

SOUTH CONWAY COUNTY SCHOOL DISTRICT

REGULATORY BASIS FINANCIAL STATEMENTS

AND OTHER REPORTS

Year Ended June 30, 2024

SOUTH CONWAY COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
South Conway County School District
Morrliton, Arkansas

Report on the Financial Statements

I have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the South Conway County School District (the "District") as of and for the year ended June 30, 2024, 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 A, to meet the reporting 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.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 my opinions. Reasonable assurance is a high level of assurance but is not absolute 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:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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.
4. Evaluate the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
5. Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue for a reasonable period of time.

I am 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 I identified during the audit.

Basis for Opinions

I conducted my audit 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*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements of our report. We are required to be independent of the District and to meet other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I 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 more fully in Note A 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my 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, 2024, or the changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In my 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, 2024, 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 A.

Other Matters

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards and Schedule of State Assistance – ABC 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 my opinion, the Schedule of Expenditures of Federal Awards and Schedule of State Assistance – ABC are fairly stated, in all material respects, in relation to the regulatory basis financial statements taken 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, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 27, 2025 on my consideration of the District's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Doug Dobbs, CPA, P.A.
Little Rock, Arkansas
March 27, 2025

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2024**

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 2,767,377	\$ (12,481)	\$ 9,259,815	\$ 246,773
Deposit with paying agent			1,008,270	
Accounts receivable		165,702		
TOTAL ASSETS	\$ 2,767,377	\$ 153,221	\$ 10,268,085	\$ 246,773
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 243,207	\$ 25,853	\$ 136,764	\$ 28,327
Due to student groups				218,446
TOTAL LIABILITIES	243,207	25,853	136,764	246,773
Fund balances:				
Restricted	248,390	127,368		
Assigned	67,377		10,131,321	
Unassigned	2,208,403			
TOTAL FUND BALANCES	2,524,170	127,368	10,131,321	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,767,377	\$ 153,221	\$ 10,268,085	\$ 246,773

The accompanying notes are an integral part of these financial statements

SOUTH CONWAY COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024

	Major		
	General	Special Revenue	Other Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 12,040,565	\$	\$
State assistance	14,694,987		
Tuition charges	43,594		
Federal assistance		5,563,069	55,397
Activity revenues	278,826		
Meal sales		11,941	
Investment income	685,447		14,910
Other revenues	148,395		26,000
TOTAL REVENUES	27,891,814	5,575,010	96,307
EXPENDITURES			
Regular programs	9,718,752	561,724	
Special education	1,410,271	231,914	
Workforce education	292,709		
Compensatory education	24,277	556,337	
Other instructional programs	1,506,563		
Pupil support services	931,602	1,442,029	
Staff support services	979,112	344,789	
General administration support services	767,276	94,503	
School administration support services	1,409,165		
Business support services	730,914	50,602	
Operation and maintenance of plant	3,357,268	108,463	
Student transportation services	1,221,545	540,183	
Other support services	271,091		
Food service operations		1,811,689	
Community services		96,034	
Facilities acquisition, improvements and construction services	161,883	0	1,462,008
Activity expenditures	284,678		
Principal			2,319,670
Interest and fiscal charges			776,746
TOTAL EXPENDITURES	23,067,106	5,838,267	4,558,424
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,824,708	(263,257)	(4,462,117)
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	(4,868,083)		4,868,083
Refund prior year's expenses	6,129		
Indirect cost reimbursement	47,419	(47,419)	
Compensation for loss of use of capital assets	11,824		
Sales of fixed assets	296		
TOTAL OTHER FINANCING SOURCES (USES)	(4,802,415)	(47,419)	4,868,083
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	22,293	(310,676)	405,966
FUND BALANCE--BEGINNING	2,501,877	438,044	9,725,355
FUND BALANCE--ENDING	\$ 2,524,170	\$ 127,368	\$ 10,131,321

The accompanying notes are an integral part of these financial statements

SOUTH CONWAY COUNTY SCHOOL DISTRICT
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, 2024

