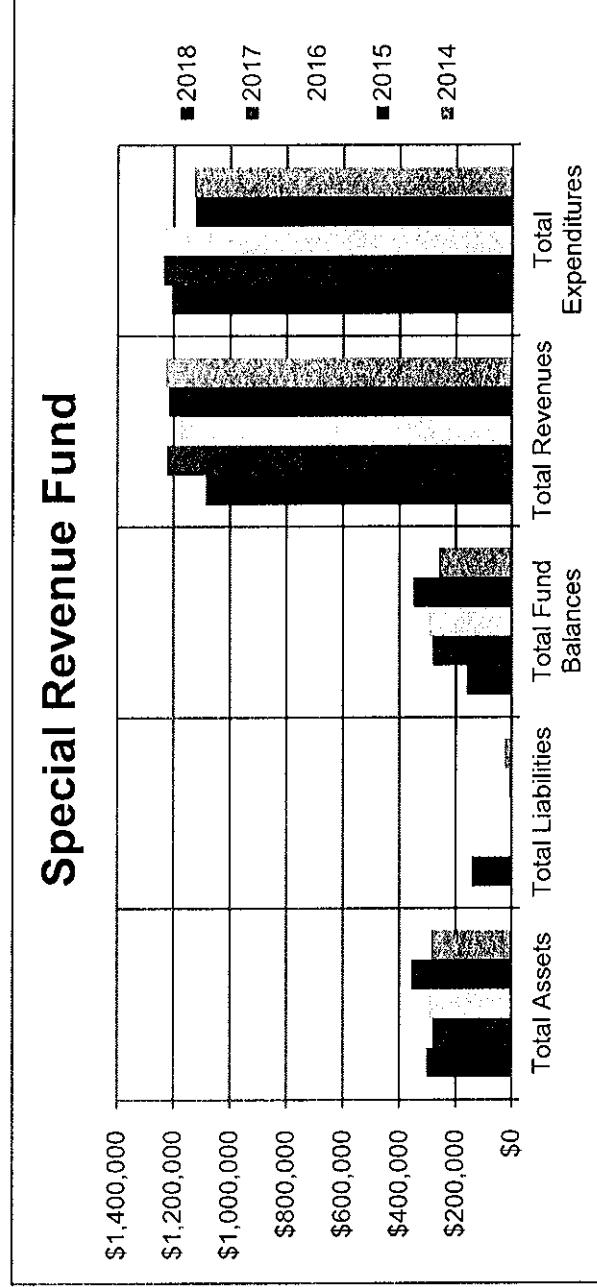
DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)

General Fund	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets	\$ 745,815	\$ 1,097,209	\$ 1,545,855	\$ 1,524,593	\$ 1,516,412
Total Liabilities		7,628	1,377	93,370	7,460
Total Fund Balances	745,815	1,089,581	1,544,478	1,431,223	1,508,952
Total Revenues	4,023,743	4,013,277	4,244,400	4,608,219	4,424,962
Total Expenditures	3,486,502	3,489,038	3,615,859	4,104,045	4,173,214
Total Other Financing Sources (Uses)	(881,007)	(979,136)	(515,286)	(581,903)	(208,169)



DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets	\$ 303,673	\$ 282,108	\$ 293,606	\$ 357,479	\$ 286,636
Total Liabilities	142,894	197		7,169	25,450
Total Fund Balances	160,779	281,911	293,606	350,310	261,186
Total Revenues	1,086,104	1,225,640	1,176,478	1,217,401	1,228,539
Total Expenditures	1,207,236	1,237,335	1,233,182	1,125,216	1,128,591
Total Other Financing Sources (Uses)				(3,061)	

