

# **Piggott School District No. 52**

**Clay County, Arkansas**

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

**June 30, 2012**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CLAY COUNTY, ARKANSAS  
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JUNE 30, 2012

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Senate Chair  
**Rep. Tim Summers**  
House Chair  
**Sen. David Wyatt**  
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**Rep. Toni Bradford**  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Piggott School District No. 52 and School Board Members  
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Piggott School District No. 52 (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2012, or the changes in financial position for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 (Schedule 2), as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Schedule of Findings and Questioned Costs (Schedule 3), and Federal Award Programs - Summary Schedule of Prior Audit Findings (Schedule 4) are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information 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. The 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 (Schedule 2), Schedule of Findings and Questioned Costs (Schedule 3), and Federal Award Programs - Summary Schedule of Prior Audit Findings (Schedule 4) are fairly stated in all material respects in relation to the regulatory basis financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Capital Assets (Schedule 1) and the Schedule of Selected Information for the Last Five Years - Regulatory Basis (Schedule 5) are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas  
November 20, 2012  
EDSD05112

**Sen. Bill Pritchard**  
Senate Chair  
**Rep. Tim Summers**  
House Chair  
**Sen. David Wyatt**  
Senate Vice Chair  
**Rep. Toni Bradford**  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF 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*

Piggott School District No. 52 and School Board Members  
Legislative Joint Auditing Committee

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Piggott School District No. 52 (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated November 20, 2012. We issued an adverse opinion because the District prepared the financial statements using accounting practices prescribed or permitted by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices 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 financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 or corrected on a timely basis.

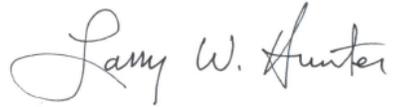
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free of 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*.

This report 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.

DIVISION OF LEGISLATIVE AUDIT

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

Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 20, 2012

Sen. Bill Pritchard  
Senate Chair  
Rep. Tim Summers  
House Chair  
Sen. David Wyatt  
Senate Vice Chair  
Rep. Toni Bradford  
House Vice Chair

# Arkansas



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

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

### INDEPENDENT AUDITOR'S REPORT

Piggott School District No. 52 and School Board Members  
Legislative Joint Auditing Committee

#### Compliance

We have audited the Piggott School District No. 52 (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

#### Internal Control Over Compliance

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

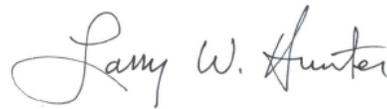
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1. 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.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report 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.

DIVISION OF LEGISLATIVE AUDIT



Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 20, 2012

PIGGOTT SCHOOL DISTRICT NO. 52  
 CLAY COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2012

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 548,705	\$ 29,830	\$ 7,026	\$ 27,523
Investments	533,740			
Accounts receivable	18,557	76,586		
Deposit with paying agent			218,920	
<b>TOTAL ASSETS</b>	<b>\$ 1,101,002</b>	<b>\$ 106,416</b>	<b>\$ 225,946</b>	<b>\$ 27,523</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,072	\$ 8		\$ 500
Due student groups				27,023
<b>Total Liabilities</b>	<b>2,072</b>	<b>8</b>		<b>27,523</b>
<b>Fund Balances:</b>				
Restricted	216,219	106,408	\$ 225,946	
Assigned	45,199			
Unassigned	837,512			
<b>Total Fund Balances</b>	<b>1,098,930</b>	<b>106,408</b>	<b>225,946</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,101,002</b>	<b>\$ 106,416</b>	<b>\$ 225,946</b>	<b>\$ 27,523</b>

