



**MARVELL-ELAINE SCHOOL DISTRICT**

P.O. Box 1870  
Marvell, AR 72366  
870.829.2101

November 18, 2022

To the Arkansas State Board of Education,

Marvell-Elaine School District was included on the Administrative Consolidated List published by the Arkansas Department of Education/Division of Elementary and Secondary Education on November 14, 2022. Per Ark. Code Ann. § 6-13-1613, districts can submit a petition to waive the minimum district size. Please accept this letter as Marvell-Elaine School District's petition for the waiver from the minimum school district size.

The district's current K-12 enrollment is 305 students. Although we are small in numbers, we are working to provide a safe, supportive culture for students and staff. In addition to focusing on our culture, our goals are to provide a guaranteed and viable curriculum while complying with all applicable laws and standards.

Our district has implemented actions to recruit and retain both students and staff. During 2021-2022, we completed a renovation project at the elementary school that has allowed our students to enjoy additional workspace in their classrooms. We are also continuously working towards our mission to educate all students by emphasizing Marvell-Elaine School District's commitment to Back to the B.A.S.I.C.S. (branding, attendance, student-centered, inspirational, communication, student achievement).

We hope you will accept this request as a strong indication of our tenacity and determination to provide a high-quality education to students in the Marvell-Elaine School District. The community shares in our strength of purpose.

Respectfully Submitted,

Katina Ray, Ed.D  
Superintendent



**MARVELL-ELAINE SCHOOL DISTRICT**

P.O. Box 1870  
Marvell, AR 72366  
870.829.2101

November 18, 2022

Dear Arkansas State Board of Education,

This letter provides documentation of the requirements set forth in Ark. Code Ann. § 6-13-1613, Minimum School District Size Waiver.

Marvell-Elaine School District respectfully requests to petition for a waiver from the average daily membership requirements of the three hundred fifty (350) students. On November 14, 2022, during a Regular Board of Directors Meeting, the board approved a resolution for the district to submit a petition to request a minimum district size waiver.

In Commissioner's Memo, COM-23-038, dated November 2, 2022, the Marvell-Elaine School District was placed on the Administrative Consolidated List under Act 6-13-1602. This request is being made before the thirty (30) day limit.

The average daily membership of the Marvell-Elaine School District:

- |                                      |        |
|--------------------------------------|--------|
| • 2019- 20 ADM (Qtrs. 1-3 Avg.)      | 336.93 |
| • 2020-21 ADM (Qtrs. 1-3 Avg.)       | 326.41 |
| • 2021-22 ADM (Qtrs. 1-3 Avg.)       | 296.38 |
| • Current Enrollment K-12 (11/11/22) | 305    |

Marvell-Elaine School District is not in probationary status for any exceptions of the Standards for Accreditation of Arkansas Public Schools and School Districts.

The district is not currently classified in Level 5 – Intensive Support, fiscal, or facilities distress.

Per Matthew Sutherlin (ADE Coordinator Special Programs, ADE Public School Accountability), his office needs to prepare an assurance that the school district is not currently classified in Level 5. Intensive support and DESE provide the State Board with the necessary information.

Per Dr. Eric Saunders (Assistant State Superintendent for District Support, Arkansas Department of Education), *a district is not required to submit an assurance that it is not in fiscal distress. This information is submitted directly to legal for the waiver review.*

Per Tim Cain (Director Arkansas Division of Public-School Academic Facilities and Transportation) and Chad Davidson (Facilities Coordinator), *the Arkansas Division of Public*



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*School Academic Facilities and Transportation no longer sends statements of assurances to school districts. DESE provides the pertinent information for the SBE meeting.*

Please find included the following supplemental documents:

- Board Resolution – Petition to Request a Waiver from Minimum District Size approved by the Marvell-Elaine School District Board of Directors in a regular board meeting held on November 14, 2022
- Final State Aide Notice 2020-21 and 2021-22 (ADM obtained from these reports)
- Marvell-Elaine School District ADA/ADM Report (Dates Between Aug. 15, 2022, and Nov. 11, 2022)
- Marvell-Elaine School District – Enrollment Report – Enrollment Date: Nov 11, 2022
- Standards and Accreditation Reports: Marvell-Elaine School District, Marvell-Elaine Elementary School, and Marvell-Elaine High School
- Email from Matthew Sutherlin
- Email from Dr. Eric Saunders
- Email from Chad Davidson and Tim Cain
- Financial Reports
  - Budget Summary – Marvell-Elaine School District
  - Annual Financial Report and Budget – Level 1- Marvell-Elaine School District
  - Annual Financial Report (AFRB) Level I – School Year; 2022-2023
  - Fiscal Audits
    - June 30, 2020
    - June 20, 2021

It is in the best interest of the students of the Marvell-Elaine School District to continue their educational journey in their current school district. The Marvell and Elaine communities support the district and wish for the district to remain open.

I appreciate your consideration regarding our petition to request a waiver from the average daily membership requirement of three hundred fifty (350) students. Should there be any need for additional documents or questions, don't hesitate to get in touch with me.

Sincerely,

  
Katina Ray, Ed.D  
Superintendent





MARVELL-ELAINE SCHOOL DISTRICT

P.O. Box 1870

Marvell, AR 72366

870.829.2101

**Resolution of Approval to Apply for a Waiver Authorized by Act 377 of 2015  
Minimum School District Size Waiver**

**WHEREAS**, the average daily membership for the Marvell-Elaine School District (MESD) has been fewer than three hundred fifty (350) students according to the school district average daily membership in each of the two school years immediately preceding the current school year; and

**WHEREAS**, MESD has been notified by Arkansas Department of Education/Division of Elementary and Secondary Education that pursuant to Ark. Code Ann. § 6-13-1602(1) requires the publication of a list of all school districts with fewer than three hundred fifty (350) students according to the school district average daily membership in the school year immediately preceding the current school year and Ark. Code Ann. § 6-13-1602(2) requires the publication of a list of all school districts with fewer than three hundred fifty (350) students according to the school district average daily membership in each of the two school years immediately preceding the current school year.

Pursuant to Ark. Code Ann. § 6-13-1603, school districts appearing on this list must be administratively consolidated with or annexed to another school district or districts unless the school district has been granted a waiver under Ark. Code Ann. § 6-13-1613; and

**WHEREAS**, MESD Board of Directors finds that it is in the best interest of the students in the school district to keep the district open due to the length of potential time spend on the bus by a student traveling to and from school should the school district be administratively reorganized, as assured by the MESD Board of Directors.

**Now, Therefore, Let It Be Resolved** By the District Board of Directors, That:

1. The District wishes to petition the Arkansas State Board of Education to grant the waiver from the average daily membership requirement of three hundred fifty (350) students.
2. The Marvell-Elaine Board of Directors voted to approve this Resolution on November 14, 2022, during an open, regular board meeting and further authorized the Superintendent to take such actions necessary to submit a copy of this Resolution along with supporting documentation to the Arkansas State Board of Education pursuant to Ark. Code Ann. § 6-13-1613.

Clyde Williams, Board President

Mark English, Board Vice President

Pamela Holder, Board Secretary

Justin Cox, Board Member

Arlicia Montague, Board Member

Larry Prowell, Board Member

Laverne Sims, Board Member

LEA: 5404  
County: PHILLIPS  
District: MARVELL

Final  
State Aid Notice 2020-21  
July 14, 2021

Refer to corresponding Commissioner's  
Memo for additional information.

DATA					
1. 2019 Real Assessment	\$	54,891,470	15. Initial Per-Student Revenue	\$	5,448.55
2. 2019 Personal Assessment	\$	12,475,155	16. Initial Per-Student Foundation Funding Amount	\$	7,018.00
3. 2019 Utility Assessment	\$	6,318,167	17. Initial Per-Student State Foundation Funding Aid	\$	1,569.45
4. 2019 Total Assessment	\$	73,684,792	18. PY ALE FTEs (Qtrs. 1-4)		0.000000
5. 98% of URT X Assessment	\$	1,805,277.40	19. CY English Language Learner Students		1
6. Net Revenues	\$	1,613,348.40	20. PY ESA Students (NSL Free and Reduced)		328
7. 2019 Calendar Year Calc. Misc. Funds <sup>1</sup> - R	\$	30,501	21. Adjusted 1/1/05 Scheduled Debt Payment	\$	224,752.50
8. 2020 Calendar Year Calc. Misc. Funds <sup>1</sup> - R	\$	23,618	22. State Wealth Index for Bonded Debt Assistance		0.00000
9. 2018-19 ADM (Qtrs. 1-3 Avg.)		356.19	23. PY ADM of Isolated School Area		0.00
10. 2019-20 ADM (Qtrs. 1-3 Avg.)		336.93	24. Isolated Funding Amount Per Student 6-20-603	\$	0
11. 2019-20 ADM (Qtr. 4) for SGF		328.33	25. District Square Miles		604.83
12. 2020-21 ADM (Qtr. 1) for SGF		323.88	26. District Total Millage Rate in effect as of 1/1/19		33.00
13. 2020-21 ADM (Qtr. 2) for SGF		325.60	27. District Total Millage Rate in effect as of 1/1/20		33.00
14. 2020-21 ADM (Qtr. 3) for SGF		329.40			

