



Bentonville Schools

**Financial Statements
June 30, 2023**

(With Independent Auditor's Report Thereon)

BENTONVILLE SCHOOL DISTRICT #6

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Bentonville School District #6
Bentonville, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Bentonville School District #6 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and fund balances of each fund as presented of the District as of June 30, 2023, and their respective revenues, expenditures, and changes in fund balances and budgetary results for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the State of Arkansas (the State) as described in Note 2.

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 section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the District as of June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Bentonville School District #6

Bentonville, Arkansas

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of accounting practices prescribed or permitted by the State to demonstrate compliance with the State's regulatory basis of accounting and budget laws, 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the State of Arkansas (the "State") to demonstrate compliance with the State's regulatory basis of accounting and budget laws. 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Bentonville School District #6

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting practices prescribed or permitted by the State which practices differ from accounting principles generally accepted in the United States of America, require that the schedule of capital assets be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), Schedule of Units of Service Provided, and Schedule of Expenditures of State Awards are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bentonville School District #6

Bentonville, Arkansas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas
January 16, 2024

Financial Statements

Bentonville School District #6

Balance Sheet – Regulatory Basis June 30, 2023

	Governmental Funds			
	Major			
	General <u>Fund</u>	Special Revenue <u>Funds</u>	Other Governmental <u>Funds</u>	Fiduciary <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 50,993,051	\$ 5,583,488	\$ 35,259,707	\$ 3,627,481
Assets held in trust	-	-	816,781	-
Investments	-	-	-	195,392
Accounts receivable	115,738	1,743,779	-	-
Prepaid expenses	155,988	-	-	-
Inventories	392,286	-	-	-
TOTAL ASSETS	<u>\$ 51,657,063</u>	<u>\$ 7,327,267</u>	<u>\$ 36,076,488</u>	<u>\$ 3,822,873</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 15,317,843	\$ 656,331	\$ 3,901,862	\$ 8,815
Due to student/other groups	-	-	-	3,814,058
Total Liabilities	<u>15,317,843</u>	<u>656,331</u>	<u>3,901,862</u>	<u>3,822,873</u>
Fund Balances				
Nonspendable	548,274	-	-	-
Restricted				
Federal programs	-	6,670,936	-	-
Capital projects	-	-	3,972,842	-
Assigned				
Capital projects	-	-	28,201,784	-
Unassigned	35,790,946	-	-	-
Total Fund Balances	<u>36,339,220</u>	<u>6,670,936</u>	<u>32,174,626</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 51,657,063</u>	<u>\$ 7,327,267</u>	<u>\$ 36,076,488</u>	<u>\$ 3,822,873</u>

See accompanying notes to financial statements.

Bentonville School District #6

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis Year ended June 30, 2023

	Major		
	General Fund	Special Revenue Funds	Other Governmental Funds
REVENUES			
Local property taxes	\$ 131,442,155	\$ -	\$ 5,251,350
State assistance	80,778,294	56,087	2,398,543
Federal assistance	1,067,058	22,965,533	-
Food services	-	4,854,451	-
Activity revenues	381,829	-	-
Investment income	1,192,382	-	-
Other local revenues	4,340,161	-	51,192
TOTAL REVENUES	219,201,879	27,876,071	7,701,085
EXPENDITURES			
Current			
Instruction	116,860,700	9,984,335	368,538
Student services - students	13,515,044	566,755	-
Student services - instruction	11,687,792	1,421,104	-
General administration	1,324,838	290,163	96,258
School administration	11,674,862	-	-
Central services	7,322,260	1,061,235	176,637
Maintenance and operations	15,587,311	195,092	7,805,654
Transportation	8,479,346	2,342,865	114,165
Support - other uses	52,284	37,078	-
Non-instruction operation	2,027,812	10,803,710	-
Facilities/land acquisition	174,409	-	18,954,365
Activity expenditures	343,194	-	-
Debt Service			
Principal	-	-	9,139,611
Interest	-	-	10,924,216
Paying agent fees	-	-	12,195
TOTAL EXPENDITURES	189,049,852	26,702,337	47,591,639
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,152,027	1,173,734	(39,890,554)
OTHER FINANCING SOURCES (USES)			
Transfers, net	(29,090,927)	-	29,090,927
TOTAL OTHER FINANCING SOURCES (USES)	(29,090,927)	-	29,090,927
NET CHANGE IN FUND BALANCES	1,061,100	1,173,734	(10,799,627)
FUND BALANCES - BEGINNING OF YEAR	35,278,120	5,497,202	42,974,253
FUND BALANCES - END OF YEAR	\$ 36,339,220	\$ 6,670,936	\$ 32,174,626