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

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 1,995,307		
State assistance	4,925,785	\$ 3,390	\$ 70,280
Federal assistance		1,181,317	
Activity revenues	108,924		
Meal sales		141,488	
Investment income	5,872		9,438
Other revenues	34,103	20,434	
<b>TOTAL REVENUES</b>	<b>7,069,991</b>	<b>1,346,629</b>	<b>79,718</b>
<b>EXPENDITURES</b>			
Regular programs	2,949,139	225,960	
Special education	431,236	243,612	
Workforce education programs	260,139	12,349	
Compensatory education programs	32,996	216,588	
Other instructional programs	238,172		
Student support services	242,630	56,768	
Instructional staff support services	348,493	5,262	
General administration support services	169,478	14,952	
School administration support services	330,513	28,716	
Central services support services	187,516		
Operation and maintenance of plant services	845,915	9,342	
Student transportation services	320,004	2,232	
Other support services	22,220		
Food services operations		557,937	
Facilities acquisition and construction services	99,568		29,966
Activity expenditures	122,679		
Debt Service:			
Principal retirement	19,971		315,000
Interest and fiscal charges	4,620		156,100
<b>TOTAL EXPENDITURES</b>	<b>6,625,289</b>	<b>1,373,718</b>	<b>501,066</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>444,702</b>	<b>(27,089)</b>	<b>(421,348)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		6,299	447,496
Transfers out	(453,795)		
Proceeds from refunding bond issues			3,160,000
Payments to refunding bond escrow agent			(3,082,967)
Net bond issuance costs			(70,007)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(453,795)</b>	<b>6,299</b>	<b>454,522</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(9,093)</b>	<b>(20,790)</b>	<b>33,174</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,108,023</b>	<b>127,198</b>	<b>192,772</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,098,930</b>	<b>\$ 106,408</b>	<b>\$ 225,946</b>

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

PIGGOTT SCHOOL DISTRICT NO. 52

CLAY 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, 2012

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 1,981,700	\$ 1,995,307	\$ 13,607			
State assistance	4,916,478	4,925,785	9,307	\$ 3,400	\$ 3,390	\$ (10)
Federal assistance				1,410,032	1,181,317	(228,715)
Activity revenues		108,924	108,924			
Meal sales				159,000	141,488	(17,512)
Investment income	9,260	5,872	(3,388)			
Other revenues	12,000	34,103	22,103		20,434	20,434
<b>TOTAL REVENUES</b>	<b>6,919,438</b>	<b>7,069,991</b>	<b>150,553</b>	<b>1,572,432</b>	<b>1,346,629</b>	<b>(225,803)</b>
<b>EXPENDITURES</b>						
Regular programs	3,243,492	2,949,139	294,353	272,045	225,960	46,085
Special education	513,504	431,236	82,268	340,517	243,612	96,905
Workforce education programs	272,736	260,139	12,597	15,112	12,349	2,763
Compensatory education programs	31,276	32,996	(1,720)	259,722	216,588	43,134
Other instructional programs	253,983	238,172	15,811			
Student support services	257,493	242,630	14,863	74,501	56,768	17,733
Instructional staff support services	510,237	348,493	161,744	13,598	5,262	8,336
General administration support services	178,560	169,478	9,082	23,575	14,952	8,623
School administration support services	341,159	330,513	10,646	28,742	28,716	26
Central services support services	183,358	187,516	(4,158)			
Operation and maintenance of plant services	874,862	845,915	28,947	9,525	9,342	183
Student transportation services	320,594	320,004	590	2,415	2,232	183
Other support services	25,000	22,220	2,780			
Food services operations				526,428	557,937	(31,509)
Other enterprise operations						-
Community services operations				2,150		2,150
Facilities acquisition and construction services	161,668	99,568	62,100			
Activity expenditures		122,679	(122,679)			
Debt Service:						
Principal retirement	19,157	19,971	(814)			
Interest and fiscal charges	5,435	4,620	815			
<b>TOTAL EXPENDITURES</b>	<b>7,192,514</b>	<b>6,625,289</b>	<b>567,225</b>	<b>1,568,330</b>	<b>1,373,718</b>	<b>194,612</b>

PIGGOTT SCHOOL DISTRICT NO. 52  
 CLAY 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, 2012

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (273,076)	\$ 444,702	\$ 717,778	\$ 4,102	\$ (27,089)	\$ (31,191)
OTHER FINANCING SOURCES (USES)						
Transfers in	10,012,826		(10,012,826)	105,568	6,299	(99,269)
Transfers out	(10,548,641)	(453,795)	10,094,846	(99,568)		99,568
TOTAL OTHER FINANCING SOURCES (USES)	(535,815)	(453,795)	82,020	6,000	6,299	299
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(808,891)	(9,093)	799,798	10,102	(20,790)	(30,892)
FUND BALANCES - JULY 1	1,145,878	1,108,023	(37,855)	128,018	127,198	(820)
FUND BALANCES - JUNE 30	\$ 336,987	\$ 1,098,930	\$ 761,943	\$ 138,120	\$ 106,408	\$ (31,712)

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

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**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 the financial statements.

D. Revenue Recognition Policies

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

E. Capital Assets

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

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

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	15-20
Buildings	20-50
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 2011 calendar year taxes collected by June 30, 2012 and 36 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes.