Funding Category		Amount	FUNDING	Statutory Code/Acts	Restricted	Revenue Code	Fund/SOF Code
28. State Foundation Funding Aid (\$7,018)	\$	535,679		6-20-2303, 6-20-2305, 6-20-2308	No	31101	2001
29. 98% of URT X Assessment less Net Revenues <sup>2</sup>	\$	191,929		6-20-2303, 6-20-2305	No	31103	2001
30. Educational Excellence Trust Fund <sup>3</sup> - R	\$	169,722		6-5-301 et seq.	Yes		
31. Alternative Learning Environment (\$4,700) - R	\$	0		6-20-2303, 6-20-2305	Yes	32370	2275
32. English Language Learners (\$352) - R	\$	352		6-20-2303, 6-20-2305	Yes	32371	2276
33. ESA Funding <sup>4</sup> (\$528/\$1,051/\$1,576) - R	\$	516,928		6-20-2303, 6-20-2305	Yes	32381	2281
34. ESA Transitional Funding <sup>4</sup> (Rate Varies) - R	\$	0		6-20-2305	Yes	32381	2281
35. ESA Funding Withholding <sup>4</sup>	\$	0		6-20-2305			
36. ESA Growth Funding <sup>4</sup> - R	\$	0		6-20-2305	Yes	32381	2281
37. Professional Development (\$36.00) - R	\$	12,129		6-20-2303, 6-20-2305	Yes	32256	2223
38. Bonded Debt Assistance (\$18.03) - R	\$	0		6-20-2503	Yes	32915	2001
39. Isolated Funding	\$	0		6-20-601, 6-20-603	Yes	31500	2212
40. Special Needs Isolated Funding <sup>5</sup>	\$	0		6-20-604 (c), (d) & (e)	Yes	31500	2212
41. Special Needs Small District Funding <sup>5</sup>	\$	118,229		6-20-604 (f)	No	32249	2920
42. Special Needs Isolated Transportation <sup>5</sup>	\$	0		6-20-604 (h)	Yes	32248	2228
43. Declining Enrollment Funding <sup>5</sup> - R	\$	0		6-20-2305	No	31460	2218
44. Declining Enrollment Adequacy	\$	0		6-20-2305	No	31460	2218
45. Student Growth - PYQtr 4 + CYQtrs. 1,2 & 3 <sup>5</sup> - R	\$	0		6-20-2303 & 2305	No	31450	2217
46. Enhanced Transportation Funding	\$	0		6-20-2309	No	31400	2222

ACA-Arkansas code annotated, ADM-average daily membership, ALE-alternative learning environment, Avg.-average, Calc.-calculated, CY-current year, ESA-enhanced student achievement, FTE-full-time equivalent, FY-fiscal year, LEA-local education agency, Misc.-miscellaneous, NSL-national school lunch, PY-prior year, Qtr.-quarter, R-state board rule, SFFA-state foundation funding aid, SGF-student growth funding, SOF-source of fund, URT-uniform rate of tax

- Miscellaneous funds are defined and calculated as per ACA § 6-20-2303 (12), ACA § 6-20-2308, and ACA § 6-20-2503 (a) (3).
- Negative funding amounts for 98% of URT X assessment less net revenues indicate funds owed to the state. For those districts receiving SFFA, the negative amount is deducted from SFFA.
- Educational excellence trust funds are included in foundation funding and are restricted pursuant to ACA § 6-5-307.
- The combination of ESA (plus), ESA transitional (plus or minus), ESA withholding (minus), and ESA growth funding (plus) equals the total net ESA funding received by a school district.
- Eligible school districts shall receive the higher of student growth funding plus special needs (isolated/small district/transportation) funding or declining enrollment funding. No school district shall receive both declining enrollment funding and student growth funding or special needs (isolated/small district/transportation) funding. The initial state aid notice provides declining enrollment funding that has not been compared to student growth funding and/or special needs (isolated/small district/transportation) funding.

LEA: 5404  
County: PHILLIPS  
District: MARVELL

Final  
State Aid Notice 2021-2022  
July 8, 2022

Refer to corresponding Commissioner's Memo  
for additional information.

DATA							
1.	2020Real Assessment	\$	58,378,702	15.	Initial Per-Student Revenue	\$	5,977.21
2.	2020 Personal Assessment	\$	13,559,850	16.	Initial Per-Student Foundation Funding Amount	\$	7,182.00
3.	2020 Utility Assessment	\$	6,730,933	17.	Initial Per-Student State Foundation Funding Aid	\$	1,204.79
4.	2020 Total Assessment	\$	78,669,485	18.	PY ALE FTEs (Qtrs. 1-4)		0.000000
5.	98% of URT X Assessment	\$	1,927,402.38	19.	CY English Language Learner Students		2
6.	Net Revenues	\$	1,814,825.04	20.	PY ESA Students (NSL Free and Reduced)		331
7.	2020 Calendar Year Calc. Misc. Funds <sup>1</sup> - R	\$	23,618	21.	Adjusted 1/1/05 Scheduled Debt Payment	\$	222,868.13
8.	2021 Calendar Year Calc. Misc. Funds <sup>1</sup> - R	\$	24,863	22.	State Wealth Index for Bonded Debt Assistance		0.000000
9.	2019-20 ADM (Qtrs. 1-3 Avg.)		336.93	23.	PY ADM of Isolated School Area		0.00
10.	2020-21 ADM (Qtrs. 1-3 Avg.)		326.41	24.	Isolated Funding Amount Per Student 6-20-603	\$	0
11.	2020-21 ADM (Qtr. 4) for SGF		328.52	25.	District Square Miles		604.83
12.	2021-22 ADM (Qtr. 1) for SGF		292.12	26.	District Total Millage Rate in effect as of 1/1/20		33.00
13.	2021-22 ADM (Qtr. 2) for SGF		293.65	27.	District Total Millage Rate in effect as of 1/1/21		33.00
14.	2021-22 ADM (Qtr. 3) for SGF		302.12				

Funding Category		Amount	FUNDING	Statutory Code/Acts of 2021	Restricted	Revenue Code	Fund/SOF
28.	State Foundation Funding Aid (\$7,182)	\$	392,011.00	6-20-2303, 6-20-2305, 6-20-2308, Act 614	No	31101	2001
29.	98% of URT X Assessment less Net Revenues <sup>2</sup>	\$	112,577.00	6-20-2303, 6-20-2305	No	31103	2001
30.	Educational Excellence Trust Fund <sup>3</sup> - R	\$	190,787.00	6-5-301 et seq.	Yes		
31.	Alternative Learning Environment (\$4,794) - R	\$	0.00	6-20-2303, 6-20-2305, Act 614	Yes	32370	2275
32.	English Language Learners (\$359) - R	\$	718.00	6-20-2303, 6-20-2305, Act 614	Yes	32371	2276
33.	ESA Funding <sup>4</sup> (\$532/\$1,063/\$1,594) - R	\$	527,614.00	6-20-2303, 6-20-2305, Act 614	Yes	32381	2281
34.	ESA Transitional Funding <sup>4</sup> (Rate Varies) - R	\$	0.00	6-20-2305	Yes	32381	2281
35.	ESA Funding Withholding <sup>4</sup>	\$	0.00	6-20-2305			
36.	ESA Growth Funding <sup>4</sup> - R	\$	0.00	6-20-2305	Yes	32381	2281
37.	Professional Development (\$36.00) - R	\$	11,751.00	6-20-2303, 6-20-2305, Act 614	Yes	32256	2223
38.	Bonded Debt Assistance (\$18.03) - R	\$	0.00	6-20-2503	Yes	32915	2001
39.	Isolated Funding	\$	0.00	6-20-601, 6-20-603	Yes	31500	2212
40.	Special Needs Isolated Funding <sup>5</sup>	\$	0.00	6-20-604 (c), (d) & (e)	Yes	31500	2212
41.	Special Needs Small District Funding <sup>5</sup>	\$	117,214.00	6-20-604 (f)	No	32249	2920
42.	Special Needs Isolated Transportation <sup>5</sup>	\$	0.00	6-20-604 (h)	Yes	32248	2228
43.	Declining Enrollment Funding <sup>5</sup> - R	\$	37,777.00	6-20-2305, Act 909	No	31460	2218
44.	Declining Enrollment Adequacy	\$	0.00	6-20-2305	No	31460	2218
45.	Student Growth - PY Qtr. 4 + CY Qtrs. 1, 2 & 3 <sup>5</sup> - R	\$	0.00	6-20-2303, 6-20-2305	No	31450	2217
46.	Enhanced Transportation Funding	\$	50,487.00	6-20-2309, Act 400	No	31400	2222
47.	Teacher Salary Equalization Funding (\$185)	\$	60,365.85	6-20-2305, Act 680	Yes	32204	2001

ACA-Arkansas code annotated, ADM-average daily membership, ALE-alternative learning environment, Avg.-average, Calc.-calculated, CY-current year, ESA-enhanced student achievement, FTE-full-time equivalent, FY-fiscal year, LEA-local education agency, Misc.-miscellaneous, NSL-national school lunch, PY-prior year, Qtr.-quarter, R-state board rule, SFFA-state foundation funding aid, SGF-student growth funding, SOF-source of fund, URT-uniform rate of tax

1) Miscellaneous funds are defined and calculated as per ACA § 6-20-2303 (12), ACA § 6-20-2308, and ACA § 6-20-2503 (a) (3).