See accompanying notes to financial statements.

Bentonville School District #6

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General and Special Revenue Funds – Regulatory Basis Year ended June 30, 2023

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Local property taxes	\$ 127,755,378	\$ 131,442,155	\$ 3,686,777
State assistance	79,559,909	80,778,294	1,218,385
Federal assistance	2,614,000	1,067,058	(1,546,942)
Food services	-	-	-
Activity revenues	-	381,829	381,829
Investment income	250,000	1,192,382	942,382
Other local revenues	2,403,040	4,340,161	1,937,121
TOTAL REVENUES	<u>212,582,327</u>	<u>219,201,879</u>	<u>6,619,552</u>
EXPENDITURES			
Instruction	118,905,651	116,860,700	2,044,951
Student services - students	14,216,905	13,515,044	701,861
Student services - Instruction	12,906,523	11,687,792	1,218,731
General administration	1,281,625	1,324,838	(43,213)
School administration	11,920,410	11,674,862	245,548
Central services	4,991,522	7,322,260	(2,330,738)
Maintenance and operations	18,377,892	15,587,311	2,790,581
Transportation	7,011,462	8,479,346	(1,467,884)
Support - other uses	-	52,284	(52,284)
Non-instruction operation	2,639,435	2,027,812	611,623
Facilities/land acquisition	-	174,409	(174,409)
Activity expenditures	-	343,194	(343,194)
TOTAL EXPENDITURES	<u>192,251,425</u>	<u>189,049,852</u>	<u>3,201,573</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>20,330,902</u>	<u>30,152,027</u>	<u>9,821,125</u>
OTHER FINANCING SOURCES (USES)			
Transfers, net	<u>(20,011,146)</u>	<u>(29,090,927)</u>	<u>(9,079,781)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,011,146)</u>	<u>(29,090,927)</u>	<u>(9,079,781)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 319,756</u>	<u>\$ 1,061,100</u>	<u>\$ 741,344</u>

See accompanying notes to financial statements.

Bentonville School District #6

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General and Special Revenue Funds – Regulatory Basis Year ended June 30, 2023

Special Revenue Fund		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -
38,160	56,087	17,927
22,878,632	22,965,533	86,901
607,200	4,854,451	4,247,251
-	-	-
-	-	-
-	-	-
<u>23,523,992</u>	<u>27,876,071</u>	<u>4,352,079</u>
9,287,501	9,984,335	(696,834)
1,292,940	566,755	726,185
2,410,677	1,421,104	989,573
442,192	290,163	152,029
-	-	-
1,147,100	1,061,235	85,865
141,500	195,092	(53,592)
648,757	2,342,865	(1,694,108)
-	37,078	(37,078)
9,373,040	10,803,710	(1,430,670)
-	-	-
-	-	-
<u>24,743,707</u>	<u>26,702,337</u>	<u>(1,958,630)</u>
<u>(1,219,715)</u>	<u>1,173,734</u>	<u>2,393,449</u>
-	-	-
-	-	-
<u>\$ (1,219,715)</u>	<u>\$ 1,173,734</u>	<u>\$ 2,393,449</u>

See accompanying notes to financial statements.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

NOTE 1: NATURE OF ACTIVITIES

Bentonville School District #6 (the "District") is a political subdivision of the Arkansas Department of Education, governed by an elected seven-member school board for staggered five year terms. The financial statements reflect all funds and accounts directly under the control of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *special revenue fund* accounts for and reports 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 and projects, including the District's food services operations. The special revenue fund also includes transfers from the general fund to supplement such programs.