	<u>General Fund</u>			<u>Special Revenue Fund</u>		
	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 11,114,626	\$ 12,040,565	\$ 925,939			
State assistance	14,675,289	14,694,987	19,698			
Tuition charges	30,000	43,594	13,594			
Federal assistance		0	0	\$ 5,585,853	\$ 5,563,069	\$ (22,784)
Activity revenues		278,826	278,826			
Meal sales		0	0	11,600	11,941	341
Investment income	305,000	685,447	380,447			
Other revenues	98,941	148,395	49,454			
TOTAL REVENUES	<u>26,223,856</u>	<u>27,891,814</u>	<u>1,667,958</u>	<u>5,597,453</u>	<u>5,575,010</u>	<u>(22,443)</u>
EXPENDITURES						
Regular programs	9,999,125	9,718,752	280,373	497,304	561,724	(64,420)
Special education	1,415,255	1,410,271	4,984	278,946	231,914	47,032
Workforce education	290,935	292,709	(1,774)		0	0
Compensatory education	22,277	24,277	(2,000)	583,731	556,337	27,394
Other instructional programs	1,578,042	1,506,563	71,479		0	0
Pupil support services	1,087,412	931,602	155,810	1,161,100	1,442,029	(280,929)
Staff support services	1,014,872	979,112	35,760	364,447	344,789	19,658
General administration support services	807,564	767,276	40,288	97,329	94,503	2,826
School administration support services	1,442,669	1,409,165	33,504		0	0
Business support services	723,054	730,914	(7,860)	48,364	50,602	(2,238)
Operation and maintenance of plant	3,743,508	3,357,268	386,240	89,552	108,463	(18,911)
Student transportation services	1,341,061	1,221,545	119,516	541,440	540,183	1,257
Other support services	242,287	271,091	(28,804)			0
Food service operations		0	0	1,937,646	1,811,689	125,957
Community services		0	0	190,513	96,034	94,479
Facilities acquisition, improvements and construction services	182,225	161,883	20,342	65,645	0	65,645
Activity expenditures		284,678	(284,678)		0	0
TOTAL EXPENDITURES	<u>23,890,286</u>	<u>23,067,106</u>	<u>823,180</u>	<u>5,856,017</u>	<u>5,838,267</u>	<u>17,750</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,333,570</u>	<u>4,824,708</u>	<u>2,491,138</u>	<u>(258,564)</u>	<u>(263,257)</u>	<u>(4,693)</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,311,247)	(4,868,083)	(2,556,836)		0	0
Refund prior year's expenses		6,129	6,129			0
Indirect cost reimbursement		47,419	47,419	(47,419)	(47,419)	0
Compensation for loss of use of capital assets		11,824	11,824	0	0	0
Sales of fixed assets		296	296			0
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,311,247)</u>	<u>(4,802,415)</u>	<u>(2,491,168)</u>	<u>(47,419)</u>	<u>(47,419)</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 22,323</u>	<u>\$ 22,293</u>	<u>\$ (30)</u>	<u>\$ (305,983)</u>	<u>\$ (310,676)</u>	<u>\$ (4,693)</u>

The accompanying notes are an integral part of these financial statements

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 South Conway County School District (District). There are no component units.

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 expenditures 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 expenditures for capital outlays including 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 fund 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).

Private Purpose Trust Funds – Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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, 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 the financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

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

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.

REVENUE RECOGNITION POLICIES

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

CAPITAL ASSETS

Land, buildings and equipment are stated on the basis of historical costs 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. Assets acquired through gifts or donations are recorded at their estimated or market value at time of acquisition. The District defines capital assets as assets with an initial,

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

individual cost of \$1,000 or greater and an estimated useful life in excess of two years. No salvage value is taken into consideration for depreciation purposes.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed. Depreciable capital assets are depreciated using the straight-line method over useful lives of 25–50 years for buildings and improvements and 5-20 years for furniture and equipment.

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 with 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.

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.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 *intent* to be used for specific purposes, but are neither restricted or 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.

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.

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.

MINIMUM FUND BALANCE POLICIES

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

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 formally adopted a 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 common 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 restricted or 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.

ENCUMBRANCES

The District does not utilize encumbrance accounting.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE B – 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)	\$ 680,198	\$ 680,198
Collateralized with collateral held by the pledging bank or pledging bank's trust department in the District's name	12,589,556	12,821,878
	\$ 13,269,754	\$ 13,502,076

The above total deposits include a certificate of deposit of \$ 427,748 reported with cash and investments and classified as nonparticipating contracts.

