

Brookland School District No. 14

Craighead County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2014

LEGISLATIVE JOINT AUDITING COMMITTEE



BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2014

Independent Auditor's Report
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

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

SCHEDULES

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

Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Brookland School District No. 14 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 Brookland School District No. 14 (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, or the changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2014, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years - Regulatory Basis are presented for 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 January 14, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

DIVISION OF LEGISLATIVE AUDIT



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

Little Rock, Arkansas
January 14, 2015
EDSD07714

Arkansas

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



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

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

LEGISLATIVE JOINT AUDITING COMMITTEE 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*

INDEPENDENT AUDITOR'S REPORT

Brookland School District No. 14 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 Brookland School District No. 14 (the "District"), as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated January 14, 2015. 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, 2014, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

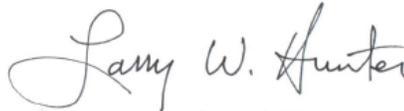
As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated January 14, 2015.

Purpose of this Report

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

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
January 14, 2015

Arkansas



Sen. Jimmy Hickey, Jr.
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House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Brookland School District No. 14 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

We have audited the Brookland School District No. 14 (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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

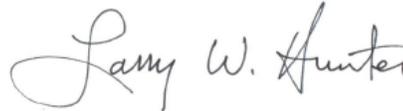
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

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

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
January 14, 2015

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LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

MANAGEMENT LETTER

Brookland School District No. 14 and School Board Members
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments 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. These matters were discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

1. The District purchased cabinets costing \$910 and \$1,475 in fiscal years 2014 and 2015, respectively, from a business co-owned by the District Treasurer which is prohibited by Ark. Code Ann. § 6-24-106.
2. The District purchased gift cards for staff members totaling \$3,840 for nonbusiness purposes. These expenses are constitutionally suspect under Ark. Const. art. 14, §§ 2-3, as interpreted in Op. Att'y Gen. no. 91-411.

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.

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
January 14, 2015

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2014

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 2,121,147		\$ 436,044	\$ 51,882
Investments			11,217,813	
Accounts receivable	131,661	\$ 111,008	2,582	
Due from other funds	30,159			
TOTAL ASSETS	\$ 2,282,967	\$ 111,008	\$ 11,656,439	\$ 51,882
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 55,876	\$ 4,041	\$ 1,800	\$ 7,757
Due student groups				44,125
Due to other funds		30,159		
Total Liabilities	55,876	34,200	1,800	51,882
Fund Balances:				
Restricted	86,627	76,885	11,322,773	
Assigned	125,962		331,866	
Unassigned	2,014,502	(77)		
Total Fund Balances	2,227,091	76,808	11,654,639	
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,282,967	\$ 111,008	\$ 11,656,439	\$ 51,882

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

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 4,213,643		
State assistance	10,863,860	\$ 5,688	\$ 422,677
Federal assistance	21,290	1,175,277	
Activity revenues	454,249		
Meal sales		206,109	
Investment income	21,439		10,266
Other revenues	324,983	4,500	
TOTAL REVENUES	15,899,464	1,391,574	432,943
EXPENDITURES			
Regular programs	7,261,468	73,635	
Special education	1,156,599	175,407	
Career education programs	442,178		
Compensatory education programs	26,472	208,433	
Other instructional programs	315,107	55,215	
Student support services	601,768	110,491	
Instructional staff support services	708,892	98,834	
General administration support services	380,466		
School administration support services	764,341		
Central services support services	179,683		
Operation and maintenance of plant services	1,365,495		
Student transportation services	835,161		
Other support services	51,204		
Food services operations		742,272	
Community services operations	179,107		
Facilities acquisition and construction services	219,653		1,158,991
Activity expenditures	456,679		
Debt Service:			
Principal retirement	139,375		650,000
Interest and fiscal charges	25,203		538,546
TOTAL EXPENDITURES	15,108,851	1,464,287	2,347,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	790,613	(72,713)	(1,914,594)
OTHER FINANCING SOURCES (USES)			
Transfers in		90,227	1,197,341
Transfers out	(1,287,568)		
Value of capital lease	123,210		
Proceeds from bond issues			12,300,000
Net bond issuance costs			(263,552)
TOTAL OTHER FINANCING SOURCES (USES)	(1,164,358)	90,227	13,233,789
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(373,745)	17,514	11,319,195
FUND BALANCES - JULY 1	2,600,836	59,294	335,444
FUND BALANCES - JUNE 30	\$ 2,227,091	\$ 76,808	\$ 11,654,639

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

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD 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, 2014