2) Negative funding amounts for 98% of URT X assessment less net revenues indicate funds owed to the state. For those districts receiving SFFA, the negative amount is deducted from SFFA.

3) Educational excellence trust funds are included in foundation funding and are restricted pursuant to ACA § 6-5-307.

4) The combination of ESA (plus), ESA transitional (plus or minus), ESA withholding (minus), and ESA growth funding (plus) equals the total net ESA funding received by a school district.

5) Eligible school districts shall receive the higher of student growth funding or declining enrollment funding. No school district shall receive both declining enrollment funding and student growth funding.

The initial state aid notice provides declining enrollment funding that has not been compared to student growth funding.

## Marvell-Elaine School District ADA/ADM Report

Dates Between Aug 15, 2022 and Nov 11, 2022

**WARNING:** This report is not designed to calculate ADM for funding purposes. It does NOT take into account part time students nor any residency coding other than resident '1' or 'X' or 'XX' students. NO membership days for resident '1' or 'X' or 'XX' students are included in the ADM/ADA calculations of this report.

### Building: Marvell-Elaine Elementary School

Grade - E/W	Total Absence Days	Total Membership Days	Membership Day Count	Average Daily Membership	Average Daily Attendance	Attendance Rate
01	0	2,120	60.00	35.33	35.33	100.00%
02	0	1,444	60.00	24.07	24.07	100.00%
03	0	1,261	60.00	21.02	21.02	100.00%
04	0	1,725	60.00	28.75	28.75	100.00%
05	0	1,474	60.00	24.57	24.57	100.00%
06	0	1,069	60.00	17.82	17.82	100.00%
KF	0	1,627	60.00	27.12	27.12	100.00%
Marvell-Elaine Elementary School		10,720	60.00	178.67		

### Building: Marvell-Elaine High School

Grade - E/W	Total Absence Days	Total Membership Days	Membership Day Count	Average Daily Membership	Average Daily Attendance	Attendance Rate
07	89	1,289	60.00	21.48	20.00	93.10%
08	140.5	1,334	60.00	22.23	19.89	89.47%
09	75	1,128	60.00	18.80	17.55	93.35%
10	50	1,274	60.00	21.23	20.40	96.08%
11	172.5	1,194	60.00	19.90	17.02	85.55%
12	67.5	1,396	60.00	23.27	22.14	95.16%
Marvell-Elaine High School	594.5	7,615	60.00	126.92	117.01	92.19%

Prerequisite: The Day Totals Calculation for the STATE View Type must be run to include the desired date range prior to running this report.

**Marvell-Elaine School District**  
**ENROLLMENT REPORT**  
**Enrollment Date: Nov 11, 2022**

Enrollment Count		01	02	03	04	05	06	07	08	09	10	11	12	KF	Race Totals
Black	Females	18	12	8	14	12	8	10	11	2	14	9	14	13	145
	Males	16	10	11	14	11	7	7	10	16	7	6	9	12	136
	<b>Gender Totals</b>	<b>34</b>	<b>22</b>	<b>19</b>	<b>28</b>	<b>23</b>	<b>15</b>	<b>17</b>	<b>21</b>	<b>18</b>	<b>21</b>	<b>15</b>	<b>23</b>	<b>25</b>	<b>281</b>
Hispanic	Females		1					1	1			1			4
	Males						1	2							3
	<b>Gender Totals</b>		<b>1</b>				<b>1</b>	<b>3</b>	<b>1</b>			<b>1</b>			<b>7</b>
Two or More	Males							1							1
	<b>Gender Totals</b>							<b>1</b>							<b>1</b>
White	Females		2		1	1	1	1	1			3		1	11
	Males			1	1			1		1	1				5
	<b>Gender Totals</b>		<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>		<b>1</b>	<b>16</b>
<b>Grade Totals</b>		<b>34</b>	<b>25</b>	<b>20</b>	<b>30</b>	<b>24</b>	<b>17</b>	<b>23</b>	<b>23</b>	<b>19</b>	<b>22</b>	<b>19</b>	<b>23</b>	<b>26</b>	<b>305</b>

Run Date of Report: Nov 11, 2022



# Marvell-Elaine School District (5404000)

203 South Pine St , Marvell, AR 72366

mesd1.org

<b>Superintendent</b>	Katina Ray
<b>Email</b>	kray@mesd1.org
<b>Phone</b>	(870) 829-2101

<b>District Accreditation Status</b>
Accredited

<b>District Information</b>
<b>Total Enrollment</b>
330

FTE Information	
Superintendent	Assistant Superintendent
1.00	

## ADE Standards Specialist(s)

Anwan Middleton

Anwan.t.Middleton@ade.arkansas.gov

501-683-5300

Judy Foot

Judy.Foot@ade.arkansas.gov

501-683-2094

Matthew Sutherlin

Matthew.Sutherlin@ade.arkansas.gov

501-682-4379

## School Accreditation Status

5404030	Marvell-Elaine Elementary Sch
5404032	Marvell-Elaine High School

## Status

Accredited  
Accredited

## Marvell-Elaine Elementary Sch (5404030)

1018b Hwy 49 , Marvell, AR 72366

<b>Principal</b>	KARMEN MCNUITT
<b>Email</b>	kmcnutt@mesd1.org
<b>Phone</b>	(870) 829-1351

<b>School Accreditation Status</b>
Accredited

<b>School Information</b>			
<b>Grades Served</b>	<b>Total Enrollment</b>	<b>Expenditure Media Center</b>	<b>Total Book Volume</b>
P - 06	203	0.00	23200

<b>FTE Information</b>			
<b>Counselor</b>	<b>Principal</b>	<b>Assistant Principal</b>	<b>Library / Media Specialist</b>
0.50	0.50		0.50

**Marvell-Elaine High School (5404032)**

1018b Hwy 49 , Marvell, AR 72366

<b>Principal</b>	DENETRA Y WILLIAMS
<b>Email</b>	dwilliams@mesd1.org
<b>Phone</b>	(870) 829-2053

<b>School Accreditation Status</b>
Accredited

<b>School Information</b>			
<b>Grades Served</b>	<b>Total Enrollment</b>	<b>Expenditure Media Center</b>	<b>Total Book Volume</b>
07 - 12	127	0.00	18200

<b>FTE Information</b>			
<b>Counselor</b>	<b>Principal</b>	<b>Assistant Principal</b>	<b>Library / Media Specialist</b>
0.50	0.00		0.50

**DRAFT**

# Marvell-Elaine Elementary Sch (5404030)

## Marvell-Elaine School District (5404000)

018b Hwy 49 , Marvell, AR 72366

Principal	KARMEN MCNUTT
Email	kmcnutt@mesd1.org
Phone	(870) 829-1351

School Accreditation Status
Accredited

School Information			
Grades Served	Total Enrollment	Expenditure Media Center	Total Book Volume
P - 06	203	0.00	23200

FTE Information			
Counselor	Principal	Assistant Principal	Library / Media Specialist
0.50	0.50		0.50

### ADE Standards Specialist(s)

Anwan Middleton	Anwan.t.Middleton@ade.arkansas.gov	501-683-5300
Judy Foot	Judy.Foot@ade.arkansas.gov	501-683-2094
Matthew Sutherlin	Matthew.Sutherlin@ade.arkansas.gov	501-682-4379

**Marvell-Elaine High School (5404032)****Marvell-Elaine School District (5404000)**

018b Hwy 49 , Marvell, AR 72366

<b>Principal</b>	DENETRA Y WILLIAMS
<b>Email</b>	dwilliams@mesd1.org
<b>Phone</b>	(870) 829-2053

<b>School Accreditation Status</b>
Accredited

<b>School Information</b>			
<b>Grades Served</b>	<b>Total Enrollment</b>	<b>Expenditure Media Center</b>	<b>Total Book Volume</b>
07 - 12	127	0.00	18200

<b>FTE Information</b>			
<b>Counselor</b>	<b>Principal</b>	<b>Assistant Principal</b>	<b>Library / Media Specialist</b>
0.50	0.00		0.50

**ADE Standards Specialist(s)**

Anwan Middleton

Anwan.t.Middleton@ade.arkansas.gov

501-683-5300

Judy Foot

Judy.Foot@ade.arkansas.gov

501-683-2094

Matthew Sutherlin

Matthew.Sutherlin@ade.arkansas.gov

501-682-4379

## Fwd: Accreditation Statement of Assurance Inbox x



**Katina Ray**  
to me ▾

1:04 PM (0 minutes ago) ☆ ↶ ⋮

Sent from my iPhone

Begin forwarded message:

**From:** "Matthew Sutherlin (ADE)" <[Matthew.Sutherlin@ade.arkansas.gov](mailto:Matthew.Sutherlin@ade.arkansas.gov)>  
**Date:** November 14, 2022 at 9:02:05 AM CST  
**To:** Katina Ray <[kray@mesd1.org](mailto:kray@mesd1.org)>  
**Cc:** "Anwan Middleton (ADE)" <[Anwan.t.Middleton@ade.arkansas.gov](mailto:Anwan.t.Middleton@ade.arkansas.gov)>, "Deborah Coffman (ADE)" <[Deborah.Coffman@ade.arkansas.gov](mailto:Deborah.Coffman@ade.arkansas.gov)>  
**Subject:** Re: Accreditation Statement of Assurance


Good morning, Dr. Ray,

The State Board of Education is the only entity that can approve and authorize the release of Accreditation status. The previous year's status report which is available here: <https://adedata.arkansas.gov/sfa/Report> or your current status snapshot would be information that is available to you to submit with your request.