NOTE C – RECEIVABLES

The accounts receivable balance of \$ 165,702 at June 30, 2024 was comprised of the following:

Description	Governmental Funds			Total
	Major		Other Aggregate	
	General	Special Revenue		
Intergovernmental receivable	\$	\$ 165,702	\$	\$ 165,702
Total	\$	--	\$	\$ 165,702

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE D – COMMITMENTS

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

<u>Date of issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate %</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2024</u>	<u>Maturities to June 30, 2024</u>
10/1/10	10/1/27	4.50	1,300,000	1,300,000	--
3/26/15	3/26/25	2.98	356,000	40,523	315,477
11/21/17	11/21/37	3.23	2,067,852	--	2,067,852
2/1/21	6/1/45	1.50	6,970,000	6,970,000	--
9/1/20	6/1/45	1.25-2.00	35,710,000	35,110,000	600,000
Totals			\$ 46,403,852	\$ 43,420,523	\$ 2,983,329

Changes in Long-Term Debt:

	<u>Balance July 1, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2024</u>
Bonds Payable	\$ 43,980,000	\$	\$ (600,000)	\$ 43,380,000
Lease Purchase	1,703,985		(1,663,462)	40,523
	\$ 45,683,985	\$ -	\$ (2,263,462)	\$ 43,420,523

Qualified School Construction Bonds:

On October 1, 2010, the District obtained funding of \$ 1,300,000 from Qualified School Construction Bonds, a program of tax-credit bonds for school construction authorized by the American Recovery and Reinvestment Act. The District will receive periodic reimbursements from the U.S. Treasury for interest paid to the bondholders. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest will be used to retire the debt when due. The yearly deposits required to be made to the sinking fund are \$ 76,471 less interest earned on the fund. The balance of the sinking fund at the end of the year was \$ 1,008,270 and is shown as deposit with paying agent.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE D – COMMITMENTS – (CONTINUED)

Future Principal and Interest Payments:

Year Ending June 30	Principal	Interest	Total
2025	1,615,523	737,649	2,353,172
2026	1,690,000	718,629	2,408,629
2027	1,715,000	699,456	2,414,456
2028	3,035,000	650,474	3,685,474
2029	1,755,000	600,931	2,355,931
2030 – 2034	9,245,000	2,660,383	11,905,383
2035 – 2039	10,280,000	1,900,219	12,180,219
2040 - 2044	11,600,000	890,148	12,490,148
2045	2,485,000	41,900	2,526,900
Totals \$	<u>43,420,523</u>	<u>8,899,789</u>	<u>52,320,312</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.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE E – ACCOUNTS PAYABLE

The accounts payable balance of \$ 434,151 was comprised of the following:

<u>Description</u>	<u>Governmental Funds</u>			<u>Fiduciary Fund Types</u>	<u>Total</u>
	<u>Major</u>		<u>Other Aggregate</u>		
	<u>General</u>	<u>Special Revenue</u>			
Vendor payables	\$ 243,207	\$ 25,853	136,764	\$ 28,327	434,151

NOTE F – 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.

Funding Policy – ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% 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 15% of covered salaries, the maximum allowed by State law. The District’s contributions to ATRS for the year ended June 30, 2024 were \$ 2,302,488 equal to the required contribution.

Net Pension Liability. The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the Cooperative’s proportionate share of the collective net pension liability. The District’s proportionate share of the collective net pension liability at June 30, 2024 (actuarial valuation date and measurement date) is \$ 18,025,187.

SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE G – EMPLOYEE FRINGE BENEFITS

The District has an IRS code section 125 cafeteria plan offering health, dental and vision insurance and medical and child care reimbursement to current employees. Approximately \$ 934,576 of wages were withheld under the plan.

NOTE H – 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 accidents. Settled claims have not exceeded this commercial coverage in any of the three preceding 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.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE I – CONTINGENCIES

The school district participates in federally assisted grant programs. The school district is potentially liable for 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.

NOTE J – NON-MONETARY TRANSACTIONS

Non-monetary transactions are reflected in these financial statements at their fair value. During the fiscal year ended June 30, 2024, commodities were received by the District in the amount of \$ 59,486. The commodities were used in the school lunch program.

NOTE K – INTERFUND TRANSFERS

The District had the following interfund transfers for the year ended June 30, 2024:

From: General fund to building fund (for capital projects)	2,556,836
General fund to debt service fund (for debt payments)	<u>2,311,247</u>
Total Interfund Transfers	<u>\$ 4,868,083</u>

NOTE L – ON-BEHALF PAYMENTS

During the year ended June 30, 2024 health insurance premiums of \$ 591,409 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of District employees.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE M – SOUTH CONWAY COUNTY PUBLIC SCHOOL FOUNDATION

The South Conway County Public Education Foundation (the Foundation) was established as a non-profit organization under the laws of the state of Arkansas 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. Such amounts are not reflected therein. Condensed financial information (unaudited) for the Foundation as of, and for the year ended June 30, 2024, is as follows:

Support and Revenues	\$ <u>96,877</u>
Expenses	
Grants and scholarships	62,260
Other expenses	1,403
	<u>63,663</u>
 Increase (Decrease) in Net Assets	 33,214
Net Assets, Beginning of Year	<u>242,855</u>
Net Assets, End of Year	\$ <u>276,069</u>

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2025, the date the financial statements were available to be issued.