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 3,955,000	\$ 4,213,643	\$ 258,643			
State assistance	11,106,429	10,863,860	(242,569)	\$ 6,675	\$ 5,688	\$ (987)
Federal assistance		21,290	21,290	1,183,036	1,175,277	(7,759)
Activity revenues		454,249	454,249			
Meal sales				260,000	206,109	(53,891)
Investment income	31,000	21,439	(9,561)			
Other revenues	325,600	324,983	(617)		4,500	4,500
TOTAL REVENUES	15,418,029	15,899,464	481,435	1,449,711	1,391,574	(58,137)
EXPENDITURES						
Regular programs	7,339,333	7,261,468	77,865	48,276	73,635	(25,359)
Special education	1,146,052	1,156,599	(10,547)	210,539	175,407	35,132
Career education programs	446,064	442,178	3,886			
Compensatory education programs	26,624	26,472	152	211,533	208,433	3,100
Other instructional programs	298,829	315,107	(16,278)	56,277	55,215	1,062
Student support services	610,888	601,768	9,120	119,869	110,491	9,378
Instructional staff support services	742,838	708,892	33,946	106,149	98,834	7,315
General administration support services	368,624	380,466	(11,842)	2,500		2,500
School administration support services	774,284	764,341	9,943			
Central services support services	176,922	179,683	(2,761)			
Operation and maintenance of plant services	1,240,615	1,365,495	(124,880)			
Student transportation services	700,311	835,161	(134,850)			
Other support services	9,970	51,204	(41,234)			
Food services operations				710,621	742,272	(31,651)
Community services operations	184,603	179,107	5,496	250		250
Facilities acquisition and construction services	220,168	219,653	515			
Non-programmed costs	62,357		62,357			
Activity expenditures		456,679	(456,679)			
Debt Service:						
Principal retirement	139,376	139,375	1			
Interest and fiscal charges	25,202	25,203	(1)			
TOTAL EXPENDITURES	14,513,060	15,108,851	(595,791)	1,466,014	1,464,287	1,727

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD 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, 2014

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 904,969	\$ 790,613	\$ (114,356)	\$ (16,303)	\$ (72,713)	\$ (56,410)
OTHER FINANCING SOURCES (USES)						
Transfers in	29,091,906		(29,091,906)	26,000	90,227	64,227
Transfers out	(20,924,558)	(1,287,568)	19,636,990			
Value of capital lease		123,210	123,210			
TOTAL OTHER FINANCING SOURCES (USES)	8,167,348	(1,164,358)	(9,331,706)	26,000	90,227	64,227
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	9,072,317	(373,745)	(9,446,062)	9,697	17,514	7,817
FUND BALANCES - JULY 1	2,686,408	2,600,836	(85,572)	26,145	59,294	33,149
FUND BALANCES - JUNE 30	<u>\$ 11,758,725</u>	<u>\$ 2,227,091</u>	<u>\$ (9,531,634)</u>	<u>\$ 35,842</u>	<u>\$ 76,808</u>	<u>\$ 40,966</u>

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

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

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, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

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

D. Revenue Recognition Policies

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

E. Capital Assets

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

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

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	10-20
Buildings	25-50
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 2013 calendar year taxes collected by June 30, 2014 and 28 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, 2014 equaled or exceeded the 28 percent calculation.

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes (Continued)

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

G. 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.

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.

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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)	\$ 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	13,576,786	13,791,283
Total Deposits	\$ 13,826,786	\$ 14,041,283

The above total deposits do not include cash on hand of \$100. The above total deposits include certificates of deposit of \$11,217,813 reported as investments and classified as nonparticipating contracts.

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014 were comprised of the following:

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
State assistance	\$ 123,524		
Federal assistance		\$ 110,955	
Meal sales		53	
Investment income			\$ 2,582
Other	8,137		
Totals	\$ 131,661	\$ 111,008	\$ 2,582

4: COMMITMENTS

The District was contractually obligated for the following at June 30, 2014:

A. Construction Contracts

Project Name	Estimated Completion Date	Contract Balance
Middle School project	March 21, 2016	\$ 11,895,840
Elementary School addition	July 31, 2015	721,617
PreK project	July 31, 2015	2,434,633

B. Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2014	Maturities To June 30, 2014
10/1/10	6/1/26	3%	\$ 530,000	\$ 405,000	\$ 125,000
6/1/07	6/1/26	3.55 - 3.95%	925,000	660,000	265,000
4/1/10	6/1/26	2 - 3.8%	5,865,000	4,640,000	1,225,000
9/1/11	6/1/26	1 - 3%	1,695,000	1,470,000	225,000
9/15/11	6/1/26	1 - 3%	1,335,000	1,145,000	190,000
3/12/12	6/1/26	.55 - 2.25%	1,045,000	905,000	140,000
2/1/14	2/1/44	2.75 - 4.3%	2,990,000	2,990,000	
10/1/13	6/1/44	1.5 - 4.65%	9,310,000	9,310,000	
3/16/12	3/16/16	4.3%	22,492	7,822	14,670
5/28/08	5/28/18	4.25%	432,790	194,955	237,835
3/20/09	3/20/19	3.75%	302,140	164,935	137,205
4/1/14	4/1/17	2.28%	123,210	123,210	
2/27/06	2/27/16	3.96%	558,000	120,520	437,480
Totals			\$ 25,133,632	\$ 22,136,442	\$ 2,997,190

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4: COMMITMENTS (Continued)

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

Changes in Long-term Debt

	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
Bonds payable	\$ 9,875,000	\$ 12,300,000	\$ 650,000	\$ 21,525,000
Postdated warrants	433,263		73,373	359,890
Capital leases	15,314	123,210	7,492	131,032
Installment contracts	179,030		58,510	120,520
Totals	\$ 10,502,607	\$ 12,423,210	\$ 789,375	\$ 22,136,442

Future Principal and Interest Payments

Year Ended June 30,	Principal	Interest	Total
2015	\$ 893,977	\$ 792,153	\$ 1,686,130
2016	906,350	771,996	1,678,346
2017	849,656	749,066	1,598,722
2018	841,000	727,326	1,568,326
2019	815,459	705,110	1,520,569
2020-2024	4,240,000	3,159,111	7,399,111
2025-2029	3,225,000	2,485,855	5,710,855
2030-2034	2,780,000	2,006,495	4,786,495
2035-2039	3,390,000	1,390,790	4,780,790
2040-2044	4,195,000	585,515	4,780,515
Totals	\$ 22,136,442	\$ 13,373,417	\$ 35,509,859

Capital Leases

Capital assets acquired through capital leases consisted of the following at June 30, 2014:

Class of Property	Cost	Accumulated Depreciation	Net Value
John Deere Tractor	\$ 30,656	\$ 12,262	\$ 18,394
Two 2011 Buses	136,900		136,900
Total	\$ 167,556	\$ 12,262	\$ 155,294

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

4: COMMITMENTS (Continued)

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

Capital Leases (Continued)

The present value of the net minimum lease payments is as follows at June 30, 2014:

Total Minimum Lease Payments	\$	137,061
Less: Amount Representing Interest		6,029
Total Present Value of Net Minimum Lease Payments	\$	131,032

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, 2014 were comprised of the following:

Description	Governmental Funds			Fiduciary Fund Types
	Major			
	General	Special Revenue	Other Aggregate	
Vendor payables	\$ 55,876	\$ 4,041	\$ 1,800	\$ 7,757

6: INTERFUND TRANSFERS

The District transferred \$1,197,341 from the general fund to the other aggregate funds for debt related payments of \$1,155,408, debt refunding savings of \$10,115 required to be utilized for capital expenditures, and to supplement capital expenditures by \$31,818. Additionally, \$90,227 was transferred from the general fund to the special revenue fund to supplement the District's food services operations.

7: 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 non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

7: RETIREMENT PLANS (Continued)

Arkansas Teacher Retirement System (Continued)

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, 2014, 2013, and 2012 were \$1,394,043, \$1,285,325, and \$1,173,726, 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 non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol, 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, 2014, 2013, and 2012 were \$1,161, \$1,079, and \$1,044, respectively, equal to the required contributions for each year.

8: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$23,695,000 issued from June 1, 2007 through February 1, 2014. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$34,845,051, payable through June 1, 2044. Principal and interest paid for the current year and total property taxes pledged for debt service were \$1,184,706 and \$1,512,590, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 78.32 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 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.

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9: RISK MANAGEMENT (Continued)

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.

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 \$230,912 for the year ended June 30, 2014.

11: DEFICIT FUND BALANCE

The deficit unassigned fund balance of \$77 in the special revenue fund in the table below (Note 12) pertains to the special education federal program. The temporary deficit was caused by the recognition of minor accounts payable at year-end.