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

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.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Fiduciary Funds – Account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District held for others in an agency capacity.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

The *private purpose trust fund* accounts for activities that are not the District's programs, but are programs sponsored by private organizations or other governments. Although the District serves as fiscal agent, the funds received and held under these programs are not available to support the District's activities and programs, but are received and held for the benefit of individuals, private organizations or other governments participating in the sponsored programs. The programs accounted for within this fund are expendable trust funds.

Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). 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 requires that basic financial statements present government-wide financial statements. Additionally, GAAP requires 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, if any, will be reflected in the notes to financial statements.

Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash and have maturities that present insignificant risk of changes in value because of changes in interest rates. At June 30, 2023, cash equivalents consisted of money market funds and certificates of deposit with original maturities of ninety days or less. See Note 3.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

Revenue Recognition Policies

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

Capital Assets

Information on capital assets and depreciation is reported in the accompanying schedule of capital assets. 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 \$2,500 (\$1,000 for capital assets purchased with federal funds) and an estimated useful life of one year. Library holdings are not capitalized.

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

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

Property Taxes

Property taxes are levied in November based on property assessments made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on 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 2020 calendar year taxes collected by June 30, 2023 and 12 percent of the proceeds of the local taxes that are not pledged to secure bond 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, 2023 equaled or exceeded the 12 percent calculation.

Amendment No. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark Code 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.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

Inventories

Inventories are stated at cost (first-in, first-out method) or net realizable value. The inventories are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. Inventories consist of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, which are valued at cost or net realizable value using the first-in, first-out method.

Fund Balance Classifications

Fund balance is reported under the following five classifications:

Nonspendable fund balance – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes stipulated by external parties, constitutional provisions, or enabling legislation. The Restricted for Federal Programs balance reflects amounts restricted for specific federal programs mandated by respective federal grant or funding agreements. The Restricted for Capital Projects balance reflects unspent bond proceeds that are intended for construction projects.

Committed – Amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority (the Board of Education) and does not lapse at year end. The District does not have any committed fund balance at June 30, 2023.

Assigned – Amounts intended for a specific purpose the Board of Education or by a District official that has been delegated authority to assign amounts. The District has assigned portions of its fund balance for construction or other capital outlay projects.

Unassigned – Any remaining fund balance that has not been reported in any other classification. 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.

For the purposes of fund balance classification, the District's policy is to have expenditures spent from restricted fund balance first, followed in order by committed fund balance (if any), assigned fund balance (if any) and lastly unassigned fund balance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

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.

The District budgets intra-fund transfers. Significant variance 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 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.

Component Unit

The Bentonville Public School Foundation (the "Foundation") was established as a non-profit organization under the laws of the State to conduct fundraising activities exclusively for the educational benefit of the District's students and staff. Management believes that the activities and balances of the Foundation are not material to the District's financial statements taken as a whole and thus such amounts are not reflected therein.

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS

Deposits are carried at cost (carrying value). Cash deposits include cash and cash equivalents as well as assets held in trust. A comparison of the bank balance and carrying value at June 30, 2023 is as follows:

	Carrying <u>Amount</u>	Bank <u>Balance</u>
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	<u>95,213,727</u>	<u>87,914,864</u>
	<u>\$ 95,463,727</u>	<u>\$ 88,164,864</u>

NOTE 4: ASSETS HELD IN TRUST

Assets held in trust include funds held in escrow with banks totaling \$816,781 at June 30, 2023. The balance includes sinking fund deposits that are required to be used for future principal payments on some of the District's long-term debt.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

NOTE 5: INVESTMENTS

Interest rate risk

The District does not have a formal investment policy addressing interest rate risk. At June 30, 2023, all investments in debt securities had maturity dates of less than five years with the average time to maturity being one year.