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

G. Fund Balance Classifications

1. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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

G. Fund Balance Classifications (Continued)

2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

H. Budget and Budgetary Accounting

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis.

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

K. Fund Balance Classification Policies and Procedures

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

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

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

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

L. Encumbrances

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the District's agent , pledging bank or pledging bank's trust department or agent in the District's name	896,824	1,059,952
Total Deposits	\$ 1,146,824	\$ 1,309,952

The above total deposits include certificates of deposit of \$533,740 reported as investments and classified as nonparticipating contracts.

**3: ACCOUNTS RECEIVABLE**

The accounts receivable balance of \$95,143 at June 30, 2012 was comprised of the following:

Description	Governmental Funds		Total
	Major		
	General	Special Revenue	
State assistance	\$ 18,557		\$ 18,557
Federal assistance		\$ 76,586	76,586
Totals	\$ 18,557	\$ 76,586	\$ 95,143

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2012:

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, 2012	Maturities To June 30, 2012
12/13/01	12/13/15		\$ 313,908	\$ 313,908	
10/3/05	10/3/15	4.25%	197,000	88,742	\$ 108,258
10/1/06	2/1/21	3.5 - 4%	950,000	620,000	330,000
5/1/12	2/1/21	1.75%	515,000	515,000	
5/1/12	2/1/21	1 - 2%	2,645,000	2,645,000	
Totals			\$ 4,620,908	\$ 4,182,650	\$ 438,258

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**4: COMMITMENTS (Continued)**

Changes in Long-term Debt

	Balance July 1, 2011	Issued	Retired	Balance June 30, 2012
Bonds payable	\$ 4,283,908	\$ 3,160,000	\$ 3,350,000	\$ 4,093,908
Postdated warrants	108,713		19,971	88,742
<b>Totals</b>	<b>\$ 4,392,621</b>	<b>\$ 3,160,000</b>	<b>\$ 3,369,971 *</b>	<b>\$ 4,182,650</b>

\*Includes \$3,035,000 early retirement of debt - See Note 6.

Total long-term debt principal and interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	\$ 230,822	\$ 61,106	\$ 291,928
2014	431,704	67,409	499,113
2015	442,627	60,354	502,981
2016	757,497	52,988	810,485
2017	440,000	45,553	485,553
2018-2021	1,880,000	101,118	1,981,118
<b>Totals</b>	<b>\$ 4,182,650</b>	<b>\$ 388,528</b>	<b>\$ 4,571,178</b>

Qualified Zone Academy Bond (QZAB)

On December 13, 2001, the District obtained funding of \$313,908 through the Qualified Zone Academy Bond (QZAB) program, a debt financial arrangement authorized under the Taxpayer Relief Act of 1997. The District will deposit \$17,250 annually into a sinking fund for 14 years for a total of \$241,500. This amount plus interest earned will be used to retire the debt when due.

**5: ACCOUNTS PAYABLE**

The accounts payable balance of \$2,580 at June 30, 2012 was comprised of the following:

Description	Governmental Funds		Fiduciary Fund Types	Total
	Major			
	General	Special Revenue		
Vendor payables	\$ 2,072	\$ 8	\$ 500	\$ 2,580

**6: DEBT REFUNDINGS**

On May 1, 2012, the District issued \$2,645,000 in refunding bonds with interest rates of 1 to 2 percent to advance refund \$2,550,000 of outstanding bonds dated November 1, 2003 with interest rates of 3.25 to 4.2 percent. Net bond proceeds of \$2,589,188 were remitted to an escrow agent to provide for all future debt service payments for the bonds advance refunded. The bonds were called on June 25, 2012. The advance refunding will result in a savings to the District of \$164,584 over a period of nine years.

The remaining proceeds of \$3,462 (after payment of \$52,350 net bond issuance costs) will be utilized for subsequent debt payments.

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**6: DEBT REFUNDINGS (Continued)**

On May 1, 2012, the District issued \$515,000 in refunding bonds with an interest rate of 1.75 percent to advance refund \$485,000 of outstanding bonds dated November 1, 2001 with interest rates of 3.75 to 4.75 percent. Net bond proceeds of \$493,779 were remitted to an escrow agent to provide for all future debt service payments for the bonds advance refunded. The bonds were called on June 25, 2012. The advance refunding will result in a savings to the District of \$36,855 over a period of nine years.

