

# **Armored School District No. 9**

**Mississippi County, Arkansas**

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

**June 30, 2024**



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MISSISSIPPI COUNTY, ARKANSAS  
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**Kevin William White, CPA, JD**  
Legislative Auditor

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

### **INDEPENDENT AUDITOR'S REPORT**

Armored School District No. 9 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Armored School District No. 9 (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.

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

In our opinion, the accompanying 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 1.

##### ***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 accompanying 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.

##### ***Basis for Opinions***

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 (*Government Auditing Standards*). 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.

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

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. 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 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.

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.

### ***Other Information***

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis but does not include the regulatory basis financial statements and our auditor's report thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in dark ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
April 30, 2025  
EDSD24924



**Kevin William White, CPA, JD**  
Legislative Auditor

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

#### **INDEPENDENT AUDITOR'S REPORT**

Armored School District No. 9 and School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of each major governmental fund and the aggregate remaining fund information of the Armored School District No. 9 (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 our report thereon dated April 30, 2025. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive. 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 and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

#### **Report on Internal Control Over Financial Reporting**

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

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

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

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARKANSAS LEGISLATIVE AUDIT

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

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 30, 2025

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2024

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 1,965,661	\$ 205,477	\$ 16,329,942	\$ 17,237
Accounts receivable	36,810	9,224		
Due from other funds		1,618		
Deposit with paying agent			52,664	
<b>TOTAL ASSETS</b>	<b>\$ 2,002,471</b>	<b>\$ 216,319</b>	<b>\$ 16,382,606</b>	<b>\$ 17,237</b>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 36,034		\$ 77,000	
Due to other funds	1,618			
<b>Total Liabilities</b>	<b>37,652</b>		<b>77,000</b>	
Fund Balances:				
Nonspendable			52,664	
Restricted	119,370	\$ 216,319		\$ 17,237
Assigned	194,392		16,252,942	
Unassigned	1,651,057			
<b>Total Fund Balances</b>	<b>1,964,819</b>	<b>216,319</b>	<b>16,305,606</b>	<b>17,237</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,002,471</b>	<b>\$ 216,319</b>	<b>\$ 16,382,606</b>	<b>\$ 17,237</b>

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



ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 6,432,290		
State assistance	654,654	\$ 3,295	
Federal assistance		402,457	
Activity revenues	130,708		
Meal sales		51,162	
Investment income	100,670		
Other revenues	3,741,512	323	
<b>TOTAL REVENUES</b>	<b>11,059,834</b>	<b>457,237</b>	
EXPENDITURES			
Regular programs	2,724,671	7,355	\$ 228,191
Special education	261,362	95,044	
Career education programs	224,288	10,036	
Compensatory education programs	339	84,834	
Other instructional programs	27,646		
Student support services	263,845	19,681	
Instructional staff support services	216,512	25,550	
General administration support services	280,899	10,245	
School administration support services	126,298		
Central services support services	162,442		
Operation and maintenance of plant services	1,051,441		212,062
Student transportation services	446,844		
Other support services	6,296		
Food services operations	1,105	233,976	
Community services operations	405		
Facilities acquisition and construction services	2,000		224,234
Activity expenditures	117,744		
Debt Service:			
Principal retirement	3,774		270,000
Interest and fiscal charges	422		108,158
<b>TOTAL EXPENDITURES</b>	<b>5,918,333</b>	<b>486,721</b>	<b>1,042,645</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,141,501</b>	<b>(29,484)</b>	<b>(1,042,645)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in		33,530	4,876,311
Transfers out	(4,909,841)		
Compensation for loss of capital assets	106,800		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,803,041)</b>	<b>33,530</b>	<b>4,876,311</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>338,460</b>	<b>4,046</b>	<b>3,833,666</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,626,359</b>	<b>212,273</b>	<b>12,471,940</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,964,819</b>	<b>\$ 216,319</b>	<b>\$ 16,305,606</b>