NOTE O – PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire debt of \$ 43,420,523 issued from October 1, 2010 through February 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$ 52,320,312, payable through June 1, 2045. Principal and interest paid for the current year and total property taxes pledged for debt service were \$ 3,096,416 and \$ 4,681,627 respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 66.14 percent.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

**NOTE P - DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS
DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds			Total
	Major			
	General	Special Revenue	Other Aggregate	
Fund Balances:				
Restricted for:				
State programs	\$ 248,390		\$	\$ 248,390
Federal programs		22,757		22,757
Child nutrition programs		104,611		104,611
Total Restricted	248,390	127,368		375,758
Assigned to:				
Student activities	67,377			67,377
Building projects			10,131,321	10,131,323
Total Assigned	67,377		10,131,321	10,198,698
Unassigned:	2,208,403			2,208,403
Totals	\$ 2,524,170	\$ 127,368	\$ 10,131,321	\$ 12,782,859

OTHER REPORTS AND SUPPLEMENTARY INFORMATION



Doug Dobbs, CPA, P.A.

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**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

To the Board of Education
South Conway County School District
Morrilton, Arkansas

I 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 South Conway County School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued my report thereon dated March 27, 2025. I issued an adverse opinion because the District prepared the financial statements using accounting practices prescribed or permitted by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general fund and special revenue funds for the year then ended, on the basis of accounting described in Note A.

Internal Control Over Financial Reporting

In planning and performing my audit of the regulatory basis financial statements, I considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my 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, I 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.

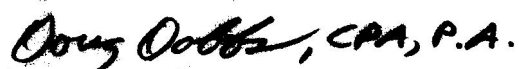
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given those limitations, during my audit I did not identify any deficiencies in internal control that I 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 of material misstatement, I 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my 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 report is not suitable for any other purpose.

 Doug Dobbs, CPA, P.A.

Doug Dobbs, CPA, P.A.
Little Rock, Arkansas
March 28, 2025



Doug Dobbs, CPA, P.A.

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

INDEPENDENT AUDITOR’S REPORT

To the Board of Education
South Conway County School District
Morrilton, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

I have audited the South Conway County School District (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2024. 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 my 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, 2024.

Basis for Opinion on Each Major Program

I conducted my audit of compliance 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 auditing 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 of our report.

We are required to be independent of the District and to meet other ethical responsibilities , in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major

program. My audit does not provide a legal determination of the District's compliance with the compliance referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with 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 Responsibility for Audit of Compliance

Our objectives are to obtain reasonable assurance about whether 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 and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, they 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 and *Government Auditing Standards*, and the Uniform Guidance we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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 consider necessary in the circumstances.
3. Obtain an understanding of 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.

I am 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 matter weaknesses in internal control over compliance that I identified during the audit.

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 my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guide, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider material weaknesses. However, material weaknesses may exist that have not been identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Doug Dobbs, CPA, P.A.

Little Rock, Arkansas

March 27, 2025

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2024**

(Unaudited)

	Balance June 30, 2024
	<u> </u>
<i>Nondepreciable capital assets:</i>	
Land	\$ <u>417,956</u>
Total nondepreciable cost	<u>417,956</u>
 <i>Capital assets that are depreciated:</i>	
Buildings	58,390,452
Improvements/infrastructure	4,077,376
Furniture and equipment	<u>8,767,894</u>
Total depreciable historical cost	<u>71,235,722</u>
 <i>Less accumulated depreciation for:</i>	
Buildings	18,965,953
Improvements/infrastructure	2,172,523
Furniture and equipment	<u>3,970,582</u>
Total accumulated depreciation	<u>25,109,058</u>
Total depreciable cost, net	<u>46,126,664</u>
Capital assets, net	\$ <u><u>46,544,620</u></u>