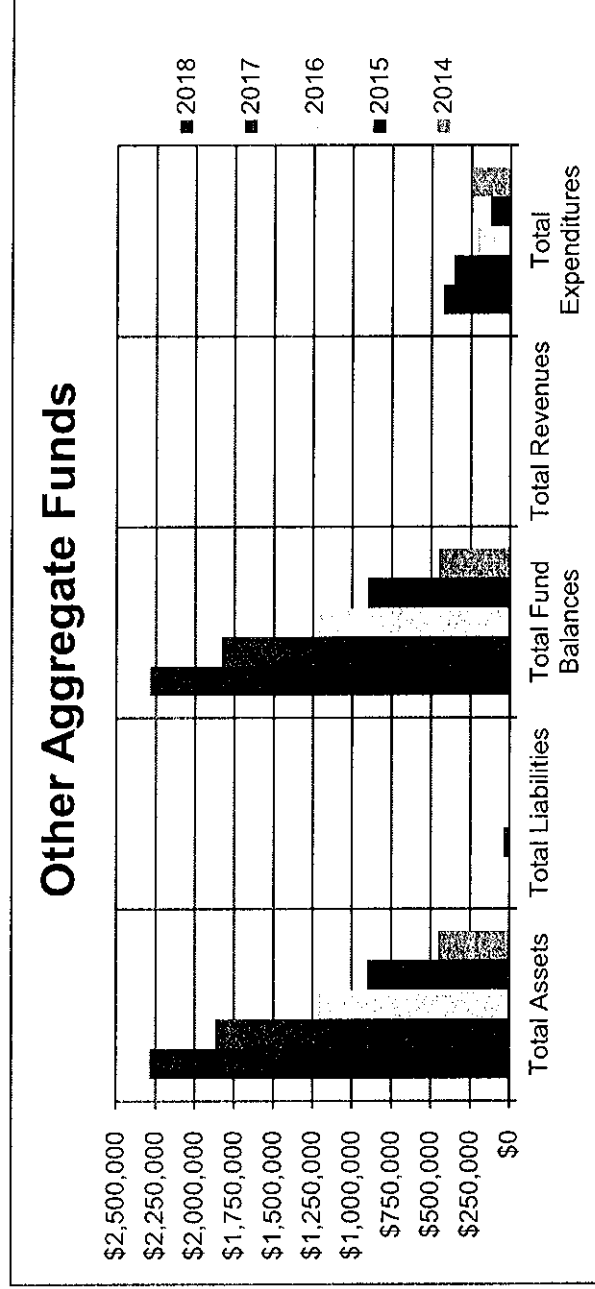


DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018  
(Unaudited)

Schedule 5

**Other Aggregate Funds**

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Total Assets	\$ 2,289,119	\$ 1,868,944	\$ 1,210,878	\$ 904,730	\$ 449,558
Total Liabilities		36,410			
Total Fund Balances	2,289,119	1,832,534	1,210,878	904,730	449,558
Total Revenues					519
Total Expenditures	424,422	357,480	209,138	128,396	256,174
Total Other Financing Sources (Uses)	881,007	979,136	515,286	583,568	225,180



Dermott Special School District  
P.O. BOX 380 525 East Speedway  
Dermott, AR 71638  
870-538-1000  
Kristi Ridgell, Superintendent

### Corrective Action Plan for Dermott School District

Our response to the audit findings for audit period ending June 30, 2018 are as follows:

20018-001. Internal Control

The district is financially unable to staff the personnel in the central office that would be needed to cover all areas mentioned. The district has one full time bookkeeper (April Cantrell) who is the business manager. The Bookkeeper, April Cantrell and Superintendent, Kristi Ridgell work closely together to monitor that all transactions are completed in a timely and correct manner.

If further information is needed, please contact us.

Sincerely,

April Cantrell, District Treasurer  
Dermott School District  
870-538-1603 ext. 1603

# **Dermott Special School District**

**Chicot County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**June 30, 2019**



DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
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REGULATORY BASIS FINANCIAL STATEMENTS

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# Arkansas

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



Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Dermott Special School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

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

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

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

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

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

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

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

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

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

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

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

### ***Unmodified Opinions on Regulatory Basis of Accounting***

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

### ***Other Matters***

#### ***Supplementary and Other Information***

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
March 9, 2020  
EDSD04119

# Arkansas

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



Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
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

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Dermott Special School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated March 9, 2020. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2019, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a material weakness.