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

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 3,925,000	\$ 6,432,290	\$ 2,507,290			
State assistance	511,831	654,654	142,823		\$ 3,295	\$ 3,295
Federal assistance				\$ 277,755	402,457	124,702
Activity revenues		130,708	130,708			
Meal sales				40,000	51,162	11,162
Investment income	50,000	100,670	50,670			
Other revenues	759,500	3,741,512	2,982,012	35,000	323	(34,677)
<b>TOTAL REVENUES</b>	<b>5,246,331</b>	<b>11,059,834</b>	<b>5,813,503</b>	<b>352,755</b>	<b>457,237</b>	<b>104,482</b>
EXPENDITURES						
Regular programs	2,548,610	2,724,671	(176,061)		7,355	(7,355)
Special education	255,146	261,362	(6,216)	92,329	95,044	(2,715)
Career education programs	205,849	224,288	(18,439)		10,036	(10,036)
Compensatory education programs		339	(339)	74,811	84,834	(10,023)
Other instructional programs	3,879	27,646	(23,767)			
Student support services	198,403	263,845	(65,442)	9,000	19,681	(10,681)
Instructional staff support services	100,678	216,512	(115,834)	200	25,550	(25,350)
General administration support services	271,995	280,899	(8,904)		10,245	(10,245)
School administration support services	163,337	126,298	37,039			
Central services support services	162,352	162,442	(90)			
Operation and maintenance of plant services	635,373	1,051,441	(416,068)			
Student transportation services	152,011	446,844	(294,833)			
Other support services	9,000	6,296	2,704			
Food services operations		1,105	(1,105)	207,831	233,976	(26,145)
Community services operations	1,100	405	695			
Facilities acquisition and construction services	2,000	2,000				
Activity expenditures	3,827	117,744	(113,917)			
Debt Service:						
Principal retirement		3,774	(3,774)			
Interest and fiscal charges		422	(422)			
<b>TOTAL EXPENDITURES</b>	<b>4,713,560</b>	<b>5,918,333</b>	<b>(1,204,773)</b>	<b>384,171</b>	<b>486,721</b>	<b>(102,550)</b>

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 532,771	\$ 5,141,501	\$ 4,608,730	\$ (31,416)	\$ (29,484)	\$ 1,932
OTHER FINANCING SOURCES (USES)						
Transfers in	6,714,262		(6,714,262)	58,524	33,530	(24,994)
Transfers out	(7,131,952)	(4,909,841)	2,222,111	(17,108)		17,108
Compensation for loss of capital assets		106,800	106,800			
TOTAL OTHER FINANCING SOURCES (USES)	(417,690)	(4,803,041)	(4,385,351)	41,416	33,530	(7,886)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	115,081	338,460	223,379	10,000	4,046	(5,954)
FUND BALANCES - JULY 1	1,649,382	1,626,359	(23,023)	232,012	212,273	(19,739)
FUND BALANCES - JUNE 30	\$ 1,764,463	\$ 1,964,819	\$ 200,356	\$ 242,012	\$ 216,319	\$ (25,693)

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

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a five member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Armorel School District (District). There are no component units.

**B. Description of Funds**

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Fund types include the following:

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

**C. Measurement Focus and Basis of Accounting**

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c) and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets, leases, 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.

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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

**C. Measurement Focus and Basis of Accounting (Continued)**

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. 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 financed purchases are reported as other financing sources. Changes in private-purpose funds will be reflected in the notes to financial statements.

**D. Revenue Recognition Policies**

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

**E. Capital Assets**

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

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

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	10-50
Buildings	50
Equipment	5-20

**F. Property Taxes**

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

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

**G. Interfund Receivables and Payables**

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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

**H. Fund Balance Classifications**

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
4. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**I. Budget and Budgetary Accounting**

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

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

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

**J. Stabilization Arrangements**

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

**K. Minimum Fund Balance Policies**

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

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

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

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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

**L. Fund Balance Classification Policies and Procedures (Continued)**

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

**M. Encumbrances**

The District does not utilize encumbrance accounting.

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 18,518,317	\$ 18,950,952

The insured (FDIC) balances were comprised of funds placed in a Demand Deposit Marketplace Program (Program). Program deposits are held in various banks which are insured by FDIC.