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 55		
Educational programs - categorical funding	16,202		
English-language learners	2,470		
Professional development	18,040		
Capital projects			\$ 11,322,773
Child nutrition programs		\$ 447	
Medical services		54,940	
Special education programs	40,930		
Title I programs		5,902	
Other purposes	8,930	15,596	
Total Restricted	<u>86,627</u>	<u>76,885</u>	<u>11,322,773</u>
Assigned to:			
Capital projects			331,866
Student activities	<u>125,962</u>		
Total Assigned	<u>125,962</u>		<u>331,866</u>
Unassigned	<u>2,014,502</u>	<u>(77)</u>	
Totals	<u>\$2,227,091</u>	<u>\$ 76,808</u>	<u>\$ 11,654,639</u>

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2014
 (Unaudited)

Schedule 1

	Balance June 30, 2014
<i>Nondepreciable capital assets:</i>	
Land	\$ 610,606
Construction in progress	642,750
Total nondepreciable capital assets	1,253,356
 <i>Depreciable capital assets:</i>	
Buildings	21,263,094
Improvements/infrastructure	1,352,895
Equipment	2,498,208
Total depreciable capital assets	25,114,197
 Less accumulated depreciation for:	
Buildings	4,796,264
Improvements/infrastructure	680,923
Equipment	1,791,418
Total accumulated depreciation	7,268,605
Total depreciable capital assets, net	17,845,592
Capital assets, net	\$ 19,098,948

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program - Cash Assistance	10.553	16-03-000	\$ 88,896
National School Lunch Program - Cash Assistance	10.555	16-03-000	291,639
Total State Department of Education			380,535
Passed Through State Department of Human Services:			
National School Lunch Program - Non-Cash Assistance (Food Distribution) (Note 3)	10.555	1603000	54,639
TOTAL CHILD NUTRITION CLUSTER			435,174
OTHER PROGRAMS			
<u>U. S. Department of Defense</u>			
Direct Program:			
ROTC (Note 4)	12.AR211558		55,215
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	16-03	208,433
Special Education - Grants to States	84.027	1603	324,906
Improving Teacher Quality State Grants	84.367	1603	36,246
Total U. S. Department of Education			569,585
<u>U. S. Department of Health and Human Services</u>			
Passed Through State Department of Education:			
Temporary Assistance for Needy Families	93.558	0000200068	21,290
TOTAL OTHER PROGRAMS			646,090
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,081,264

The accompanying notes are an integral part of this schedule.

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

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 Brookland School District No. 14 (District) under programs of the federal government for the year ended June 30, 2014. 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: The Federal CFDA Number was not available. An alternative identifying number was utilized.
- Note 5: During the year ended June 30, 2014, the District received Medicaid funding of \$8,633 from the State Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

BROOKLAND SCHOOL DISTRICT NO. 14
CRAIGHEAD COUNTY, ARKANSAS
FEDERAL AWARD PROGRAMS -
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Schedule 4

There were no findings in the prior audit.

BROOKLAND SCHOOL DISTRICT NO. 14
 CRAIGHEAD COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014
 (Unaudited)

General Fund	Year Ended June 30,				
	2014	2013	2012	2011	2010
Total Assets	\$ 2,282,967	\$ 2,697,709	\$ 2,602,493	\$ 2,623,841	\$ 2,453,834
Total Liabilities	55,876	96,873	366,952	537,794	539,479
Total Fund Balances	2,227,091	2,600,836	2,235,541	2,086,047	1,914,355
Total Revenues	15,899,464	14,560,343	13,915,846	12,587,796	11,938,909
Total Expenditures	15,108,851	13,157,018	12,259,610	10,935,021	10,626,095
Total Other Financing Sources (Uses)	(1,164,358)	(1,038,030)	(1,506,742)	(1,481,083)	(890,397)
 Special Revenue Fund					
Total Assets	111,008	108,471	113,879	114,151	99,321
Total Liabilities	34,200	49,177	37,907	5,447	37,999
Total Fund Balances	76,808	59,294	75,972	108,704	61,322
Total Revenues	1,391,574	1,365,596	1,625,379	1,993,220	1,984,473
Total Expenditures	1,464,287	1,483,756	1,681,168	1,971,583	2,192,469
Total Other Financing Sources (Uses)	90,227	101,482	23,057	25,745	96,515
 Other Aggregate Funds					
Total Assets	11,656,439	442,554	2,368,120	886,321	176,348
Total Liabilities	1,800	107,110	160,055	49	78,727
Total Fund Balances	11,654,639	335,444	2,208,065	886,272	97,621
Total Revenues	432,943	666,886	506,235	301,669	361,943
Total Expenditures	2,347,537	3,476,055	1,710,701	1,479,117	1,074,189
Total Other Financing Sources (Uses)	13,233,789	936,548	2,526,259	1,966,099	809,867