### **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*.

We noted a certain matter that we reported to management of the District in a separate letter dated March 9, 2020.

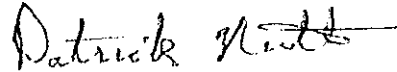
### **District's Response to Finding**

The District's response to the finding identified in our audit, excluding the management letter finding, is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on it.

### **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 black ink, appearing to read "Patrick Nutt", with a horizontal line extending to the right.

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 9, 2020

# Arkansas

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



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

Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

## 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

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Dermott Special School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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

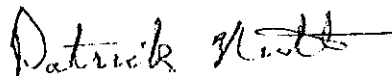
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Patrick Nutt", with a stylized flourish at the end.

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 9, 2020

# Arkansas

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



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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Dermott Special School District and School Board Members  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

Cash receipts collected at the Administration Office exceeded cash deposits by \$605. It appears that an unreceipted check was included in one deposit to conceal the unaccounted for cash. The District Treasurer was custodian of these unaccounted for funds and was responsible for bank deposits.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Patrick Nutt".

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 9, 2020

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2019

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 287,068	\$ 79,291	\$ 2,249,569	\$ 13,740
Investments	392,519			
Accounts receivable		78,646		
Due from other funds	58,373			
<b>TOTAL ASSETS</b>	<b>\$ 737,960</b>	<b>\$ 157,937</b>	<b>\$ 2,249,569</b>	<b>\$ 13,740</b>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,534		\$ 1,073	\$ 1,308
Due student groups				12,432
Due to other funds		\$ 58,373		
Total Liabilities	14,534	58,373	1,073	13,740
Fund Balances:				
Restricted	107,974	99,564		
Assigned	21,998		2,248,496	
Unassigned	593,454			
Total Fund Balances	723,426	99,564	2,248,496	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 737,960</b>	<b>\$ 157,937</b>	<b>\$ 2,249,569</b>	<b>\$ 13,740</b>

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 1,615,730		
State assistance	2,333,746	\$ 1,600	
Federal assistance		1,099,708	
Activity revenues	34,370		
Meal sales		17,397	
Investment income	10,021		
Other revenues	16,222		
<b>TOTAL REVENUES</b>	<b>4,010,089</b>	<b>1,118,705</b>	
EXPENDITURES			
Regular programs	1,558,168	17,712	
Special education	269,649	140,733	
Career education programs	46,029		
Compensatory education programs	165,454	310,164	
Other instructional programs	62,126		
Student support services	174,249	32,607	
Instructional staff support services	383,237	258,924	
General administration support services	166,735	48,328	
School administration support services	154,656		
Central services support services	72,787		
Operation and maintenance of plant services	382,116		\$ 182,623
Student transportation services	163,870		
Other support services	23,325		
Food services operations		351,067	
Community services operations		5,371	
Non-programmed costs		15,014	
Activity expenditures	39,012		
Debt Service:			
Principal retirement			175,000
Interest and fiscal charges			54,065
<b>TOTAL EXPENDITURES</b>	<b>3,661,413</b>	<b>1,179,920</b>	<b>411,688</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>348,676</b>	<b>(61,215)</b>	<b>(411,688)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			371,065
Transfers out	(371,065)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(371,065)</b>		<b>371,065</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(22,389)</b>	<b>(61,215)</b>	<b>(40,623)</b>
<b>FUND BALANCES - JULY 1</b>	<b>745,815</b>	<b>160,779</b>	<b>2,289,119</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 723,426</b>	<b>\$ 99,564</b>	<b>\$ 2,248,496</b>