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2024, were comprised of the following:

	Governmental Funds	
	Major	
Description	General	Special Revenue
State assistance	\$ 36,810	\$ 327
Federal assistance		8,897
Totals	\$ 36,810	\$ 9,224

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JUNE 30, 2024

**4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at June 30, 2024, were comprised of the following:

Description	Governmental Funds	
	Major	Other
	General	Aggregate
Vendor payables	\$ 35,995	\$ 77,000
Payroll withholdings and matching	39	
Totals	<u>\$ 36,034</u>	<u>\$ 77,000</u>

**5: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2024:

A. Construction Contract

Project Name	Completion Date	Contract Balance
High School Parking Lot Improvements	July 25, 2024	\$ 280,167

B. Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2024	Maturities To June 30, 2024
<b><u>Bonds</u></b>					
11/1/14	2/1/27	1 - 2.4%	\$ 695,000	\$ 185,000	\$ 510,000
5/1/20	2/1/41	1.1 - 2.15%	5,820,000	5,300,000	520,000
Total Bonds			<u>6,515,000</u>	<u>5,485,000</u>	<u>1,030,000</u>
<b><u>Direct Borrowings</u></b>					
8/13/20	8/13/25	6.356%	<u>19,564</u>	<u>5,134</u>	<u>14,430</u>
Total Long-Term Debt			<u>\$ 6,534,564</u>	<u>\$ 5,490,134</u>	<u>\$ 1,044,430</u>



ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
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JUNE 30, 2024

**5: COMMITMENTS (Continued)**

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

Changes in Long-term Debt

	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024
Bonds payable	\$ 5,755,000		\$ 270,000	\$ 5,485,000
<u>Direct Borrowings</u>				
Installment contract	8,908		3,774	5,134
Total Long-Term Debt	\$ 5,763,908	\$ 0	\$ 273,774	\$ 5,490,134

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 275,000	\$ 103,120	\$ 378,120	\$ 4,377	\$ 200	\$ 4,577
2026	280,000	99,202	379,202	757	6	763
2027	285,000	94,737	379,737			
2028	290,000	90,152	380,152			
2029	290,000	85,803	375,803			
2030-2034	1,560,000	352,950	1,912,950			
2035-2039	1,745,000	191,956	1,936,956			
2040-2041	760,000	24,618	784,618			
Totals	\$ 5,485,000	\$ 1,042,538	\$ 6,527,538	\$ 5,134	\$ 206	\$ 5,340

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 Division of Elementary and Secondary Education (DESE). Depending on the date of the bond issue, DESE 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.

**6: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$6,515,000 issued from November 1, 2014 to May 1, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$6,527,538, payable through February 1, 2041. Principal and interest paid for the current year and total property taxes pledged for debt service were \$376,828 and \$1,979,166, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 19.04 percent.

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

**7: INTERFUND TRANSFERS**

The District transferred \$33,530 from the general fund to the special revenue fund to supplement its food service operations. The District also transferred \$4,876,311 from the general fund to the other aggregate funds for debt related payments of \$376,311 and future capital expenditures of \$4,500,000.

**8: RETIREMENT PLAN**

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 501-682-1517, or by visiting the ATRS website at [www.artrs.gov](http://www.artrs.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 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 District's contributions to ATRS for the year ended June 30, 2024, were \$482,258, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$4,585,862.

**9: CHANGES IN PRIVATE-PURPOSE FUNDS**

ADDITIONS	
Donations	\$ 1,736
DEDUCTIONS	
Scholarships	<u>4,200</u>
CHANGE IN FUND BALANCE	(2,464)
FUND BALANCE - JULY 1	<u>19,701</u>
FUND BALANCE - JUNE 30	<u>\$ 17,237</u>

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

**10: RISK MANAGEMENT**

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

The District carries commercial insurance for board liability and student accidents.

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

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

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.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

**11: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$101,539 for the year ended June 30, 2024.

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Nonspendable:			
Deposit with paying agent			\$ 52,664
Restricted for:			
English-language learners	\$ 20,135		
Child nutrition programs		\$ 327	
Medical services		199,810	
Special education programs	94,398		
Title I programs		763	
Other purposes	4,837	15,419	
Total Restricted	119,370	216,319	
Assigned to:			
Pre-K tuition	79,702		
Capital projects			16,252,942
Student activities	114,690		
Total Assigned	194,392		16,252,942
Unassigned	1,651,057		
Totals	\$1,964,819	\$ 216,319	\$ 16,305,606

**13: SUBSEQUENT EVENTS**

On October 16, 2024, the District executed a construction contract with Nabholz Construction Corporation for a high school expansion project with a guaranteed maximum price of \$7,290,530.

