

Marvell School District No. 22

Phillips County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2024



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PHILLIPS COUNTY, ARKANSAS
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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Marvell School District No. 22 and Arkansas Division of Elementary and Secondary Education
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 Marvell School District No. 22 (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.

Supplementary Information

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

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, supplementary information, 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 February 28, 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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
February 28, 2025
EDSD29024

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

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

Marvell School District No. 22 and Arkansas Division of Elementary and Secondary Education
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 Marvell School District No. 22 (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 February 28, 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*.

We noted certain matters that we reported to management of the District in a separate letter dated February 28, 2025.

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, slightly slanted style.

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 28, 2025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



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House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Marvell School District No. 22 and Arkansas Division of Elementary and Secondary Education
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Marvell School District No. 22's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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.

Qualified Opinion on Assistance Listing No. 84.425 COVID-19 – Education Stabilization Fund.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance Listing No. 84.425 COVID-19 – Education Stabilization Fund for the year ended June 30, 2024.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on Assistance Listing No. 84.425 COVID-19 – Education Stabilization Fund

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing No. 84.425 COVID-19 – Education Stabilization Fund as described in finding number 2024-001 for Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive style with a large, prominent "M" and "F".

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 28, 2025

Arkansas



Sen. Jim Petty
Senate Chair
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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Marvell School District No. 22 and Arkansas Division of Elementary and Secondary Education
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. These matters were discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

1. On May 3, 2024, the District discovered that an employee's payroll direct deposit totaling \$1,539 had been fraudulently diverted to another bank account, after the employee contacted the District about not receiving their direct deposit. It was determined that the District made the direct deposit change after receiving an email request from what appeared to be the employee's email account, without properly verifying the authenticity of the change request. The District notified the financial institution; however, as of report date, the funds had not been recovered.
2. During our examination of payroll records, we noted that one certified employee was overpaid \$3,421 and one certified employee was underpaid \$482 due to clerical errors.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the Arkansas Division of Elementary and Secondary Education and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in cursive script that reads "Matt Fink".

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
February 28, 2025

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2024

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
ASSETS				
Cash	\$ 1,349,645	\$ 213,834	\$ 2,227,806	\$ 2,250
Investments	105,524			
Accounts receivable	2,872	117,896		
Deposit with paying agent			57,675	
TOTAL ASSETS	\$ 1,458,041	\$ 331,730	\$ 2,285,481	\$ 2,250
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 94,669	\$ 13,861	\$ 5,518	
Fund Balances:				
Nonspendable			57,675	
Restricted	505,961	317,869		\$ 2,250
Assigned	14,084		2,222,288	
Unassigned	843,327			
Total Fund Balances	1,363,372	317,869	2,279,963	2,250
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,458,041	\$ 331,730	\$ 2,285,481	\$ 2,250

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

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS 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 Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,750,086		
State assistance	1,349,751	\$ 1,343	
Federal assistance	34,320	1,972,057	
Activity revenues	45,289		
Meal sales		4,148	
Investment income	9,430		
Other revenues	228,923	1,554	
TOTAL REVENUES	4,417,799	1,979,102	
EXPENDITURES			
Regular programs	1,273,916	498,787	
Special education	63,144	155,747	
Career education programs	120,701	3,793	
Compensatory education programs	70,980	402,191	
Other instructional programs	21,338		
Student support services	199,614	21,595	
Instructional staff support services	173,534	243,783	
General administration support services	342,249	34,381	
School administration support services	173,260	5,668	
Central services support services	220,319	15,850	
Operation and maintenance of plant services	761,923	381,735	\$ 88,371
Student transportation services	128,311	3,676	
Food services operations		235,059	
Facilities acquisition and construction services			5,513
Activity expenditures	39,795		
Debt Service:			
Principal retirement			110,000
Interest and fiscal charges			118,163
TOTAL EXPENDITURES	3,589,084	2,002,265	322,047
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	828,715	(23,163)	(322,047)
OTHER FINANCING SOURCES (USES)			
Transfers in			285,838
Transfers out	(285,838)		
Refund to grantor	(758)		
TOTAL OTHER FINANCING SOURCES (USES)	(286,596)		285,838
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	542,119	(23,163)	(36,209)
FUND BALANCES - JULY 1	821,253	341,032	2,316,172
FUND BALANCES - JUNE 30	\$ 1,363,372	\$ 317,869	\$ 2,279,963