The remaining proceeds of \$3,564 (after payment of \$17,657 net bond issuance costs) will be utilized for subsequent debt payments.

**7: INTERFUND TRANSFERS**

The District transferred \$6,299 from the general fund to the special revenue fund to supplement its food services operations. The District also transferred \$447,496 from the general fund to the other aggregate funds for debt related payments of \$418,069 and to supplement capital expenditures by \$29,427.

**8: RETIREMENT PLANS**

Arkansas Teacher Retirement System

Plan Description. The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired before July 1, 1989. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy. ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries, the maximum allowed by State law. The District's contributions to ATRS for the years ended June 30, 2012, 2011, and 2010 were \$669,275, \$687,232, and \$651,469, respectively, equal to the required contributions for each year.

Arkansas Public Employees Retirement System

Plan Description. The District contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain nonteachers hired before July 1, 1989. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol, Suite 400, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy. APERS has contributory and noncontributory plans. Contributory members are required by State law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the years ended June 30, 2012, 2011, and 2010 were \$959, \$979, and \$923, respectively, equal to the required contributions for each year.

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**9: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$4,423,908 issued from December 13, 2001 to May 1, 2012. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$4,472,810, payable through February 1, 2021. Principal and interest paid for the current year and total property taxes pledged for debt service were \$469,811 and \$587,782, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 79.93 percent.

**10: RISK MANAGEMENT**

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

The District carries commercial insurance for board liability and student accident coverage. Settled claims have not exceeded this commercial 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.

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

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

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

**11: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$117,973 for the year ended June 30, 2012.

PIGGOTT SCHOOL DISTRICT NO. 52  
 CLAY COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012

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

Description	Governmental Funds			Total
	Major		Other Aggregate	
	General	Special Revenue		
Fund Balances:				
Restricted for:				
Alternative learning environment	\$ 16,180			\$ 16,180
Educational programs - national school lunch state categorical funding	185,972			185,972
English-language learners	23			23
Professional development	211			211
Debt service			\$ 225,946	225,946
Child nutrition programs		\$ 76,475		76,475
Medical services		29,933		29,933
Special education programs	5,833			5,833
Other purposes	8,000			8,000
Total Restricted	<u>216,219</u>	<u>106,408</u>	<u>225,946</u>	<u>548,573</u>
Assigned to:				
Student activities	<u>45,199</u>			<u>45,199</u>
Unassigned	<u>837,512</u>			<u>837,512</u>
Totals	<u>\$1,098,930</u>	<u>\$ 106,408</u>	<u>\$ 225,946</u>	<u>\$1,431,284</u>

**13: SUBSEQUENT EVENTS**

On September 1, 2012, the District issued refunding bonds of \$650,000.

PIGGOTT SCHOOL DISTRICT NO. 52  
 CLAY COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (Unaudited)

Schedule 1

	Balance June 30, 2012
<i>Nondepreciable capital assets:</i>	
Land	\$ 241,970
<i>Depreciable capital assets:</i>	
Buildings	10,236,346
Improvements/infrastructure	399,047
Equipment	2,322,618
Total depreciable capital assets	12,958,011
Less accumulated depreciation for:	
Buildings	3,964,017
Improvements/infrastructure	94,695
Equipment	1,727,175
Total accumulated depreciation	5,785,887
Total depreciable capital assets, net	7,172,124
Capital assets, net	\$ 7,414,094

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program - Cash Assistance	10.553	11-04-000	\$ 101,408
National School Lunch Program - Cash Assistance	10.555	11-04-000	236,416
Total State Department of Education			337,824
Passed Through State Department of Human Services:			
National School Lunch Program - Non-Cash Assistance (Food Distribution) (Note 3)	10.555	1104000	30,258
TOTAL CHILD NUTRITION CLUSTER			368,082
<b>TITLE I, PART A CLUSTER</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	11-04	205,164
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	1104000	28,745
TOTAL TITLE I, PART A CLUSTER			233,909
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	1104	199,359
ARRA - Special Education - Grants to States, Recovery Act	84.391	1104000	56,288
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			255,647
<b>OTHER PROGRAMS</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
Fresh Fruit and Vegetable Program	10.582	11-04-000	27,969
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Rural Education	84.358	1104	4,604
Improving Teacher Quality State Grants	84.367	1104	61,321
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	1104000	180,836
ARRA - Education Jobs Fund, Recovery Act	84.410	1104000	48,917
Total U. S. Department of Education			295,678
TOTAL OTHER PROGRAMS			323,647
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,181,285

The accompanying notes are an integral part of this schedule.