Credit risk

The District does not have a formal investment policy addressing credit risk. At June 30, 2023, all debt securities held an AAA rating. The United States government guarantees the U.S. Treasuries.

Concentration of Credit Risk

The District does not have a formal investment policy addressing concentration of credit risk. At June 30, 2023, the District's investments of \$195,392 consisted entirely of corporate stocks.

NOTE 6: ACCOUNTS RECEIVABLE

Accounts receivable for the District's individual major funds and non-major funds as of June 30, 2023 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Federal Grants			
E.S.E.A. Title I, Part A			
Title I Grants to Local Education Agencies	\$ -	\$ 289,479	\$ 289,479
E.S.E.A. Title III. Part A			
English Language Acquisition	-	36	36
E.S.E.A. Title VI, Part B			
Grants to States	-	784,917	784,917
Medicaid General Health Services	-	593,509	593,509
ARP ESSER III	-	5,990	5,990
National School Lunch Program	-	47,649	47,649
Carl Perkins Vocational Education Grants	-	4,458	4,458
ARP Homeless II	-	17,741	17,741
Other	115,738	-	115,738
Total Receivables	<u>\$ 115,738</u>	<u>\$ 1,743,779</u>	<u>\$ 1,859,517</u>

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

NOTE 7: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At June 30, 2023, the accounts payable and accrued liabilities balance of \$19,884,851 is comprised of vendor payables of \$4,862,422 and accrued insurance and payroll benefits totaling \$15,022,429.

NOTE 8: LIFE INSURANCE

The District executed a term life insurance policy on the former superintendent. The District is the beneficiary and the face value of the policy is \$400,000.

NOTE 9: INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Amount of interfund transfers between funds are summarized as follows:

	<u>Tranfers In</u>	<u>Tranfers Out</u>
General fund	\$ -	\$ 29,090,927
Capital projects fund	9,066,097	-
Debt service fund	20,024,830	-
	<u>\$ 29,090,927</u>	<u>\$ 29,090,927</u>

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

NOTE 10: COMMITMENTS

Long-term Debt Issued and Outstanding

Long-term liability balances and activity were as follows:

<u>Date of Issue</u>	<u>Matures</u>	<u>Interest Rate Percent</u>	<u>Amount of Original Issue</u>	<u>Debt Outstanding June 30, 2023</u>	<u>Maturities to June 30, 2023</u>
06/01/11	2026	4.900	\$ 935,000	\$ 935,000	\$ -
09/27/11	2028	5.000	185,456	185,456	-
03/01/18	2048	5.000/2.500	198,000,000	173,700,000	24,300,000
03/01/19	2049	5.000/3.000	40,885,000	37,630,000	3,255,000
07/30/20	2043	5.000/2.000	50,230,000	45,395,000	4,835,000
11/01/20	2043	5.000/1.000	18,215,000	16,260,000	1,955,000
11/05/20	2048	2.250/2.000	9,640,000	8,774,844	865,156
06/29/21	2043	5.000/2.000	26,800,000	25,090,000	1,710,000
12/01/21	2051	5.000/2.000	20,480,000	20,010,000	470,000

Changes in long-term debt are as follows:

	<u>Balance 6/30/2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2023</u>
Bonds payable				
General obligation bonds	\$ 336,925,300	\$ -	\$ 8,945,000	\$ 327,980,300
Note payable	<u>194,611</u>	<u>-</u>	<u>194,611</u>	<u>-</u>
Total long-term liabilities	<u>\$ 337,119,911</u>	<u>\$ -</u>	<u>\$ 9,139,611</u>	<u>\$ 327,980,300</u>