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 1,556,275	\$ 1,615,730	\$ 59,455			
State assistance	2,382,087	2,333,746	(48,341)	\$ 1,700	\$ 1,600	\$ (100)
Federal assistance				1,216,296	1,099,708	(116,588)
Activity revenues	250	34,370	34,120			
Meal sales				16,900	17,397	497
Investment income	8,500	10,021	1,521			
Other revenues	2,000	16,222	14,222			
<b>TOTAL REVENUES</b>	<b>3,949,112</b>	<b>4,010,089</b>	<b>60,977</b>	<b>1,234,896</b>	<b>1,118,705</b>	<b>(116,191)</b>
<b>EXPENDITURES</b>						
Regular programs	1,571,092	1,558,168	12,924			
Special education	305,931	269,649	36,282	21,129	17,712	3,417
Career education programs	52,759	46,029	6,730	139,585	140,733	(1,148)
Compensatory education programs	177,162	165,454	11,708			
Other instructional programs	66,625	62,126	4,499	329,494	310,164	19,330
Student support services	188,420	174,249	14,171	42,328	32,607	9,721
Instructional staff support services	400,956	383,237	17,719	316,759	258,924	57,835
General administration support services	181,496	166,735	14,761	51,832	48,328	3,504
School administration support services	170,423	154,656	15,767			
Central services support services	69,842	72,787	(2,945)			
Operation and maintenance of plant services	416,087	382,116	33,971			
Student transportation services	189,870	163,870	26,000			
Other support services	10,000	23,325	(13,325)			
Food services operations				313,208	351,067	(37,859)
Community services operations				6,863	5,371	1,492
Non-programmed costs				25,253	15,014	10,239
Activity expenditures						
<b>TOTAL EXPENDITURES</b>	<b>3,800,663</b>	<b>3,661,413</b>	<b>139,250</b>	<b>1,246,451</b>	<b>1,179,920</b>	<b>66,531</b>

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019

	General		Variance Favorable (Unfavorable)	Special Revenue		Variance Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 148,449	\$ 348,676	\$ 200,227	\$ (11,555)	\$ (61,215)	\$ (49,660)
OTHER FINANCING SOURCES (USES)						
Transfers in	4,957,368		(4,957,368)	23,931		(23,931)
Transfers out	(5,775,720)	(371,065)	5,404,655	(23,931)		23,931
TOTAL OTHER FINANCING SOURCES (USES)	(818,352)	(371,065)	447,287	0	0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(669,903)	(22,389)	647,514	(11,555)	(61,215)	(49,660)
FUND BALANCES - JULY 1	759,759	745,815	(13,944)	133,371	160,779	27,408
FUND BALANCES - JUNE 30	\$ 89,856	\$ 723,426	\$ 633,570	\$ 121,816	\$ 99,564	\$ (22,252)

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

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a six 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 Dermott Special 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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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)	\$ 642,519	\$ 642,519
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>2,379,568</u>	<u>2,573,712</u>
Total Deposits	<u>\$ 3,022,087</u>	<u>\$ 3,216,231</u>

The above total deposits do not include cash on hand of \$100. The above total deposits include certificates of deposit of \$392,519 reported as investments and classified as nonparticipating contracts.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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	\$ 78,646

**4: COMMITMENTS**

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

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
<b>Bonds</b>					
4/1/13	2/1/38	1.4 - 3.15%	\$ 755,000	\$ 675,000	\$ 80,000
9/1/14	6/1/28	1 - 2.6%	2,120,000	1,485,000	635,000
Total Long-Term Debt			\$ 2,875,000	\$ 2,160,000	\$ 715,000

Changes in Long-term Debt

	Balance July 01, 2018	Issued	Retired	Balance June 30, 2019
Bonds payable	\$ 2,335,000	\$ 0	\$ 175,000	\$ 2,160,000

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**4: COMMITMENTS (Continued)**  
Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2020	\$ 180,000	\$ 50,928	\$ 230,928
2021	185,000	48,257	233,257
2022	185,000	45,126	230,126
2023	190,000	41,582	231,582
2024	195,000	37,708	232,708
2025-2029	870,000	115,307	985,307
2030-2034	185,000	44,077	229,077
2035-2038	170,000	13,860	183,860
Totals	<u>\$ 2,160,000</u>	<u>\$ 396,845</u>	<u>\$ 2,556,845</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.