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

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS 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)	\$ 2,559,274	\$ 2,750,086	\$ 190,812			
State assistance	1,066,263	1,349,751	283,488		\$ 1,343	\$ 1,343
Federal assistance		34,320	34,320	\$ 3,704,066	1,972,057	(1,732,009)
Activity revenues		45,289	45,289			
Meal sales				1,000	4,148	3,148
Investment income	10,000	9,430	(570)			
Other revenues	7,500	228,923	221,423		1,554	1,554
TOTAL REVENUES	3,643,037	4,417,799	774,762	3,705,066	1,979,102	(1,725,964)
EXPENDITURES						
Regular programs	1,230,016	1,273,916	(43,900)	2,457,125	498,787	1,958,338
Special education	43,343	63,144	(19,801)	130,091	155,747	(25,656)
Career education programs	71,270	120,701	(49,431)		3,793	(3,793)
Compensatory education programs	68,970	70,980	(2,010)	255,072	402,191	(147,119)
Other instructional programs	77,000	21,338	55,662			
Student support services	239,948	199,614	40,334	146,807	21,595	125,212
Instructional staff support services	396,478	173,534	222,944	395,350	243,783	151,567
General administration support services	107,754	342,249	(234,495)	78,218	34,381	43,837
School administration support services	168,479	173,260	(4,781)		5,668	(5,668)
Central services support services	196,128	220,319	(24,191)	13,866	15,850	(1,984)
Operation and maintenance of plant services	666,990	761,923	(94,933)	3,000	381,735	(378,735)
Student transportation services	96,255	128,311	(32,056)		3,676	(3,676)
Other support services	1,500		1,500			
Food services operations				181,480	235,059	(53,579)
Community services operations				1,400		1,400
Activity expenditures		39,795	(39,795)			
TOTAL EXPENDITURES	3,364,131	3,589,084	(224,953)	3,662,409	2,002,265	1,660,144

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS 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	\$ 278,906	\$ 828,715	\$ 549,809	\$ 42,657	\$ (23,163)	\$ (65,820)
OTHER FINANCING SOURCES (USES)						
Transfers in	3,356,294		(3,356,294)	41,256		(41,256)
Transfers out	(3,584,344)	(285,838)	3,298,506	(41,256)		41,256
Refund to grantor		(758)	(758)			
TOTAL OTHER FINANCING SOURCES (USES)	(228,050)	(286,596)	(58,546)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	50,856	542,119	491,263	42,657	(23,163)	(65,820)
FUND BALANCES - JULY 1	819,498	821,253	1,755	337,681	341,032	3,351
FUND BALANCES - JUNE 30	\$ 870,354	\$ 1,363,372	\$ 493,018	\$ 380,338	\$ 317,869	\$ (62,469)

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

MARVELL SCHOOL DISTRICT NO. 22
PHILLIPS COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Marvell School District (District), as of April 13, 2023, is under the control of the Arkansas Division of Elementary and Secondary Education (DESE). The local school board, a seven member group, was dissolved as of that date. On August 1, 2023, DESE contracted with Friendship Education Foundation for administration, management, and operation of the District for a term of three fiscal years. See Note 5B. 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.

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS 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 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.

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	20
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.

MARVELL SCHOOL DISTRICT NO. 22
PHILLIPS COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

F. Property Taxes (Continued)

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

G. 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.

H. Budget and Budgetary Accounting

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

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The Arkansas Division of Elementary and Secondary Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when 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.

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 370,641	\$ 372,586
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the District's name	3,292,567	3,621,163
Total Deposits	\$ 3,663,208	\$ 3,993,749

The above total deposits do not include cash of \$235,851 which was held in the Phillips and Monroe County Treasuries. The above total deposits include certificates of deposit of \$105,524 reported as investments and classified as nonparticipating contracts.