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<i>CHILD NUTRITION CLUSTER</i>			
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through State Department of Human Services</u>			
National School Lunch Program – Non-Cash Assistance (Food Distribution) (Note 3)	10.555	1507000	<u>59,486</u>
<u>Passed Through State Department of Education</u>			
School Breakfast Program – Cash Assistance	10.553	15-07	570,955
National School Lunch Program-Cash Assistance	10.555	15-07	<u>1,000,688</u>
Total State Department of Education			<u>1,571,643</u>
Fresh Fruit & Vegetable Program	10.582	15-07	<u>19,032</u>
Total U.S. Department of Agriculture			<u>1,650,161</u>
TOTAL CHILD NUTRITION CLUSTER			<u>1,650,161</u>
<i>SPECIAL EDUCATION CLUSTER</i>			
<u>Passed Through State Department of Education</u>			
Special Education Grants to States	84.027A	15-07	719,811
Special Education Preschool Grants	84.173A	15-07	<u>39,506</u>
TOTAL SPECIAL EDUCATION CLUSTER			<u>759,317</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
Title I - Part A - Grants to Local Education Agencies	84.010A	15-07	810,914
Rural Education	84.358B	15-07	235,961
Comprehensive Literacy Development	84.371C	15-07	80,395
Stronger Connections Grant	84.424F	15-07	91,682
COVID-19- Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425U	15-07	<u>920,404</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,139,356</u>

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Arkansas Department of Education</u>			
Child Care and Development Block Grant	93.575	15-07	31,461
Medical assistance program	93.778	15-07	<u>145,156</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>176,617</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>4,725,451</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - This schedule includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.
2. Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

4. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
5. During the year ended June 30, 2024, the District received Medicaid funding of \$ 866,189 from the State Department of Human Services under two separate programs. Such payments are not considered Federal awards expended and therefore are not included in the above schedule.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

A. SUMMARY OF AUDITOR'S RESULTS

1. My report expresses an adverse opinion on the GAAP basis of reporting and an unqualified opinion on the regulatory basis opinion units.
2. There were no material weaknesses identified in internal control over financial reporting.
3. There were no significant deficiencies identified in internal control over financial reporting.
4. There was no noncompliance material to the financial statements noted.
5. There were no material weaknesses identified in internal control over major federal programs.
6. There were no significant deficiencies identified in internal control over major federal programs.
7. My report on compliance for the major federal award programs expresses an unqualified opinion.
8. There were no audit findings relative to the major federal award programs required to be reported in accordance with 2 CFR 200.516(a).
9. The programs tested as major were: Child Nutrition Cluster, AL Numbers 10.553, 10.555 and 10.582.
10. The threshold for distinguishing types A and B programs was \$ 750,000.
11. The South Conway County School District was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

No findings.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

C. FINDINGS – FEDERAL AWARDS AUDIT

No findings.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

No findings.

Doug Dobbs, CPA, P.A.

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

To the Board of Education
South Conway County School District
Morrilton, Arkansas

I have examined management's assertions, included in its representation letter dated, March 27, 2025 that South Conway County School District substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended June 30, 2024. As discussed in that representation letter, management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on management's assertions about the District's compliance based on my examination.

My examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the District's compliance with specified requirements.

In my opinion, management's assertions that South Conway County School District complied with the aforementioned requirements for the year ended June 30, 2024, are fairly stated, in all material respects.

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.

Doug Dobbs, CPA, P.A.

Doug Dobbs, CPA, P.A.
Little Rock, Arkansas
March 27, 2025

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE ADDRESSED
IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2024**

<u>DESCRIPTION</u>	<u>STATUTES</u>
District Bonded & Non-bonded Debt, School Bonds	6-20-1201 – 6-20-1208; 6-20-1210
Ethical Guidelines and Prohibitions for Board Members, Administrators, and Employees	6-13-628; 6-24-101 et seq.
Collateralization & Investment of Funds	6 -20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20- 402
• Bidding & Purchasing Commodities	6-21- 301 – 6-21-305
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals - declining accrual percentages)	6-20-401
• Investment of Funds	19-1-504
Management of Schools	
• Board of Directors	6-13-604; 6-13-606; 6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-24-101 et seq.
• District Treasurer	6-13-701
○ Warrants/checks	6-17-918; 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 – 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• Personnel Policies	6-17-201 et seq., 6-17-2301
• Employment and Assignment	6-17-301 et seq.
• Teacher's License Requirement	6-17-401 et seq.
• Contracts	6-17-801 et seq.
• Certification Requirements	6-17-309; 6-17-401
• Fair Dismissal Act	6-17-1501 et seq.; 6-17-1701 et seq.
• Sick Leave Policies	6-17-1201 et seq.; 6-17-1301 et seq.
• Salary Laws – Classified	6-17-2201 et seq.; 6-17-2301 et seq.
• Minimum Wage Act	11-4-213, 11-4-218, 11-4-403, 11-4-405
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
Trust Funds (Education Excellence)	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
Regulatory Basis of Accounting	10-4-413 (c) (Act 867 of 2019)
Real Estate and Personal Property Tax Appeals	26-35-802 (Act 657 of 2019)
Arkansas Procurement Law	19-11-201 et. seq.
Fiscal Accountability	6-20-1901, et. seq. (Act 929 of 2019)
Limitation on Fund Balance	6-20-2210 (Waived for 2019-2020 only)
Enhanced Student Achievement Funding	6-20-2305 (B)(4)(F)(1)
Cares Act (COVID-19) Education Funding	https://dese.ade.arkansas/Offices/Federal-Programs/federal-programs/cares-act-crrsa-act-and-american-rescue-plan-arp-act
Charter Facilities Funding	6-23-908