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,330,000	\$ 10,492,980	\$ 19,822,980
2025	9,735,000	10,034,430	19,769,430
2026	11,120,000	9,575,330	20,695,330
2027	10,580,000	9,115,667	19,695,667
2028	10,870,000	8,829,717	19,699,717
2029-2033	59,040,456	39,697,961	98,738,417
2034-2038	67,940,000	31,237,611	99,177,611
2039-2043	79,460,000	20,402,879	99,862,879
2044-2048	64,909,844	8,089,544	72,999,388
2049-2052	4,995,000	210,826	5,205,826
	<u>\$ 327,980,300</u>	<u>\$ 147,686,945</u>	<u>\$ 475,667,245</u>

Security for Debt Payments

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

Construction Contracts

At June 30, 2023, the District had several construction and repair and maintenance projects in various stages of completion. Unfulfilled contract commitments of approximately \$13,023,548 remained open on the construction and improvement contracts still in progress at June 30, 2023.

Operating Leases

The District has entered into agreements to lease various pieces of office equipment. Future minimum payments under these non-cancelable leases in effect as of June 30, 2023 are as follows:

2024	\$ 213,359
2025	141,608
2026	102,194
2027	90,761
	<u>\$ 547,922</u>

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

Rental expense associated with these lease commitments was approximately \$250,000 for the year ended June 30, 2023.

During the year ended June 30, 2014, the District entered into an agreement with the City of Bentonville for the use of the Aquatics Center. The agreement states that the District has the right to use the Aquatics Center for the longer of thirty-five years or so long as used as an Aquatics Center.

The District is involved in various litigation as of June 30, 2023 arising in the ordinary course of operations. The ultimate outcome of such litigation is uncertain. However, management and legal counsel are of the opinion that the resulting outcome of such litigation would have minimal adverse economic impact on the District.

NOTE 11: ON-BEHALF PAYMENTS

During the year ended June 30, 2023, health insurance premiums of \$4,314,415 were paid by the Arkansas Department of Education to the Arkansas Employees Benefits Division on behalf of District Employees.

NOTE 12: EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Arkansas Teacher Retirement System

Plan Description – The District contributes to ATRS, a cost-sharing multiple-employer defined benefit plan administered by the ATRS. Section 24-7-301 of the Arkansas Code of 1987 Annotated assigns the authority to establish and amend benefit provisions to the ATRS' Board of Trustees. The ATRS provides retirement, death and disability benefits and annual cost-of-living adjustments to plan members. The ATRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to ATRS, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling (800) 666-2877.

Funding Policy – ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 7.00% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 15.00%. The authority to establish and amend contribution requirements of plan members and the District is set forth in state law and is vested in the ATRS's Board of Trustees. The contributions from the District for the year ended June 30, 2023 were \$19,621,526, which consisted of \$18,453,715 from state funding and \$1,167,811 from federal funding, the contributions from the District for the year ended June 30, 2022 were \$18,262,744, which consisted of \$17,841,424 from state funding and \$421,320 from federal funding, and the contributions from the District for the year ended June 30, 2021 were \$17,024,790, which consisted of \$16,618,265 from state funding and \$406,525 from federal funding.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of GASB No. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2022 (actuarial valuation date and measurement date) was \$196,069,515.

Defined Contribution Plan – 403(b) and 457

The District has a 403(b) and 457 plan covering all employees of the District. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement. Annual contributions may not exceed the amount permitted under section 415 of the Internal Revenue Code. Employees vest immediately in their contributions.

NOTE 13: RISK MANAGEMENT

The District is exposed to various risks of loss from tort, theft of, damage to and destruction of assets, business interruption, errors and omissions, natural disasters, employee injuries and illnesses, and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health and dental benefits and worker's compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District pays an annual premium to participate in vehicle coverage offered by the Risk Management Division (Division) of the Arkansas Insurance Department. The Division was established to minimize the cost of insurance to state and school agencies and minimize risk by analyzing and making loss prevention recommendations to participants. The Division serves almost 200 public entities and covers more than 11,000 vehicles in Arkansas.