On February 28, 2025, the District executed a lease for three 77-passenger buses. The arrangement stipulated yearly payments of \$78,193 for a period of 36 months.

**14: COMPENSATION FOR LOSS OF CAPITAL ASSETS**

On February 29, 2024, the District sustained damages to one of the school buses due to a single-vehicle accident. The District subsequently received insurance proceeds of \$106,800 for this loss.

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2024  
(Unaudited)

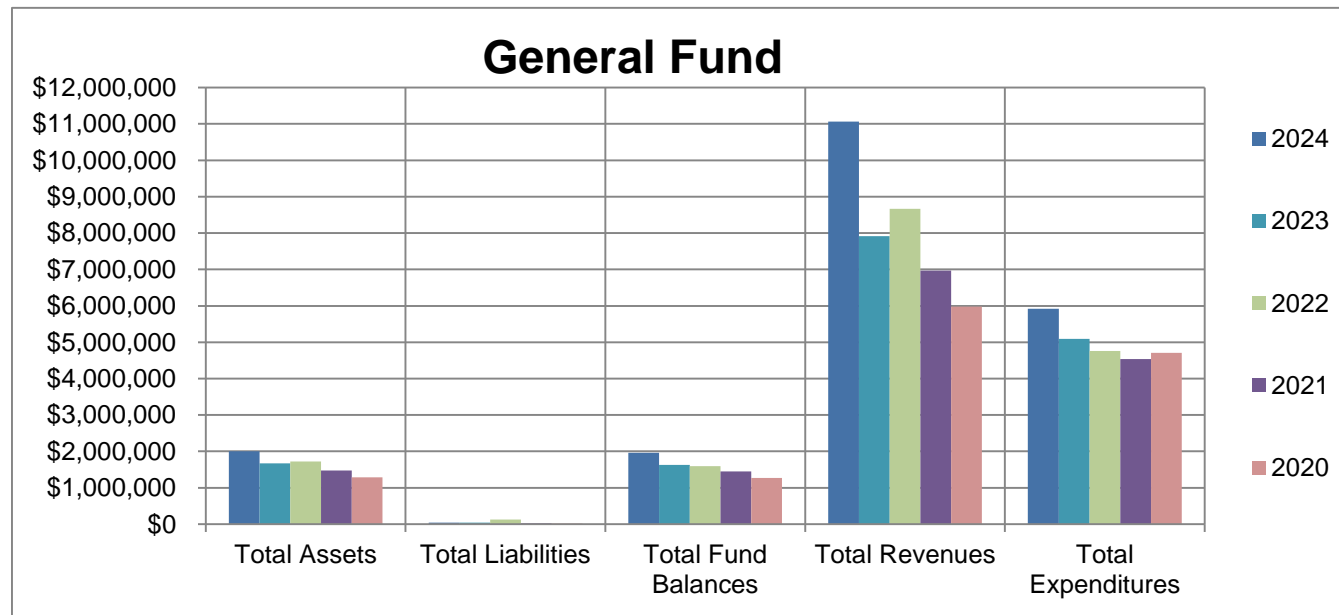
Schedule 1

	Balance June 30, 2024
Nondepreciable capital assets:	
Land	\$ 494,134
Construction in progress	224,150
Total nondepreciable capital assets	<u>718,284</u>
Depreciable capital assets:	
Buildings	13,486,805
Improvements/infrastructure	2,110,866
Equipment	3,364,534
Total depreciable capital assets	<u>18,962,205</u>
Less accumulated depreciation for:	
Buildings	3,188,431
Improvements/infrastructure	1,002,045
Equipment	2,678,133
Total accumulated depreciation	<u>6,868,609</u>
Total depreciable capital assets, net	<u>12,093,596</u>
Capital assets, net	<u><u>\$ 12,811,880</u></u>

ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2024  
(Unaudited)