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

3: ACCOUNTS RECEIVABLE

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 2,079	
Federal assistance		\$ 117,896
Other	793	
Totals	\$ 2,872	\$ 117,896

4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 88,476	\$ 13,861	\$ 5,518
Payroll withholdings and matching	6,193		
Totals	\$ 94,669	\$ 13,861	\$ 5,518

5: COMMITMENTS

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

A. 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
Bonds					
11/16/17	2/1/48	1.5 - 3.5%	\$ 4,255,000	\$ 3,730,000	\$ 525,000

Changes in Long-term Debt

	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024
Bonds payable	\$ 3,840,000	\$ 0	\$ 110,000	\$ 3,730,000

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

5: COMMITMENTS (Continued)

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

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2025	\$ 110,000	\$ 115,350	\$ 225,350
2026	115,000	113,150	228,150
2027	115,000	110,562	225,562
2028	120,000	107,975	227,975
2029	120,000	104,375	224,375
2030-2034	665,000	465,025	1,130,025
2035-2039	770,000	358,925	1,128,925
2040-2044	895,000	231,226	1,126,226
2045-2048	820,000	72,231	892,231
Totals	<u>\$ 3,730,000</u>	<u>\$ 1,678,819</u>	<u>\$ 5,408,819</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 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.

B. School Transformation Contract

On August 1, 2023, the Arkansas Division of Elementary and Secondary Education contracted with Friendship Education Foundation for the administration, management, and operation of the District for a term of three fiscal school years ending June 30, 2026. The remaining payments for succeeding years are as follows:

Year Ended June 30,	Amount
2025	\$ 200,004
2026	<u>200,004</u>
Total	<u>\$ 400,008</u>

During the year ended June 30, 2024, the District paid \$250,004 related to this contract.

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

6: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$4,255,000 issued on November 16, 2017. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$5,408,819, payable through February 1, 2048. Principal and interest paid for the current year and total property taxes pledged for debt service were \$227,550 and \$666,688, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 34.13 percent.

7: INTERFUND TRANSFERS

The District transferred \$285,838 from the general fund to the other aggregate funds for debt related payments.

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.

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 \$315,900, 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 \$3,945,239.

9: CHANGES IN PRIVATE-PURPOSE FUNDS

DEDUCTIONS	
Scholarships	\$ 1,000
CHANGE IN FUND BALANCE	
	(1,000)
FUND BALANCE - JULY 1	
	3,250
FUND BALANCE - JUNE 30	
	<u>\$ 2,250</u>

MARVELL SCHOOL DISTRICT NO. 22
PHILLIPS 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/employment practices liability and student accident coverage.

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 \$63,550 for the year ended June 30, 2024.

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS 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			\$ 57,675
Restricted for:			
Alternative learning environment	\$ 7,062		
Enhanced student achievement funding	364,692		
Professional development	6,485		
Child nutrition programs		\$ 127,910	
Medical services		82,370	
Special education programs	12,499	3	
Preschool	68,527		
Other purposes	46,696	107,586	
Total Restricted	<u>505,961</u>	<u>317,869</u>	
Assigned to:			
Capital projects			2,222,288
Student activities	14,084		
Total Assigned	<u>14,084</u>		<u>2,222,288</u>
Unassigned	<u>843,327</u>		
Totals	<u><u>\$1,363,372</u></u>	<u><u>\$ 317,869</u></u>	<u><u>\$2,279,963</u></u>

13: SUBSEQUENT EVENT

On January 27, 2025, the District executed a contract of \$1,061,480 for upgrades to the Marvell High School HVAC system.

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 SCHEDULE OF CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

Schedule 1

	Balance June 30, 2024
Nondepreciable capital assets:	
Land	\$ 103,953
Depreciable capital assets:	
Buildings	10,486,006
Improvements/infrastructure	815,005
Equipment	1,618,590
Total depreciable capital assets	12,919,601
Less accumulated depreciation for:	
Buildings	4,809,910
Improvements/infrastructure	252,950
Equipment	1,029,703
Total accumulated depreciation	6,092,563
Total depreciable capital assets, net	6,827,038
Capital assets, net	\$ 6,930,991

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2024

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	5404		\$ 59,371
Arkansas Department of Education - National School Lunch Program	10.555	5404		158,867
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	5404000		11,242
Total for National School Lunch Program				<u>170,109</u>
Total U. S. Department of Agriculture				<u>229,480</u>
TOTAL CHILD NUTRITION CLUSTER				<u>229,480</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	5404		120,663
Arkansas Department of Education - COVID-19 American Rescue Plan - Special Education Grants to States	84.027X	5404		19,082
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	5404		15,479
Total U. S. Department of Education				<u>155,224</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>155,224</u>
OTHER PROGRAMS				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5404		438,149
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5404		671,771
Total Education Stabilization Fund				<u>1,109,920</u>
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	5404		456,891
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	5404		41,522
Total U. S. Department of Education				<u>1,608,333</u>
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education - Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5404		162
Total U. S. Department of Health and Human Services				<u>162</u>
TOTAL OTHER PROGRAMS				<u>1,608,495</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 1,993,199</u>

The accompanying notes are an integral part of this schedule.