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

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 grant activity of Piggott School District No. 52 (District) under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.
- Note 3: Nonmonetary assistance is reported at the approximate value as provided by the State Department of Human Services.
- Note 4: During the year ended June 30, 2012, the District received Medicaid funding of \$13,734 from the State Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above schedule.



PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 3

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

SIGNIFICANT DEFICIENCY

U. S. DEPARTMENT OF AGRICULTURE  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
CHILD NUTRITION CLUSTER (CASH ASSISTANCE PROGRAMS) - CFDA NUMBERS 10.553 AND 10.555  
PASS-THROUGH NUMBER 11-04-000  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2012

2012-1. Allowable Costs/Costs Principles

Criteria or specific requirement: Office of Management and Budget (OMB) Circular A-87 requires periodic time certifications for employees who work solely on a single federal program or monthly personnel activity reports or equivalent documentation when District employees work multiple activities.

Condition: Although standard payroll documentation supporting the employees' work in the child nutrition program was available for audit inspection, periodic time certifications were not prepared for two employees who worked solely with the child nutrition program.

Context: Examination of documentation substantiating time worked by the employees.

Effect: The District was unable to provide required documentation substantiating the time charged to the child nutrition program

Cause: The District was unaware of the OMB Circular A-87 requirement pertaining to periodic time certifications.

Recommendation: The District Should prepare periodic time certifications or monthly personnel activity reports for all applicable employees.

Views of responsible officials and planned corrective actions: In the future the District will do time certifications on all federal employees.

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
FEDERAL AWARD PROGRAMS -  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 4

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH STATE DEPARTMENT OF EDUCATION  
ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - EDUCATION STATE GRANTS, RECOVERY ACT

2011 - Finding 2011-1: ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act - CFDA 84.394

Condition: The District did not notify a contractor of the compliance requirements of the Davis-Bacon Act and did not obtain copies of certified payrolls for the purchase and installation of a video surveillance system project of \$84,663 dated July 12, 2010.

Recommendation: The District should ensure that all applicable construction contracts contain the required notification regarding compliance with the Davis-Bacon Act. Copies of the weekly certified payrolls and signed statements of compliance should be obtained for the applicable projects.

Current Status: Corrective action was taken.

2011 - Finding 2011-2: ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act - CFDA 84.394

Condition: The contract, previously identified in finding 2011-1, for the purchase and installation of a video surveillance system did not contain the Buy-American clause.

Recommendation: The District should ensure that all applicable construction contracts contain the Buy-American clause.

Current Status: Corrective action was taken.

PIGGOTT SCHOOL DISTRICT NO. 52  
CLAY COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Unaudited)

<b>General Fund</b>	Year Ended June 30,				
	2012	2011	2010	2009	2008
Total Assets	\$ 1,101,002	\$ 1,114,606	\$ 1,377,174	\$ 1,298,630	\$ 1,167,565
Total Liabilities	2,072	6,583	12,518	18,084	25,699
Total Fund Balances	1,098,930	1,108,023	1,364,656	1,280,546	1,141,866
Total Revenues	7,069,991	7,161,393	7,175,763	7,110,021	7,197,662
Total Expenditures	6,625,289	6,912,121	6,599,674	6,479,347	6,923,642
Total Other Financing Sources (Uses)	(453,795)	(505,905)	(491,979)	(491,994)	(490,638)
 <b>Special Revenue Fund</b>					
Total Assets	106,416	130,441	112,345	86,229	82,625
Total Liabilities	8	3,243		70	
Total Fund Balances	106,408	127,198	112,345	86,159	82,625
Total Revenues	1,346,629	1,173,434	1,290,238	900,122	836,476
Total Expenditures	1,373,718	1,165,233	1,266,961	899,637	818,465
Total Other Financing Sources (Uses)	6,299	6,652	2,909	3,049	2,117
 <b>Other Aggregate Funds</b>					
Total Assets	225,946	192,772	205,153	386,536	328,384
Total Liabilities					
Total Fund Balances	225,946	192,772	205,153	386,536	328,384
Total Revenues	79,718	192,881	7,078	409,380	8,391
Total Expenditures	501,066	704,515	677,531	840,173	1,101,484
Total Other Financing Sources (Uses)	454,522	499,253	489,070	488,945	488,521