Schedule 2

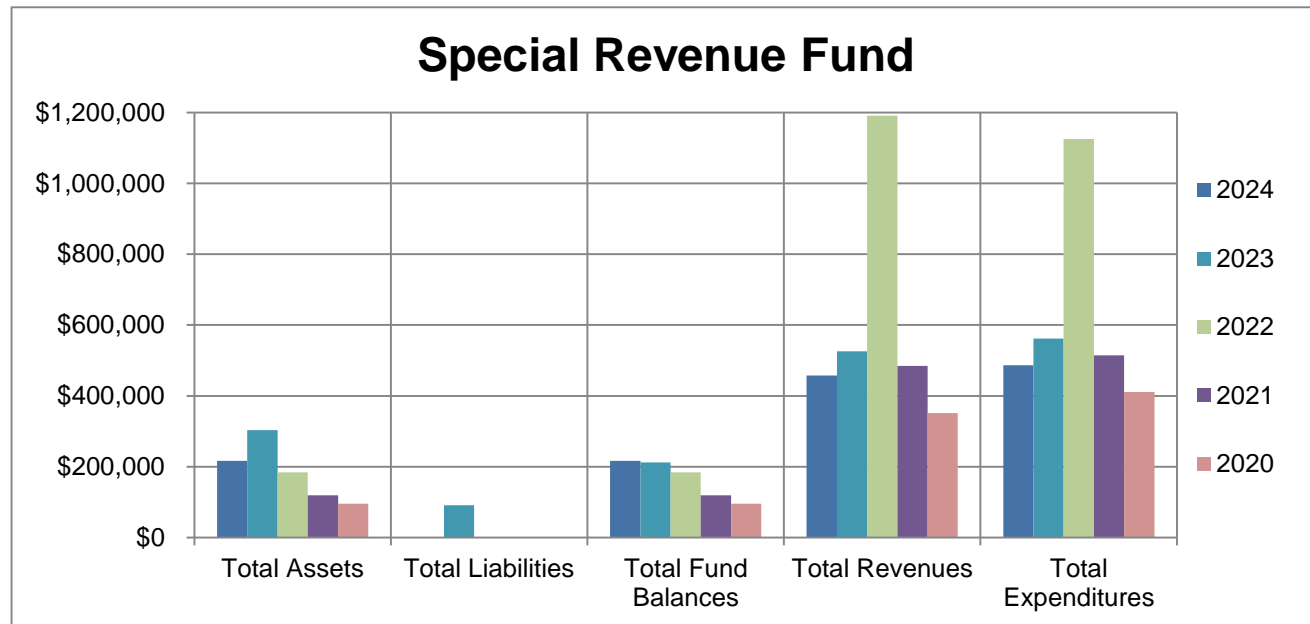
<u>General Fund</u>	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 2,002,471	\$ 1,671,090	\$ 1,725,427	\$ 1,476,125	\$ 1,283,794
Total Liabilities	37,652	44,731	129,436	25,407	16,725
Total Fund Balances	1,964,819	1,626,359	1,595,991	1,450,718	1,267,069
Total Revenues	11,059,834	7,918,707	8,669,666	6,970,810	5,982,047
Total Expenditures	5,918,333	5,093,558	4,756,771	4,539,769	4,706,917
Total Other Financing Sources (Uses)	(4,803,041)	(2,794,781)	(3,767,622)	(2,276,054)	(1,158,031)



ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2024  
(Unaudited)

Schedule 2

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 216,319	\$ 303,129	\$ 184,222	\$ 119,149	\$ 95,254
Total Liabilities		90,856		138	
Total Fund Balances	216,319	212,273	184,222	119,011	95,254
Total Revenues	457,237	525,649	1,190,995	484,947	351,341
Total Expenditures	486,721	562,024	1,125,784	514,770	410,784
Total Other Financing Sources (Uses)	33,530	64,426		53,580	72,311



ARMOREL SCHOOL DISTRICT NO. 9  
MISSISSIPPI COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2024  
(Unaudited)

Schedule 2

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 16,382,606	\$ 12,471,940	\$ 10,016,539	\$ 6,635,724	\$ 5,771,150
Total Liabilities	77,000				211,644
Total Fund Balances	16,305,606	12,471,940	10,016,539	6,635,724	5,559,506
Total Revenues		1,763		1,008	
Total Expenditures	1,042,645	390,320	386,807	1,166,828	5,304,491
Total Other Financing Sources (Uses)	4,876,311	2,843,958	3,767,622	2,242,038	1,235,147