MARVELL SCHOOL DISTRICT NO. 22
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Marvell School District No. 22 (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.
- Note 2: Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- Note 3: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2024

Schedule 3

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse
 Regulatory basis - unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
84.425D and 84.425U	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

MARVELL SCHOOL DISTRICT NO. 22
PHILLIPS COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 3

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

U.S. DEPARTMENT OF EDUCATION
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
COVID-19 - EDUCATION STABILIZATION FUND - AL NUMBERS 84.425D AND 84.425U
PASS-THROUGH NUMBER 5404
AUDIT PERIOD - YEAR ENDED JUNE 30, 2024

2024-001. Allowable Costs/Cost Principles

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR part 200, subpart E – Cost Principles, establishes principles and standards for determining allowable costs incurred by the District under federal awards. Such costs are to be necessary and reasonable for the performance of the federal award and adequately documented.

Condition: During our examination of Education Stabilization Fund payroll expenditures, we noted internal control deficiencies that resulted in the District paying \$17,876 of unallowable salary payments and overpaying one employee \$58.

Cause: Lack of internal controls and management oversight over program expenditures.

Effect or potential effect: Unallowable costs of \$17,934 were paid from COVID-19 Education Stabilization Fund.

Questioned costs: The amount of questioned costs was \$17,934.

Context: An examination of Education Stabilization Fund payroll expenditures for 6 employees totaling \$29,467 from a population of 53 employees totaling \$152,728.

Identification as a repeat finding: No

Recommendation: The District should contact the Arkansas Division of Elementary and Secondary Education (DESE) for resolution regarding this matter and implement proper controls over program payroll expenditures.

Views of responsible officials: The district will check and code employees accurately by fund and/or redistributions, time certifications, etc. will be done according to procedure and requirements.



Marvell-Elaine School District

Powered by Friendship

203 S. Pine Street, Marvell, AR 72366

Phone: 870.829.2101|mesd1.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

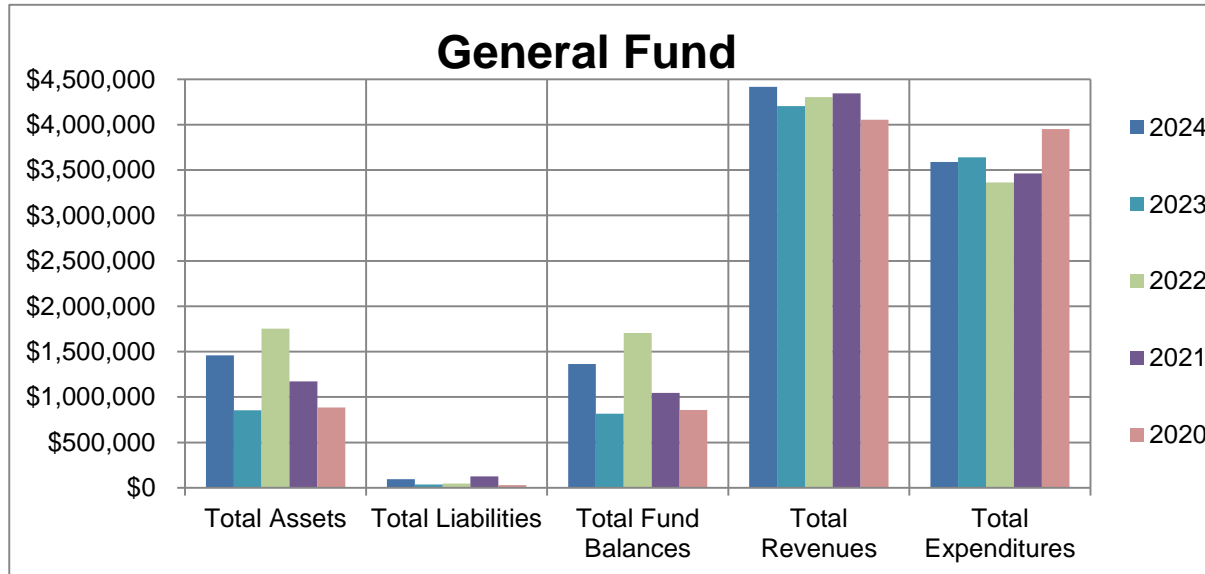
There were no findings in the prior audit.