The District is subject to claims and lawsuits that arise primarily in the ordinary course of business. Neither the ultimate outcome nor an estimated range of potential loss can be determined. Management and legal counsel are of the opinion that the likelihood of a financially material outcome is small and, thus, no provision has been made in the financial statements for any potential liabilities.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

The District participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Bentonville School District #6

Notes to Financial Statements Year ended June 30, 2023

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated all subsequent events through January 16, 2024, the date that the financial statements were available to be issued.

Required Supplementary Information

Bentonville School District #6

Schedule of Capital Assets (Unaudited) Year ended June 30, 2023

	Useful Lives	Balance June 30, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not depreciated						
Land		\$ 19,551,037	\$ -	\$ -	\$ -	\$ 19,551,037
Construction in progress		73,182,522	13,023,549	-	(36,639,663)	49,566,408
Total capital assets, not depreciated		92,733,559	13,023,549	-	(36,639,663)	69,117,445
Capital assets, depreciated						
Buildings	50	364,985,234	-	-	36,639,663	401,624,897
Improvements	20	2,454,088	-	-	-	2,454,088
Machinery and equipment	5-20	28,628,142	3,448,796	-	-	32,076,938
Total capital assets, depreciated		396,067,464	3,448,796	-	36,639,663	436,155,923
Less accumulated depreciation		113,659,450	10,721,519	-	-	124,380,969
Net capital assets, depreciated		282,408,014	(7,272,723)	-	36,639,663	311,774,954
Total capital assets, net		\$ 375,141,573	\$ 5,750,826	\$ -	\$ -	\$ 380,892,399

See Independent Auditor's Report

**Other Reports and
Supplementary Information**



**INDEPENDENT AUDITOR'S 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**

The School Board
Bentonville School District # 6
Bentonville, Arkansas

We have audited, 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, the financial statements of each major governmental fund and the aggregate remaining fund information of the Bentonville School District #6 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2024. We issued an adverse opinion because the District prepared the financial statements using accounting practices prescribed or permitted by the State of Arkansas, which practices differ from 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 assets, liabilities, and fund balances of the funds as presented of the District as of June 30, 2023, and their respective revenues, expenditures, and changes in fund balances and budgetary comparisons for the year then ended, in accordance with the financial reporting provisions prescribed by the State described in Note 2.

Internal Control over Financial Reporting

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

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

Bentonville School District #6
Bentonville, Arkansas

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas
January 16, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The School Board
Bentonville School District #6
Bentonville, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Bentonville School District #6 (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Bentonville School District #6
Bentonville, Arkansas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas
January 16, 2024

Bentonville School District #6

Schedule of Expenditures of Federal Awards Year ended June 30, 2023

<u>Cluster/Program</u>	<u>Federal Agency / Pass-Through Entity</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Expended</u>
U.S. Department of Education				
E.S.E.A. Title I, Part A Title I Grants to Local Education Agencies	AR Department of Education	0401	84.010	\$ 1,366,998
Vocational Education - Basic Grants to States	AR Department of Workforce Education	0401	84.048	219,085
Special Education Cluster (IDEA) Grants to States (IDEA, Part B)	AR Department of Education	0401	84.027	3,646,126
Idea Title VI-B Early Childhood	AR Department of Education	0401	84.173	97,805
ARP SPED Early Childhood	AR Department of Education	0401	84.173X	536,275
English Language Acquisition Grants	AR Department of Education	0401	84.365	700,206
Title II-A Part A - Teach Arkansas Program	AR Department of Education	0401	84.367	217,705
Title IV Student Support & Academic Achievement	AR Department of Education	0401	84.424A	82,928
ESSER II Supplemental	AR Department of Education	0401	84.425D	2,089,810
ARP ESSER III	AR Department of Education	0401	84.425U	6,682,162
ARP ESSER ABC Stipends	AR Department of Education	0401	84.425U	8,450
ARP Homeless II Grant	AR Department of Education	0401	84.425W	<u>37,069</u>
Total U.S. Department of Education				<u>15,684,619</u>