**5: ACCOUNTS PAYABLE**

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

Description	Governmental Funds		Fiduciary Fund Types
	Major	Other	
	General	Aggregate	
Vendor payables	<u>\$ 14,534</u>	<u>\$ 1,073</u>	<u>\$ 1,308</u>

**6: INTERFUND TRANSFERS**

The District transferred \$371,065 from the general fund to the other aggregate funds for debt related payments of \$229,065 and \$142,000 to supplement future capital projects.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**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](http://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 \$392,806, 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 \$3,317,823.

**8: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$2,875,000 issued from April 1, 2013 through September 1, 2014. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$2,556,845, payable through February 1, 2038. Principal and interest paid for the current year and total property taxes pledged for debt service were \$228,160 and \$649,615, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 35.12 percent.

**9: 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 student accidents and employee and board travel.

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.

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.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**9: RISK MANAGEMENT (Continued)**

The District participates in the Arkansas Public School Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

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.

**10: 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 \$83,590 for the year ended June 30, 2019.

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Educational programs -			
national school lunch state			
categorical funding	\$ 41,400		
English-language learners	1,578		
Child nutrition programs		\$ 25,269	
Medical services		70,878	
Special education programs	39,513		
Other purposes	25,483	3,417	
Total Restricted	<u>107,974</u>	<u>99,564</u>	
Assigned to:			
Capital projects			\$2,248,496
Student activities	21,998		
Total Assigned	<u>21,998</u>		<u>2,248,496</u>
Unassigned	<u>593,454</u>		
Totals	<u>\$ 723,426</u>	<u>\$ 99,564</u>	<u>\$2,248,496</u>

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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	<u>\$ 303,723</u>
<i>Depreciable capital assets:</i>	
Buildings	4,280,076
Improvements/infrastructure	435,266
Equipment	<u>2,650,437</u>
Total depreciable capital assets	<u>7,365,779</u>
Less accumulated depreciation for:	
Buildings	3,373,869
Improvements/infrastructure	337,118
Equipment	<u>2,139,691</u>
Total accumulated depreciation	<u>5,850,678</u>
Total depreciable capital assets, net	<u>1,515,101</u>
Capital assets, net	<u><u>\$ 1,818,824</u></u>

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	0901		\$ 73,507
Arkansas Department of Education - National School Lunch Program	10.555	0901		172,622
Arkansas Department of Human Services - National School Lunch Program (Note 3)	10.555	0901000		17,803
Total for National School Lunch Program				190,425
Total U. S. Department of Agriculture				263,932
<b>TOTAL CHILD NUTRITION CLUSTER</b>				263,932
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	0901		125,103
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				125,103
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	0901		8,205
Total U. S. Department of Agriculture				8,205
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	0901		383,681
Arkansas Department of Education - Twenty-First Century Community Learning Centers	84.287	0901		137,673
Arkansas Department of Education - Rural Education	84.358	0901		13,113
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	0901		59,104
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	0901		23,934
Total U. S. Department of Education				617,505
<b>TOTAL OTHER PROGRAMS</b>				625,710
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 1,014,745

The accompanying notes are an integral part of this schedule.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Dermott Special School District (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 4: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 5: During the year ended June 30, 2019, the District received Medicaid funding of \$64,831 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

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

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

Internal control over financial reporting:

● 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
10.553 and 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

\$ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**MATERIAL WEAKNESS**

**2019-001. Internal Control**

Criteria: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses included the following: non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the District's electronic signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The District Treasurer was responsible for receiving and depositing monies collected and preparation of bank reconciliations, without compensating controls.