Respectfully,

Matthew Sutherlin, Ph.D.  
Coordinator for Standards and Support/Charter Schools  
One Capital Mall  
Little Rock, AR 72201  
[matthew.sutherlin@ade.arkansas.gov](mailto:matthew.sutherlin@ade.arkansas.gov)



Fwd: Fiscal Statement of Assurance 



**Katina Ray**  
to me ▾

Wed, Nov 16, 5:28 PM (2 days ago)



----- Forwarded message -----

From: **Katina Ray** <[kay@mesd1.org](mailto:kay@mesd1.org)>  
Date: Fri, Nov 11, 2022 at 10:20 AM  
Subject: Re: Fiscal Statement of Assurance  
To: Eric Saunders <[Eric.Saunders@ade.arkansas.gov](mailto:Eric.Saunders@ade.arkansas.gov)>  
Cc: Stacy Smith (ADE) <[Stacy.Smith@ade.arkansas.gov](mailto:Stacy.Smith@ade.arkansas.gov)>, Greg Rogers (ADE) <[Greg.Rogers@ade.arkansas.gov](mailto:Greg.Rogers@ade.arkansas.gov)>

Great, thank you so much!

On Fri, Nov 11, 2022 at 10:13 AM Eric Saunders <[Eric.Saunders@ade.arkansas.gov](mailto:Eric.Saunders@ade.arkansas.gov)> wrote:

Good morning Dr. Ray,

I hope all is going well for you. Districts are not required to submit that information as we will communicate it directly to legal for the waiver review. This should save you some time.

Sincerely,

Dr. Eric Saunders  
Assistant State Superintendent for District Support  
Arkansas Department of Education

---



**Chad Davidson**

to <kray@mesd1.org>, me ▾

Nov 15, 2022, 10:04 AM (3 days ago) ☆ ↶ ⋮

Email from the Facilities Division Director, as they are no longer doing these letters.

If you'd like, I can still draft something up, that would come from me. However, it looks like DESE has changed their process, and they already have the necessary information. I don't think you need it anymore.

Thanks,

Chad Davidson, Facilities Coordinator  
President, Arkansas Association of School Facilities Planners  
[davidson.chad@gmail.com](mailto:davidson.chad@gmail.com)  
501-261-7362 office  
501-786-7002 cell  
888-786-7087 fax

---

**From:** [Tim Cain \(ADE\)](#)

**Sent:** Tuesday, November 15, 2022 10:01 AM

**To:** [Chad Davidson](#)

**Cc:** [Tyrel Pace \(ADE\)](#)

**Subject:** FW: Marvell-Elaine Facilities Assurance Letter

Chad,

We are no longer doing these letters. DESE has changed the process and has the pertinent information for the SBE board meeting. We were told to stop sending these letters as they are no longer necessary.

Thanks,

Tim

## Budget Summary

**MARVELL-ELAINE SCHOOL DISTRICT(5404000)**

FY23 as of 2022-11-17

<b>Beginning Balance</b>		<b>Ending Balance</b>	
<u>7/1/2022</u>		<u>11/30/2022</u>	
	Revenue		Expenditures
943,728.18	1,580,029.7	1,096,117.19	1,427,640.69
		<b>FY23 Budget</b>	
<b>Beginning Balance</b>		<b>Projected Balance</b>	
<u>7/1/2022</u>		<u>6/30/2023</u>	
	Revenue		Expenditures
943,728.18	2,766,240	3,620,594.2	89,373.98
		<b>FY22</b>	
<b>Beginning Balance</b>		<b>Ending Balance</b>	
<u>7/1/2021</u>		<u>6/30/2022</u>	
	Revenue		Expenditures
695,088.11	3,379,104.62	3,130,464.55	943,728.18
		<b>FY21</b>	
<b>Beginning Balance</b>		<b>Ending Balance</b>	
<u>7/1/2020</u>		<u>6/30/2021</u>	
	Revenue		Expenditures
251,744.84	4,125,377.29	3,682,034.02	695,088.11
		<b>FY20</b>	
<b>Beginning Balance</b>		<b>Ending Balance</b>	
<u>7/1/2019</u>		<u>6/30/2020</u>	
	Revenue		Expenditures
706,510.29	3,424,654.66	3,879,420.11	251,744.84

(Does not include Building, Categorical, Federal, Activity and Food Service Funds)

Nov 17, 2022

8:57:14 AM

483,912.51

(854,354.20)

248,640.07

443,343.27

	Actual FY 21-22	Budget FY 22-23
<b>FUND 1 - Teacher Salary</b>		
Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00
Total Expenditures	1,239,242.40	1,273,048.00
Total Transfers	1,239,242.40	1,273,048.00
Ending Balance	0.00	0.00
<b>FUND 2 - Operating</b>		
Beginning Balance	1,066,923.68	1,288,957.68
Total Revenues	3,919,187.62	3,304,968.00
Total Expenditures	2,222,023.22	2,420,712.70
Total Transfers	-1,475,130.40	-1,500,435.50
Ending Balance	1,288,957.68	672,777.48
<b>FUND 3 - Building</b>		
Beginning Balance	1,091,875.78	1,091,875.78
Total Revenues	0.00	0.00
Total Expenditures	0.00	900,206.60
Total Transfers	0.00	0.00
Ending Balance	1,091,875.78	191,669.18
<b>FUND 4 - Debt Service</b>		
Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00
Total Expenditures	226,688.00	227,387.50
Total Transfers	226,688.00	227,387.50
Ending Balance	0.00	0.00
<b>FUND 5 - Capital Outlay</b>		
Beginning Balance	0.00	0.00
Total Revenues	0.00	0.00

County : PHILLIPS

		Actual FY 21-22	Budget FY 22-23
<b>FUND 5 - Capital Outlay</b>	<b>Total Expenditures</b>	0.00	0.00
	<b>Total Transfers</b>	0.00	0.00
	<b>Ending Balance</b>	0.00	0.00
<b>FUND 6 - Federal Grants</b>	<b>Beginning Balance</b>	51,227.11	157,032.90
	<b>Total Revenues</b>	2,818,476.81	5,348,034.91
	<b>Total Expenditures</b>	2,712,671.02	5,411,974.87
	<b>Total Transfers</b>	0.00	0.00
	<b>Ending Balance</b>	157,032.90	93,092.94
<b>FUND 7 - Activity</b>	<b>Beginning Balance</b>	29,358.88	28,359.28
	<b>Total Revenues</b>	33,210.82	0.00
	<b>Total Expenditures</b>	34,210.42	0.00
	<b>Total Transfers</b>	0.00	0.00
	<b>Ending Balance</b>	28,359.28	28,359.28
<b>FUND 8 - Food Service</b>	<b>Beginning Balance</b>	14,168.73	88,276.48
	<b>Total Revenues</b>	280,674.29	122,590.59
	<b>Total Expenditures</b>	215,766.54	205,067.09
	<b>Total Transfers</b>	9,200.00	0.00
	<b>Ending Balance</b>	88,276.48	5,799.98
<b>FUND 9 - Fixed Asset</b>	<b>Beginning Balance</b>	3,331,515.08	3,331,515.08
	<b>Total Revenues</b>	0.00	0.00
	<b>Total Expenditures</b>	0.00	0.00
	<b>Total Transfers</b>	0.00	0.00
	<b>Ending Balance</b>	3,331,515.08	3,331,515.08



FUND 9 - Fixed Asset			
----------------------	--	--	--

LEA: 5404000  
COUNTY: PHILLIPS  
DISTRICT: MARVELL-ELAINE SCHOOL DISTRICT  
SCHOOL:

Annual Financial Report (AFRB) Level I  
SCHOOL YEAR: 2022 - 2023

PAGE: 1  
RPT510 - SIS CERTIFIED  
CYCLE: 1  
RUN: 9/30/2022 3:23:03 PM

	Actual FY 2021 - 2022	Budget FY 2022 - 2023
<hr/>		
<b>FUND 1 - Teacher Salary</b>		
Beginning Balance	\$0.00	\$0.00
Total Revenues	\$0.00	\$0.00
Total Expenditures	\$1,239,242.40	\$1,273,048.00
Total Transfers	\$1,239,242.40	\$1,273,048.00
<hr/>		
Ending Balance	\$0.00	\$0.00
<b>FUND 2 - Operating</b>		
Beginning Balance	\$1,066,923.68	\$1,288,957.68
Total Revenues	\$3,919,187.62	\$3,304,968.00
Total Expenditures	\$2,222,023.22	\$2,420,712.70
Total Transfers	-\$1,475,130.40	-\$1,500,435.50
<hr/>		
Ending Balance	\$1,288,957.68	\$672,777.48
<b>FUND 3 - Building</b>		
Beginning Balance	\$1,091,875.78	\$1,091,875.78
Total Revenues	\$0.00	\$0.00
Total Expenditures	\$0.00	\$900,206.60
Total Transfers	\$0.00	\$0.00
<hr/>		
Ending Balance	\$1,091,875.78	\$191,669.18
<b>FUND 4 - Debt Service</b>		
Beginning Balance	\$0.00	\$0.00
Total Revenues	\$0.00	\$0.00
Total Expenditures	\$226,688.00	\$227,387.50
Total Transfers	\$226,688.00	\$227,387.50
<hr/>		
Ending Balance	\$0.00	\$0.00

LEA: 5404000  
COUNTY: PHILLIPS  
DISTRICT: MARVELL-ELAINE SCHOOL DISTRICT  
SCHOOL:

Annual Financial Report (AFRB) Level I  
SCHOOL YEAR: 2022 - 2023

PAGE: 2  
RPT510 - SIS CERTIFIED  
CYCLE: 1  
RUN: 9/30/2022 3:23:03 PM

	Actual FY 2021 - 2022	Budget FY 2022 - 2023
	-----	-----
<b>FUND 5 - Capital Outlay</b>		
Beginning Balance	\$0.00	\$0.00
Total Revenues	\$0.00	\$0.00
Total Expenditures	\$0.00	\$0.00
Total Transfers	\$0.00	\$0.00
	-----	-----
Ending Balance	\$0.00	\$0.00
<b>FUND 6 - Federal Grants</b>		
Beginning Balance	\$51,227.11	\$157,032.90
Total Revenues	\$2,818,476.81	\$5,348,034.91
Total Expenditures	\$2,712,671.02	\$5,411,974.87
Total Transfers	\$0.00	\$0.00
	-----	-----
Ending Balance	\$157,032.90	\$93,092.94
<b>FUND 7 - Activity</b>		
Beginning Balance	\$29,358.88	\$28,359.28
Total Revenues	\$33,210.82	\$0.00
Total Expenditures	\$34,210.42	\$0.00
Total Transfers	\$0.00	\$0.00
	-----	-----
Ending Balance	\$28,359.28	\$28,359.28
<b>FUND 8 - Food Service</b>		
Beginning Balance	\$14,168.73	\$88,276.48
Total Revenues	\$280,674.29	\$122,590.59
Total Expenditures	\$215,766.54	\$205,067.09
Total Transfers	\$9,200.00	\$0.00
	-----	-----
Ending Balance	\$88,276.48	\$5,799.98

**Marvell School District No. 22**

**Phillips County, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**June 30, 2020**

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LEGISLATIVE JOINT AUDITING COMMITTEE



MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
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JUNE 30, 2020

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REGULATORY BASIS FINANCIAL STATEMENTS

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# Arkansas

**Sen. Jason Rapert**  
Senate Chair  
**Sen. Eddie Cheatham**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. DeAnn Vaught**  
House Vice Chair

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

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

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

Marvell School District No. 22 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Marvell School District No. 22 (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2020, or the changes in financial position for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2020, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 described in Note 1.

### ***Other Matters***

#### ***Supplementary and Other Information***

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

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2020 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



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

Little Rock, Arkansas  
November 4, 2020  
EDSD29020

# Arkansas

Sen. Jason Rapert  
Senate Chair  
Sen. Eddie Cheatham  
Senate Vice Chair



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

Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

## 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 School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Marvell School District No. 22 (the "District"), as of and for the year ended June 30, 2020, 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 November 4, 2020. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2020, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) 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 may exist that have not been identified.

### **Compliance and Other Matters**

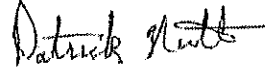
As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 a certain matter that we reported to management of the District in a separate letter dated November 4, 2020.

**Purpose of this Report**

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

ARKANSAS LEGISLATIVE AUDIT



Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 4, 2020

# Arkansas

Sen. Jason Rapert  
Senate Chair  
Sen. Eddie Cheatham  
Senate Vice Chair



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

Rep. Richard Womack  
House Chair  
Rep. DeAnn Vaught  
House Vice Chair

## 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 School Board Members  
Legislative Joint Auditing Committee

#### **Report on Compliance for Each Major Federal Program**

We have audited the Marvell School District No. 22's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

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

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

#### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

#### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

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

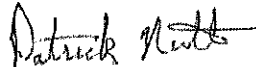
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the 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



Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 4, 2020

# Arkansas

**Sen. Jason Rapert**  
Senate Chair  
**Sen. Eddie Cheatham**  
Senate Vice Chair



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

**Rep. Richard Womack**  
House Chair  
**Rep. DeAnn Vaught**  
House Vice Chair

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

### **MANAGEMENT LETTER**

Marvell School District No. 22 and School Board Members  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment 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. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

In our examination of bank reconciliations, we noted the following:

- The operating bank account has been unreconciled since July 2019 with unexplained variances ranging from \$202 to \$59,405 during fiscal year 2020.
- Bank reconciliations were not performed in a timely manner. In addition, the transactions for the months of September 2019 and October 2019 were included in the November 2019 reconciliation instead of separate reconciliations being performed for these months.
- The June 2020 bank reconciliation included ten checks on the outstanding checks list totaling \$29,480 that had cleared the bank prior to June 30, 2020.
- One direct deposit of \$12,190 was receipted; however, the deposit was not recorded in the general ledger.
- One check totaling \$11,920 was voided but remained on the outstanding checks list.
- Activity fund bank reconciliations were not prepared for 11 of the months during fiscal year 2020.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Patrick Nutt".

Patrick Nutt, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 4, 2020



MARVELL SCHOOL DISTRICT NO. 22  
 PHILLIPS COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2020

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
<b>ASSETS</b>				
Cash	\$ 171,513	\$ 7,385	\$ 305,606	\$ 11,706
Investments	707,271			
Accounts receivable		55,313		
Deposit with paying agent	6,067		61,555	
<b>TOTAL ASSETS</b>	<b>\$ 884,851</b>	<b>\$ 62,698</b>	<b>\$ 367,161</b>	<b>\$ 11,706</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 29,061	\$ 11,326	\$ 7,283	
Due student groups				\$ 9,956
Total Liabilities	29,061	11,326	7,283	9,956
Fund Balances:				
Nonspendable	6,067		61,555	
Restricted	501,976	51,372	8,286	1,750
Assigned	13,613		290,037	
Unassigned	334,134			
Total Fund Balances	855,790	51,372	359,878	1,750
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 884,851</b>	<b>\$ 62,698</b>	<b>\$ 367,161</b>	<b>\$ 11,706</b>

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, 2020

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,130,855		
State assistance	1,829,331	\$ 1,793	
Federal assistance	37,030	1,263,889	
Activity revenues	22,618		
Meal sales		2,460	
Investment income	10,106		
Other revenues	26,213		
<b>TOTAL REVENUES</b>	<b>4,056,153</b>	<b>1,268,142</b>	
EXPENDITURES			
Regular programs	1,740,790	58,944	
Special education	112,470	44,850	
Career education programs	89,472		
Compensatory education programs	93,337	105,255	
Other instructional programs	74,954		
Student support services	209,428	133,887	
Instructional staff support services	268,507	573,154	
General administration support services	204,107	89,690	
School administration support services	164,042	5,270	
Central services support services	130,511	11,824	
Operation and maintenance of plant services	578,911	5,758	\$ 18,590
Student transportation services	171,444		
Other support services	18,117		
Food services operations		234,422	
Community services operations		185	
Facilities acquisition and construction services	2,255		2,467,989
Activity expenditures	21,818		
Debt Service:			
Principal retirement	68,136		100,000
Interest and fiscal charges	4,672		124,757
<b>TOTAL EXPENDITURES</b>	<b>3,952,971</b>	<b>1,263,239</b>	<b>2,711,336</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>103,182</b>	<b>4,903</b>	<b>(2,711,336)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			334,776
Transfers out	(334,776)		
Refund to Grantor	(36,012)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(370,788)</b>		<b>334,776</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(267,606)</b>	<b>4,903</b>	<b>(2,376,560)</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,123,396</b>	<b>46,469</b>	<b>2,736,438</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 855,790</b>	<b>\$ 51,372</b>	<b>\$ 359,878</b>