See Independent Auditor's Report

Bentonville School District #6

Schedule of Expenditures of Federal Awards Year ended June 30, 2023

<u>Cluster/Program</u>	<u>Federal Agency / Pass-Through Entity</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Expended</u>
U.S. Department of Agriculture				
Child Nutrition Cluster				
National School Lunch Program	AR Department of Education	0401	10.555	3,464,019
Commodities	AR Department of Health and Human Services	0401	10.555	513,493
Supply Chain Assistance	AR Department of Health and Human Services	0401	10.555	523,833
Child and Adult Care Food Program	AR Department of Health and Human Services	0401	10.558	<u>244,979</u>
Total U.S. Department of Agriculture				<u>4,746,324</u>
U.S. Department of Health and Human Services				
School Health Services	AR Department of Education	401	93.079	798
Aware Mini Grant	AR Department of Education	401	93.243	10,000
CCDF Cluster				
Child Care and Development Block Grant	AR Department of Health and Human Services	0401	93.575	679,115
Head Start	AR Department of Health and Human Services	0401	93.575	42,573
Sustainability Grant	AR Department of Education	0401	93.575	73,500
Foster Care - Title IV-E	AR Department of Health and Human Services	0401	93.658	<u>9,213</u>
Total U.S. Department of Health and Human Services				<u>815,199</u>
Total Federal Awards Expended				<u><u>\$ 21,246,142</u></u>

See Independent Auditor's Report

Bentonville School District #6

Notes to Schedule of Expenditures of Federal Awards Year ended June 30, 2023

Scope of Audit Pursuant to the Uniform Guidance

All federal and state financial award programs of Bentonville School District #6 (the District) are included in the scope of the Uniform Guidance audit. For purposes of this schedule, federal awards include those received from other agencies, the original source of which was a federal agency.

Summary of Significant Accounting Policies

The District's grant funds are accounted for on the modified cash basis of accounting. Under the modified cash basis, grant revenues are recognized when received and expenditures are recorded when paid. These grant funds are included in the "Contributions, donations, and grants" line of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis. The District is the recipient of federal and state grant awards. The grant programs are administered by various departments within the District. The activities of these departments are monitored by District staff to ensure compliance with the requirements of grants.

Relationship to Federal Financial Reports

Grant expenditures reports as of June 30, 2023, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

10% De Minimis Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Subrecipients

No awards were provided to subrecipients.

Medicaid Reimbursements

Medicaid reimbursements are defined as contracts for services and not federal awards; therefore, they are not covered by the reporting requirements of the Uniform Guidance. Total Medicaid funding for the year ended June 30, 2023 was \$1,749,952, of which \$547,315 was from the Arkansas Department of Human Services.

Bentonville School District #6

Schedule of Expenditures of State Awards Year ended June 30, 2023

<u>Cluster/Program</u>	<u>Pass-Through Entity</u>	<u>Amount Expended</u>
Alternative Learning	AR Department of Education	\$ 1,038,763
Assessment End of Learning	AR Department of Education	99,400
AR Kids Can Code	AR Department of Education	22,690
Better Chance Program	AR Department of Education	1,179,383
98% URT Act Collection Adjustment	AR Department of Education	852,393
Arkansas School Recognition Program	AR Department of Education	1,180,650
Career Education Grants	AR Department of Education	40,046
Computer Science EOY Bonus	AR Department of Education	12,450
Early Childhood Spec Ed	AR Department of Education	369,369
EIDT Sped Services	AR Department of Education	131,153
Limited English Proficiency	AR Department of Education	316,224
National Board Certification Teacher Bonus	AR Department of Education	358,751
National School Lunch Program	AR Department of Education	2,334,948
NSL Matching Grant	AR Department of Education	481,833
Professional Development Funding	AR Department of Education	687,620
Academic Facilities Partnership	AR Department of Education	2,398,543
Juvenile Detention Center	AR Department of Education	237,216
School Safety Grants	AR Department of Education	85,909
Special Education - Catastrophic Occurrences	AR Department of Education	1,388,471
Special Education Services	AR Department of Education	190,360
State Foundation Funding	AR Department of Education	67,177,795
Student Growth Funding	AR Department of Education	2,484,523
State Child Nutrition Match	AR Department of Education	56,087
Total AR Department of Education		83,124,577