Cause: District management, due to cost/benefit implications which hindered the District's ability to adequately segregate financial accounting duties among employees, did not effectively address the deficiencies in internal control.

Effect or potential effect: The District's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard District assets, was adversely affected by the identified weaknesses in the above internal control component.

Recommendation: District management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard District assets.

Views of responsible officials: We concur with the recommendation and will implement corrective procedures to the extent possible.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**Dermott Special School District**  
**PO BOX 380, 525 East Speedway**  
**Dermott, AR 71638**  
**870-538-1000**  
**Kristi Ridgell, Superintendent**

**Summary Schedule of Prior Audit Findings**  
**For the year ended June 30, 2019**

Schedule 4

**FINANCIAL STATEMENT FINDINGS**

2018 – Finding 2018-001: Internal Control

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weaknesses include the following: non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the District's electronic signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The District Treasurer was responsible for receiving and depositing monies collected, and preparation of bank reconciliations, without compensating controls.

Current Status: Due to cost/benefit implications, the District was unable to adequately segregate the financial accounting duties. See Finding 2019-001 at Schedule 3.

2017 – Finding 2017-001: Internal Control

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, certain key weakness included the following: non-payroll checks were prepared by the same employee responsible for the maintenance of accounting records and such employee had unrestricted access to the District's electronic signature stamp. Payroll checks were prepared by the same employee responsible for changes to the payroll amounts, without compensating controls. The District Treasurer was responsible for receiving and depositing monies collected, and preparation of bank reconciliations, without compensating controls.

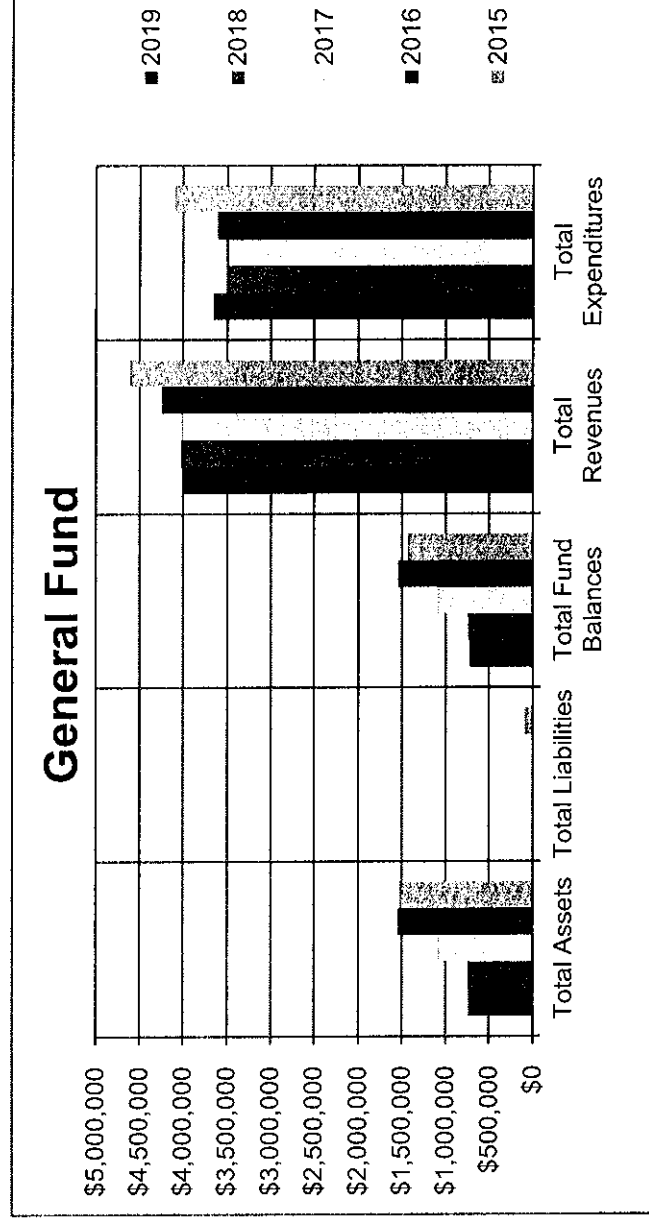
Current Status: Due to cost/benefit implications, the District was unable to adequately segregate the financial accounting duties. See Finding 2019-001 at Schedule 3.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