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, 2020

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 2,198,915	\$ 2,130,855	\$ (68,060)			
State assistance	1,739,892	1,829,331	90,439	\$ 1,500	\$ 1,793	\$ 293
Federal assistance	5,000	37,030	32,030	1,970,822	1,263,889	(706,733)
Activity revenues		22,618	22,618			
Meal sales				2,300	2,460	160
Investment income	10,500	10,106	(394)			
Other revenues	45,000	26,213	(18,787)			
<b>TOTAL REVENUES</b>	<b>3,998,307</b>	<b>4,056,153</b>	<b>57,846</b>	<b>1,974,422</b>	<b>1,268,142</b>	<b>(706,280)</b>
EXPENDITURES						
Regular programs	1,724,817	1,740,790	(15,973)	46,661	58,944	(12,283)
Special education	121,647	112,470	9,177	132,500	44,850	87,650
Career education programs	116,696	89,472	27,224			
Compensatory education programs	50,244	93,337	(43,093)	304,792	105,255	199,537
Other instructional programs	116,795	74,954	41,841			
Student support services	220,901	209,428	11,473	227,216	133,887	93,331
Instructional staff support services	218,647	268,507	(49,860)	770,384	573,154	197,230
General administration support services	221,029	204,107	16,922	7,000	89,690	(82,690)
School administration support services	164,004	164,042	(38)		5,270	(5,270)
Central services support services	178,337	130,511	47,826	15,063	11,824	3,239
Operation and maintenance of plant services	723,203	578,911	144,292		5,758	(5,758)
Student transportation services	197,842	171,444	26,398			
Other support services	20,000	18,117	1,883			
Food services operations	500		500	265,456	234,422	31,034
Community services operations				5,000	185	4,815
Facilities acquisition and construction services		2,255	(2,255)			
Non-programmed costs				25,700		25,700
Activity expenditures		21,818	(21,818)			
Debt Service:						
Principal retirement		68,136	(68,136)			
Interest and fiscal charges		4,672	(4,672)			
<b>TOTAL EXPENDITURES</b>	<b>4,074,662</b>	<b>3,952,971</b>	<b>121,691</b>	<b>1,799,774</b>	<b>1,263,239</b>	<b>536,535</b>

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, 2020

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (76,365)	\$ 103,182	\$ 179,537	\$ 174,848	\$ 4,903	\$ (169,745)
OTHER FINANCING SOURCES (USES)						
Transfers in	6,082,049		(6,082,049)			
Transfers out	(5,237,884)	(334,776)	5,903,108			
Refund to Grantor		(36,012)	(36,012)			
TOTAL OTHER FINANCING SOURCES (USES)	(155,835)	(370,788)	(214,953)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(232,190)	(267,606)	(35,416)	174,848	4,903	(169,745)
FUND BALANCES - JULY 1	1,031,364	1,123,396	92,032	40,717	46,469	5,752
FUND BALANCES - JUNE 30	\$ 799,174	\$ 855,790	\$ 56,616	\$ 215,365	\$ 51,372	\$ (163,993)

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

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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

B. Description of Funds

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

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

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

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

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

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

Fiduciary Fund types include the following:

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

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

C. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
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 FINANCIAL STATEMENTS  
JUNE 30, 2020

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

F. **Property Taxes (Continued)**

Ark. Code Ann. § 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2019 calendar year taxes collected by June 30, 2020 and 4 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2020 equaled or exceeded the 4 percent calculation.

Amendment no. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Ark. Code 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. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

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



MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

**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.

**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 District's Board of Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when 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)	\$ 263,099	\$ 262,138
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>767,726</u>	<u>1,252,898</u>
Total Deposits	<u>\$ 1,030,825</u>	<u>\$ 1,515,036</u>

The above total deposits do not include cash of \$172,656 which was held in the Monroe and Phillips County Treasuries. The above total deposits include certificates of deposit of \$707,271 reported as investments and classified as nonparticipating contracts.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2020 were comprised of the following:

Description	Governmental Funds	
	Major	
	Special Revenue	
Federal assistance	\$	55,313

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2020:

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, 2020	Maturities To June 30, 2020
<u>Bonds</u>					
11/16/17	2/1/48	1.5 - 3.5%	\$ 4,255,000	\$ 4,155,000	\$ 100,000
Total Bonds			4,255,000	4,155,000	100,000
<u>Direct Borrowings</u>					
2/3/18	4/3/21	4.84%	201,300	59,349	141,951
Total Direct Borrowings			201,300	59,349	141,951
Total Long-Term Debt			\$ 4,456,300	\$ 4,214,349	\$ 241,951

Changes in Long-term Debt

	Balance July 1, 2019	Issued	Retired	Balance June 30, 2020
Bonds payable	\$ 4,255,000		\$ 100,000	\$ 4,155,000
<u>Direct Borrowings</u>				
Installment contract	127,485		68,136	59,349
Total Direct Borrowings	127,485		68,136	59,349
Total Long-Term Debt	\$ 4,382,485	\$ 0	\$ 168,136	\$ 4,214,349

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**4: COMMITMENTS (Continued)**

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 105,000	\$ 122,800	\$ 227,800	\$ 59,349	\$ 1,324	\$ 60,673
2022	105,000	121,225	226,225			
2023	105,000	119,388	224,388			
2024	110,000	117,550	227,550			
2025	110,000	115,350	225,350			
2026-2030	595,000	536,837	1,131,837			
2031-2035	685,000	445,075	1,130,075			
2036-2040	790,000	335,425	1,125,425			
2041-2045	925,000	202,106	1,127,106			
2046-2048	625,000	44,025	669,025			
Totals	<u>\$ 4,155,000</u>	<u>\$ 2,159,781</u>	<u>\$ 6,314,781</u>	<u>\$ 59,349</u>	<u>\$ 1,324</u>	<u>\$ 60,673</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.

**5: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2020 were comprised of the following:

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	<u>\$ 29,061</u>	<u>\$ 11,326</u>	<u>\$ 7,283</u>

**6: INTERFUND TRANSFERS**

The District transferred \$334,776 from the general fund to the other aggregate funds for debt related payments of \$286,313 and for future capital expenditures of \$48,463.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**7: 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 1-800-666-2877, or by visiting the ATRS website at [www.arts.gov](http://www.arts.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.25% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2020 were \$385,020, 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, 2019 (actuarial valuation date and measurement date) was \$3,955,025.

**8: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS**

DEDUCTIONS	
Scholarships	\$ 500
	<hr/>
TOTAL DEDUCTIONS	500
	<hr/>
CHANGE IN FUND BALANCE	(500)
	<hr/>
FUND BALANCE - JULY 1	2,250
	<hr/>
FUND BALANCE - JUNE 30	\$ 1,750
	<hr/>

**9: 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 \$6,314,781, payable through February 1, 2048. Principal and interest paid for the current year and total property taxes pledged for debt service were \$224,300 and \$516,571, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 43.42 percent.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**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 \$69,977 for the year ended June 30, 2020.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Nonspendable:			
Deposit with paying agent	\$ 6,067		\$ 61,555
Restricted for:			
Enhanced student achievement funding	400,809		
English-language learners	1,366		
Capital projects			8,286
Child nutrition programs		\$ 21,401	
Medical services		947	
Special education programs	9,317	15,993	
Title I programs		12,853	
Other purposes	90,484	178	
Total Restricted	<u>501,976</u>	<u>51,372</u>	<u>8,286</u>
Assigned to:			
Capital projects			290,037
Student activities	13,613		
Total Assigned	<u>13,613</u>		<u>290,037</u>
Unassigned	<u>334,134</u>		
Totals	<u>\$ 855,790</u>	<u>\$ 51,372</u>	<u>\$ 359,878</u>

**13: RESPONSE TO COVID-19**

On March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered the Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). A mandatory, two week, statewide closure for all schools was announced on March 15, 2020 by the Governor. On April 6, 2020, the Governor announced that on-site instruction for all Arkansas public schools would be discontinued until the 2020-2021 school year and school districts would continue alternative methods of instruction (AMI) through the remainder of the 2019-2020 school year.

**14: FISCAL DISTRESS STATUS**

On April 11, 2019, the State Board of Education classified the District in fiscal distress. The District, in conjunction with the Arkansas Division of Elementary and Secondary Education, has implemented cost reduction measures.