See Independent Auditor's Report

Bentonville School District #6

Schedule of Expenditures of State Awards Year ended June 30, 2023

<u>Cluster/Program</u>	<u>Pass-Through Entity</u>	<u>Amount Expended</u>
Foster Care - Title IV-E	AR Department of Health and Human Services	2,598
CCDF State Match	AR Department of Health and Human Services	26,517
Parents as Teachers	AR Department of Health and Human Services	51,138
Total AR Department of Health and Human Services		<u>80,253</u>
Total State Awards		<u>\$ 83,204,830</u>

See Independent Auditor's Report

Bentonville School District #6

Schedule of Units of Service Provided Year ended June 30, 2023

<u>Child Food Care - Units</u>	Breakfast	Lunch
July - Seamless Summer	1,862	8,573
August - Regular	23,950	95,824
September	50,892	166,088
October	43,018	145,225
November	41,703	140,317
December	33,951	118,243
January	35,556	123,591
February	38,914	132,934
March	46,890	149,826
April	52,566	166,706
May	51,000	159,915
June - Seamless Summer	<u>3,590</u>	<u>8,965</u>
Total	<u><u>423,892</u></u>	<u><u>1,416,207</u></u>

NOTE:

The District entered into a purchase of service contract that does not provide budgeted units of service. Therefore, budgeted units of service are not presented on this schedule.

See Independent Auditor's Report

Bentonville School District #6

Schedule of Findings and Questioned Costs Year ended June 30, 2023

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

1. The opinion expressed in the independent auditor's report on accounting principles generally accepted in the United States of America:

☐ Unmodified ☐ Qualified ☒ Adverse ☐ Disclaimer

The opinions expressed in the independent auditor's report on the basis of accounting prescribed or permitted by the State of Arkansas:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

☐ Yes ☒ No

4. The independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program disclosed:

Significant deficiency(ies)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Material weakness(es)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

5. The opinion expressed in the independent auditor's report on internal control over compliance with requirements that could have a direct and material effect on each major federal awards program were:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by the Uniform Guidance?

☐ Yes ☒ No

Bentonville School District #6

Schedule of Findings and Questioned Costs Year ended June 30, 2023

7. The District's major programs were:

<u>Cluster / Program</u>	<u>Assistance Listing Number</u>
Special Education Cluster (IDEA)	
Grants to States (IDEA, Part B)	84.027
Idea Title VI-B Early Childhood	84.173
ARP SPED Early Childhood	84.173X
ESSER II Supplemental	84.425D
ARP ESSER ABC Stipends	84.425U
ARP ESSER III	84.425U
ARP Homeless II Grant	84.425W
CCDF Cluster	
Child Care and Development Block Grant	93.575
Head Start	93.575
Sustainability Grant	93.575

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☒ Yes ☐ No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

There were no audit findings for the year ended June 30, 2023.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no audit findings for the year ended June 30, 2023.

Bentonville School District #6

Summary Schedule of Prior Year Audit Findings Year ended June 30, 2023

There were no prior year audit findings for the year ended June 30, 2022.

Bentonville School District #6

**Supplemental Data Sheet Required by the
Department of Health and Human Services
Year ended June 30, 2023**

Name and address:	Bentonville School District #6 500 Tiger Boulevard Bentonville, Arkansas 72712
Employer Identification Number:	71-6020503
Telephone Number:	479-254-5000
Superintendent:	Dr. Deborah Jones
Contact Person:	Janet Schwanhausser, Ed. D.
Cost of Audit:	Available upon request.



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

The School Board
Bentonville School District #6
Bentonville, Arkansas

We have examined management's assertions that the Bentonville School District #6 (the "District") substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended June 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

This report is intended solely for the information and use of the School Board, management and the Arkansas Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas
January 16, 2024