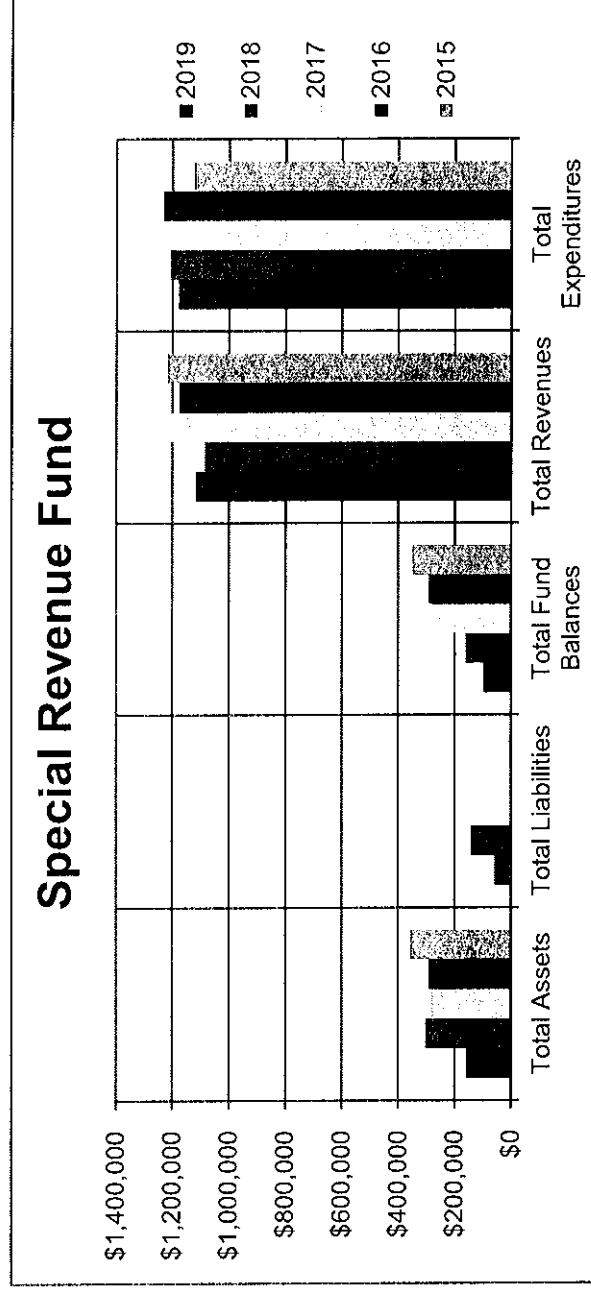
DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Unaudited)

General Fund	Year Ended June 30,				
	2019	2018	2017	2016	2015
Total Assets	\$ 737,960	\$ 745,815	\$ 1,097,209	\$ 1,545,855	\$ 1,524,593
Total Liabilities	14,534		7,628	1,377	93,370
Total Fund Balances	723,426	745,815	1,089,581	1,544,478	1,431,223
Total Revenues	4,010,089	4,023,743	4,013,277	4,244,400	4,608,219
Total Expenditures	3,661,413	3,486,502	3,489,038	3,615,859	4,104,045
Total Other Financing Sources (Uses)	(371,065)	(881,007)	(979,136)	(515,286)	(581,903)



DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019  
(Unaudited)