MARVELL SCHOOL DISTRICT NO. 22  
 PHILLIPS COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2020  
 (Unaudited)

Schedule 1

	Balance June 30, 2020
<i>Nondepreciable capital assets:</i>	
Land	\$ 103,953
<i>Depreciable capital assets:</i>	
Buildings	10,348,218
Improvements/infrastructure	206,611
Equipment	1,499,181
Total depreciable capital assets	<u>12,054,010</u>
Less accumulated depreciation for:	
Buildings	4,171,844
Improvements/infrastructure	174,677
Equipment	822,061
Total accumulated depreciation	<u>5,168,582</u>
Total depreciable capital assets, net	<u>6,885,428</u>
Capital assets, net	<u><u>\$ 6,989,381</u></u>



MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	5404		\$ 51,759
Arkansas Department of Education - COVID-19 - School Breakfast Program	10.553	5404		3,459
Total for School Breakfast Program				<u>55,218</u>
National School Lunch Program (Note 3)	10.555			9,998
Arkansas Department of Education - National School Lunch Program	10.555	5404		124,467
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	5404000		10,530
Arkansas Department of Education - COVID-19 - National School Lunch Program	10.555	5404		9,670
Total for National School Lunch Program				<u>154,665</u>
Total U. S. Department of Agriculture				<u>209,883</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>209,883</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027	5404		67,739
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u>67,739</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	5404		6,423
Total U. S. Department of Agriculture				<u>6,423</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010	5404		744,936
Arkansas Department of Education - Rural Education	84.358	5404		19,911
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367	5404		45,815
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424	5404		1,005
Arkansas Department of Education - COVID-19 - Education Stabilization Fund	84.425	5404		12,779
Total U. S. Department of Education				<u>824,446</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		98,766
Arkansas Department of Education - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions of Schools	93.981	5404		15,333
Total U. S. Department of Health and Human Services				<u>114,099</u>
<b>TOTAL OTHER PROGRAMS</b>				<u>944,968</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	<u>\$ 1,222,590</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, 2020

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, 2020. 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: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

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?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
● Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

FEDERAL AWARDS

Internal control over major federal programs:

● Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
● Significant deficiency(ies) identified?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
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Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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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, 2020

Schedule 3

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**SIGNIFICANT DEFICIENCY**

U. S. DEPARTMENT OF EDUCATION  
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010  
PASS-THROUGH NUMBER 5404  
AUDIT PERIOD - YEAR ENDED JUNE 30, 2020

**2020-001 Reporting**

Criteria or specific requirement : The District is required to budget Title I expenditures and submit such information to the Arkansas Division of Elementary and Secondary Education (DESE). Actual expenditures may not exceed the budget amounts for specific categories by more than 10 percent without prior approval from the DESE and submission of budget amendments or adjustments.

Condition: Title I School Improvement Grant expenditures for function 1140 (Regular Programs/Elementary-Secondary - High School) exceeded the budget amount by \$5,762 more than the 10 percent variance allowed. Additionally, the budget information submitted to DESE using the Arkansas Public School Computer Network (APSCN) did not agree with the approved Title I and Title I School Improvement Grant budgets. A similar finding was reported in the previous audit.

Cause: The District failed to properly monitor expenditures against the approved budget.

Effect or potential effect: The District did not submit applicable budget amendments or adjustments for DESE approval for the Title I program resulting in actual expenditures exceeding budgeted amounts.

Context: Comparison of budget expenditures to actual expenditures as reported on the annual financial report.

Identification as a repeat finding: This was a repeat of Finding 2019-003 from the previous audit.

Recommendation: The District should implement procedures to ensure expenditures are properly monitored and budgets are amended as necessary, and consult with DESE for further guidance regarding this matter.

Views of responsible officials: Monthly meetings tied to Title I budget, expenditures and amendments. This meeting will include the superintendent, district bookkeeper, federal programs coordinator, curriculum coordinator, and building leadership/representatives. The focus of the meetings will be to make sure that we are consistently looking at the available budget funds and ensure that the variance is met but not exceeded per funding source. We will examine specific budget exceeds reports and identify expenditures vs budget.



**MARVELL – ELAINE SCHOOL DISTRICT**

*Office of the Superintendent*

P. O. Box 1870

**MARVELL, ARKANSAS 72366**

**Phone: 870-829-2101**

**Fax: 870-829-2044**

Henry Anderson, Jr. Ed.S.-Superintendent

Mark English, Board President

Schedule 4

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**FINANCIAL STATEMENT FINDINGS**

**2019 – Finding 2019-001: Internal Control**

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, the same employee was responsible for receiving and depositing monies collected, maintenance of accounting records, preparation and posting of journal entries, and preparation of bank reconciliations, without compensating controls. Payroll checks were processed and prepared by the same employee responsible for adding new employees, making changes to the payroll amounts, reconciling to reports, and maintenance of accounting records, without compensating controls, and such employee had unrestricted access to the District's signature stamp. Non-payroll checks were processed and prepared by the same employee responsible for adding new vendors, receiving, and maintenance of accounting records, without compensating controls and such employee had unrestricted access to the District's signature stamp. Additionally, employee is authorized to post journal entries to the general ledger without independent review.

Current Status: Corrective action was taken by the District.

**2019 – Finding 2019-002: Misstatements not Detected by Internal Control System**

Condition: The District's internal control system did not prevent or detect significant errors in the financial accounting records, which are utilized in the preparation of the District's financial statements. The District's general ledger did not reflect \$411,580 of undistributed payroll taxes resulting in an understatement of cash and accounts payable in the general fund. Additionally, the District understated accounts payable and facility acquisition and construction services expenditures by \$187,776 in the other aggregate funds due to the failure to accrue a construction payment for work performed in the 2019 fiscal year. Financial statements were subsequently corrected by adjusting entries during audit fieldwork.

Current Status: Corrective action was taken by the District. The payroll taxes issue was resolved and the district was made whole. The construction expenses were finalized and addressed accordingly.



**MARVELL – ELAINE SCHOOL DISTRICT**

*Office of the Superintendent*

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**Henry Anderson, Jr. Ed.S.-Superintendent**

**Mark English, Board President**

Schedule 4

**2018 – Finding 2018-001: Internal Control**

Condition: Deficiencies in the internal control component of control activities adversely affected the District's ability to initiate, authorize, record, process, and report financial data in accordance with the regulatory basis of accounting such that there was a reasonable possibility that a material misstatement of the District's financial statements would not be prevented, or detected and corrected on a timely basis. Financial accounting duties were not adequately segregated among employees. Specifically, the same employee was responsible for receiving and depositing monies collected, maintenance of accounting records, preparation and posting of journal entries, and preparation of bank reconciliations, without compensating controls. Payroll checks were processed and prepared by the same employee responsible for adding new employees, making changes to the payroll amounts, reconciling to reports, and maintenance of accounting records, without compensating controls, and such employee had unrestricted access to the District's signature stamp. Non-payroll checks were processed and prepared by the same employee responsible for adding new vendors, receiving, and maintenance of accounting records, without compensating controls and such employee had unrestricted access to the District's signature stamp. Additionally, employee is authorized to post journal entries to the general ledger without independent review.

Current Status: Corrective action was taken by the District.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

U. S. DEPARTMENT OF EDUCATION

PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION

TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – CFDA NUMBER 84.010

**2019 – Finding 2019-003: Reporting**

Condition: Title I School Improvement Grant expenditures for function 1591 (Title I School-wide Instruction) exceeded the budget amount by \$1,127 more than the 10 percent variance allowed. Additionally, the budget information submitted to ADE utilizing the Arkansas Public School Computer Network (APSCN) did not agree with the approved Title I and Title I School Improvement Grant budgets.

Current Status: See Finding 2020-001 at Schedule 3.



**MARVELL – ELAINE SCHOOL DISTRICT**

*Office of the Superintendent*

**P. O. Box 1870**

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Henry Anderson, Jr. Ed.S.-Superintendent

Mark English, Board President

Schedule 4

2019 – Finding 2019-004: TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA Number 84.010

Condition: The District's ACSIP did not include Title I program payroll expenditures, including fringe benefits, for a curriculum specialist totaling \$34,885 and Title I School Improvement Grant expenditures for reading novels totaling \$8,226.

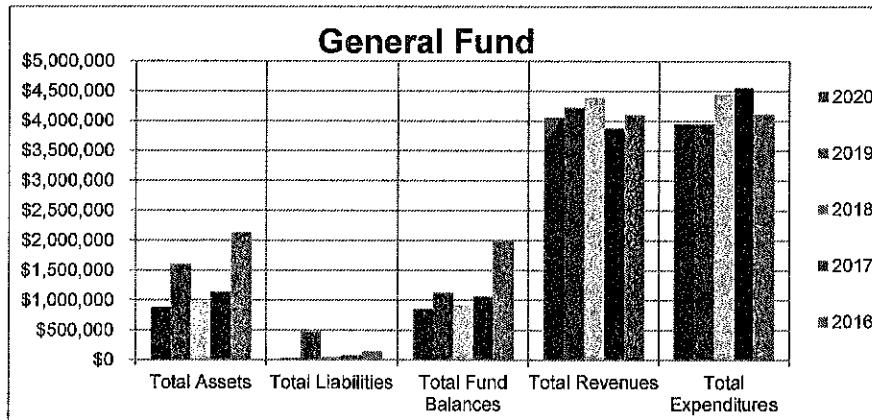
Current Status: Corrective action was taken by the District



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, 2020  
 (Unaudited)