"An Equal Opportunity Employer"

MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

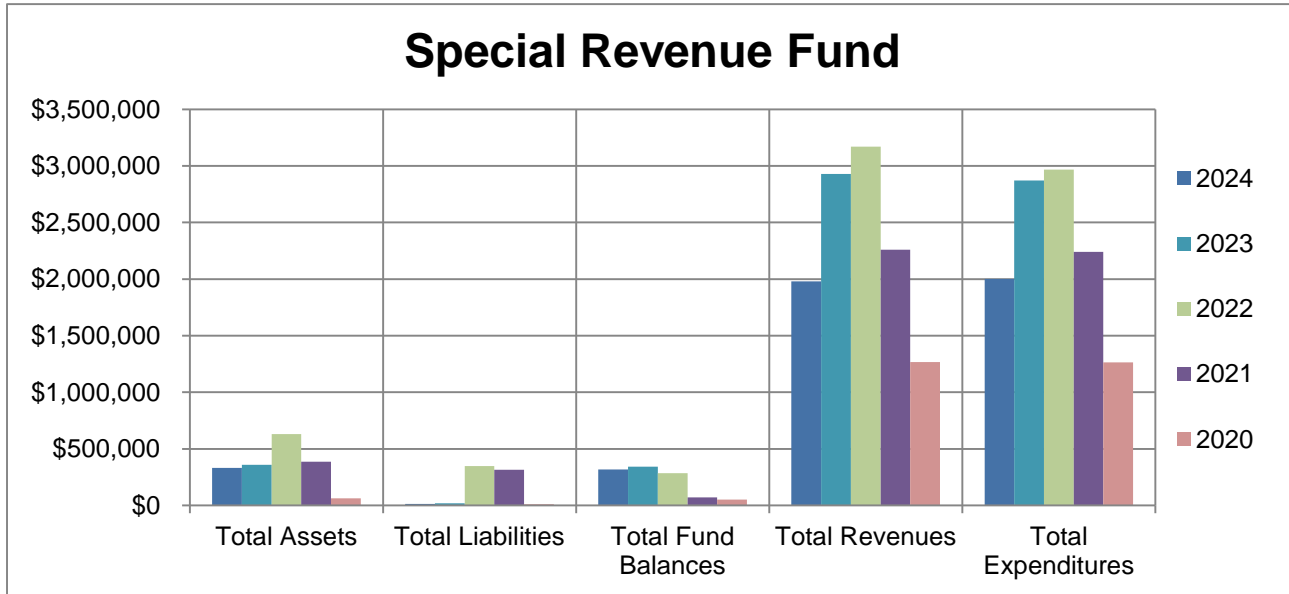
Schedule 5

General Fund	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 1,458,041	\$ 852,738	\$ 1,752,652	\$ 1,170,589	\$ 884,851
Total Liabilities	94,669	35,917	48,420	125,494	29,061
Total Fund Balances	1,363,372	816,821	1,704,232	1,045,095	855,790
Total Revenues	4,417,799	4,203,764	4,303,096	4,344,591	4,056,153
Total Expenditures	3,589,084	3,640,056	3,362,315	3,463,064	3,952,971
Total Other Financing Sources (Uses)	(286,596)	(1,451,119)	(281,644)	(702,178)	(370,788)



MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

Special Revenue Fund	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 331,730	\$ 359,017	\$ 630,029	\$ 385,328	\$ 62,698
Total Liabilities	13,861	17,985	346,593	314,471	11,326
Total Fund Balances	317,869	341,032	283,436	70,857	51,372
Total Revenues	1,979,102	2,930,070	3,171,522	2,259,550	1,268,142
Total Expenditures	2,002,265	2,872,474	2,968,143	2,240,065	1,263,239
Total Other Financing Sources (Uses)			9,200		



MARVELL SCHOOL DISTRICT NO. 22
 PHILLIPS COUNTY, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2024
 (Unaudited)

Other Aggregate Funds	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 2,285,481	\$ 2,316,172	\$ 1,091,876	\$ 1,091,876	\$ 367,161
Total Liabilities	5,518				7,283
Total Fund Balances	2,279,963	2,316,172	1,091,876	1,091,876	359,878
Total Revenues					
Total Expenditures	322,047	224,851	226,688	236,295	2,711,336
Total Other Financing Sources (Uses)	285,838	1,449,147	226,688	968,293	334,776