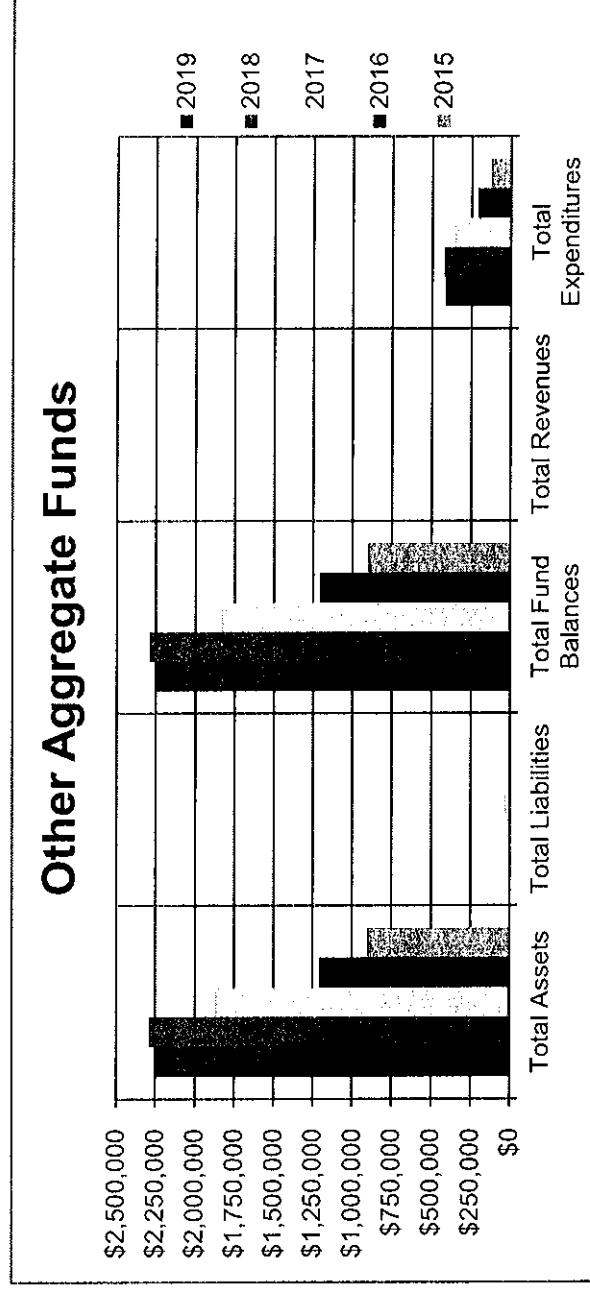
	Year Ended June 30,				
	2019	2018	2017	2016	2015
<b>Special Revenue Fund</b>					
Total Assets	\$ 157,937	\$ 303,673	\$ 282,108	\$ 293,606	\$ 357,479
Total Liabilities	58,373	142,894	197		7,169
Total Fund Balances	99,564	160,779	281,911	293,606	350,310
Total Revenues	1,118,705	1,086,104	1,225,640	1,176,478	1,217,401
Total Expenditures	1,179,920	1,207,236	1,237,335	1,233,182	1,125,216
Total Other Financing Sources (Uses)					(3,061)



DERMOTT SPECIAL SCHOOL DISTRICT  
CHICOT 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	\$ 2,249,569	\$ 2,289,119	\$ 1,868,944	\$ 1,210,878	\$ 904,730
Total Liabilities	1,073		36,410		
Total Fund Balances	2,248,496	2,289,119	1,832,534	1,210,878	904,730
Total Revenues					
Total Expenditures	411,688	424,422	357,480	209,138	128,396
Total Other Financing Sources (Uses)	371,065	881,007	979,136	515,286	583,568



**Dermott School District  
PO BOX 380  
Dermott, AR 71638  
870-538-1000**

**Dermott School District  
Corrective Action Plan  
Formal Findings**

Our response to the formal finding for audit period ending June 30, 2019 is as follows:

2019-001

The district treasurer has begun receipting and depositing money in a more timely manner.

Kristi Ridgell, Superintendent  
Dermott School District

April Cantrell, District Treasurer  
Dermott School District