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF STATE ASSISTANCE - ABC
FOR THE YEAR ENDED JUNE 30, 2024**

PROGRAM GRANTOR/PROGRAM TITLE	STATE REVENUES	STATE EXPENDITURES
ARKANSAS DEPARTMENT OF EDUCATION		
Arkansas Better Chance (ABC)	\$ <u>221,530</u>	\$ <u>221,530</u>
TOTAL STATE ASSISTANCE - ABC	\$ <u>221,530</u>	\$ <u>221,530</u>

NOTES TO THE SCHEDULE OF STATE ASSISTANCE - ABC

1. This schedule is presented on the modified accrual basis of accounting. This is not intended to be an all-inclusive presentation of state awards and expenditures. See Statement of Revenues, Expenditures and Changes in Fund Balance for total state assistance received.

**SOUTH CONWAY COUNTY SCHOOL DISTRICT
SUPPLEMENTAL DATA SHEET
FOR THE YEAR ENDED JUNE 30, 2024**

The following information is being provided to satisfy the requirements of Arkansas Department of Health and Human Services Audit Guidelines, Section IX. C – Special Requirements:

- | | |
|-------------------------------|--|
| 1. Entity's Full Name: | South Conway County School District |
| 2. Entity's Address: | 100 Baramore Street
Morrilton, AR 72110 |
| 3. Entity's FEIN: | 71-0536414 |
| 4. Entity's Telephone Number: | (501) 354-9400 |
| 5. Name of Director: | Shawn Halbrook, Superintendent |
| 6. Name of Contact Person: | Shawn Halbrook, Superintendent |

SOUTH CONWAY COUNTY SCHOOL DISTRICT
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2024
(Unaudited)

General Fund	YEAR ENDED JUNE 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 2,767,377	\$ 2,792,762	\$ 2,796,544	\$ 2,873,531	\$ 2,789,900
Total Liabilities	243,207	290,885	174,582	126,599	548,526
Total Fund Balances	2,524,170	2,501,877	2,621,962	2,746,932	2,241,374
Total Revenues	27,891,814	25,037,899	24,090,346	23,137,864	22,897,593
Total Expenditures	23,067,106	21,301,198	19,721,544	18,725,864	19,604,373
Total Other Financing Sources (Uses)	(4,802,415)	(3,856,786)	(4,493,772)	(3,906,442)	(4,014,951)
Special Revenue Fund					
Total Assets	153,221	496,944	1,117,517	514,663	361,765
Total Liabilities	25,853	58,900	272,410	149,228	8,331
Total Fund Balances	127,368	438,044	845,107	365,435	353,434
Total Revenues	5,575,010	6,767,825	8,483,923	6,611,349	3,904,340
Total Expenditures	5,838,267	7,111,759	7,997,801	6,562,542	3,813,111
Total Other Financing Sources (Uses)	(47,419)	(23,129)	(6,450)	(36,806)	-
Other Aggregate Funds					
Total Assets	10,268,085	9,809,115	7,854,546	4,665,686	2,536,412
Total Liabilities	136,764	83,760	145,676	24,982	394,361
Total Fund Balances	10,131,321	9,725,355	7,708,870	4,640,704	2,142,051
Total Revenues	96,307	457,506	200,446	92,651	117,249
Total Expenditures	4,558,424	2,374,081	1,634,471	1,544,810	9,318,641
Total Other Financing Sources (Uses)	4,868,083	3,933,031	4,502,191	3,950,812	4,127,891