Schedule 5

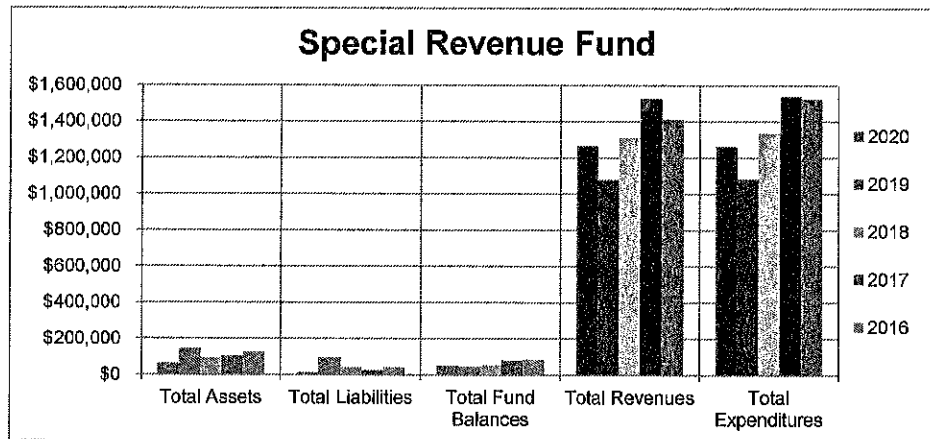
<u>General Fund</u>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 884,851	\$ 1,597,831	\$ 962,182	\$ 1,134,781	\$ 2,131,831
Total Liabilities	29,081	474,435	47,129	72,723	140,466
Total Fund Balances	855,790	1,123,396	915,053	1,062,058	1,991,366
Total Revenues	4,056,153	4,222,587	4,392,412	3,879,584	4,088,863
Total Expenditures	3,952,971	3,954,235	4,445,704	4,553,499	4,114,807
Total Other Financing Sources (Uses)	(370,788)	(60,009)	(93,713)	(255,393)	(279,144)



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, 2020  
 (Unaudited)

Schedule 5

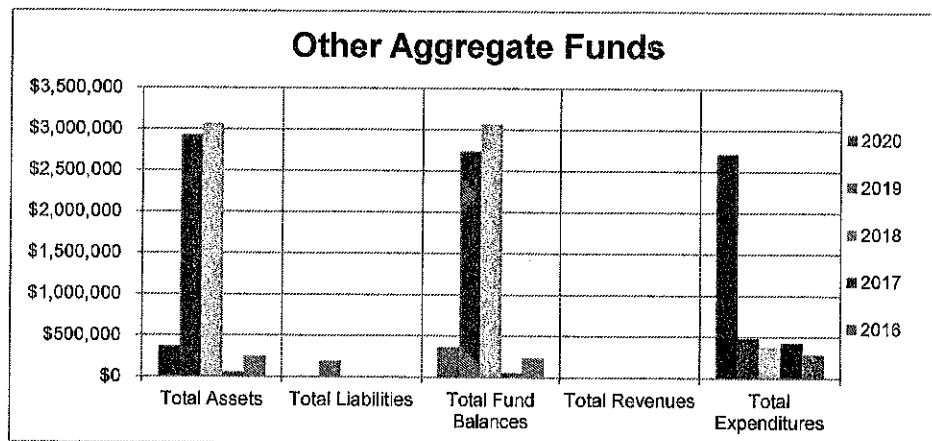
<u>Special Revenue Fund</u>	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 62,698	\$ 142,767	\$ 92,478	\$ 103,714	\$ 125,127
Total Liabilities	11,326	96,298	40,370	24,253	40,261
Total Fund Balances	51,372	46,469	52,108	79,461	84,866
Total Revenues	1,268,142	1,077,691	1,308,645	1,526,193	1,413,581
Total Expenditures	1,263,239	1,083,330	1,335,173	1,540,281	1,524,135
Total Other Financing Sources (Uses)			(825)	8,683	29,525



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, 2020  
 (Unaudited)

Schedule 5

Other Aggregate Funds	Year Ended June 30,				
	2020	2019	2018	2017	2016
Total Assets	\$ 367,161	\$ 2,924,214	\$ 3,062,929	\$ 51,448	\$ 245,576
Total Liabilities	7,283	187,776			12,333
Total Fund Balances	359,878	2,736,438	3,062,929	51,448	233,243
Total Revenues					
Total Expenditures	2,711,336	482,912	373,313	428,506	284,781
Total Other Financing Sources (Uses)	334,776	156,421	3,384,794	246,710	245,420



# **Marvell School District No. 22**

**Phillips County, Arkansas**

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

**June 30, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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PHILLIPS COUNTY, ARKANSAS  
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REGULATORY BASIS FINANCIAL STATEMENTS

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# Arkansas

Sen. Ronald Caldwell  
Senate Chair  
Sen. Gary Stubblefield  
Senate Vice Chair



Rep. Richard Womack  
House Chair  
Rep. Nelda Speaks  
House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Marvell School District No. 22 and School Board Members  
Legislative Joint Auditing Committee

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Marvell School District No. 22 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or the changes in financial position for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, 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.

### ***Emphasis of Matter***

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary and Other Information***

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

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021 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



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

Little Rock, Arkansas  
November 17, 2021  
EDSD29021

# Arkansas

Sen. Ronald Caldwell  
Senate Chair  
Sen. Gary Stubblefield  
Senate Vice Chair



Rep. Richard Womack  
House Chair  
Rep. Nelda Speaks  
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF  
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 School Board Members  
Legislative Joint Auditing Committee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Marvell School District No. 22 (the "District"), as of and for the year ended June 30, 2021, 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 November 17, 2021. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting (internal control) 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 may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

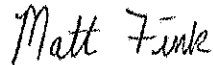
We noted certain matters that we reported to management of the District in a separate letter dated November 17, 2021.



### **Purpose of this Report**

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 17, 2021

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



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

**Rep. Richard Womack**  
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House Vice Chair

## **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 School Board Members  
Legislative Joint Auditing Committee

#### **Report on Compliance for Each Major Federal Program**

We have audited the Marvell School District No. 22's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

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

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

#### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

#### **Report on Internal Control Over Compliance**

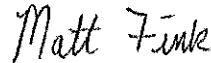
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

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

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 17, 2021

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
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## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Marvell School District No. 22 and School Board Members  
Legislative Joint Auditing Committee

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

1. Our examination of payroll records revealed that the District Treasurer/Payroll Preparer paid herself \$1,125, using the rate of "time and a half," without supporting documentation.
2. Beginning November 11, 2020 through June 20, 2021, 16 unauthorized withdrawals totaling \$36,577 were made from the District's Operating Fund. District personnel discovered the unauthorized withdrawals upon reviewing the affected bank account. All funds were recovered from the bank.
3. In our examination of bank reconciliations, we noted the following:
  - The District's operating bank account was unreconciled during the 2021 fiscal year with unexplained variances ranging from \$2,028 to \$692,229. As of June 30, 2021, there was an unreconciled variance of \$7,817.
  - Three checks totaling \$39,357 cleared the bank prior to June 30, 2021 but remained on the outstanding checks list.

A similar finding was reported in the previous audit.

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

ARKANSAS LEGISLATIVE AUDIT

*Matt Fink*

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
November 17, 2021

MARVELL SCHOOL DISTRICT NO. 22  
 PHILLIPS COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2021

Exhibit A

	Governmental Funds			
	Major			Fiduciary
	General	Special Revenue	Other Aggregate	Fund Types
ASSETS				
Cash	\$ 811,276		\$ 1,091,876	\$ 2,250
Investments	105,524			
Accounts receivable		\$ 385,328		
Due from other funds	253,789			
<b>TOTAL ASSETS</b>	<b>\$ 1,170,589</b>	<b>\$ 385,328</b>	<b>\$ 1,091,876</b>	<b>\$ 2,250</b>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 125,494	\$ 60,682		
Due to other funds		253,789		
<b>Total Liabilities</b>	<b>125,494</b>	<b>314,471</b>		
Fund Balances:				
Restricted	364,259	70,857	\$ 209	\$ 2,250
Assigned	27,108		1,091,667	
Unassigned	653,728			
<b>Total Fund Balances</b>	<b>1,045,095</b>	<b>70,857</b>	<b>1,091,876</b>	<b>2,250</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,170,589</b>	<b>\$ 385,328</b>	<b>\$ 1,091,876</b>	<b>\$ 2,250</b>

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, 2021

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,368,805		
State assistance	1,745,200	\$ 1,382	
Federal assistance	34,471	2,244,250	
Activity revenues	41,065		
Meal sales		433	
Investment income	7,822		
Other revenues	147,228	13,485	
<b>TOTAL REVENUES</b>	<b>4,344,591</b>	<b>2,259,550</b>	
EXPENDITURES			
Regular programs	1,431,920	288,059	
Special education	87,615	203,783	
Career education programs	107,633	9,665	
Compensatory education programs	61,734	154,123	
Other instructional programs	36,296		
Student support services	208,003	240,688	
Instructional staff support services	314,582	726,235	
General administration support services	229,306	96,823	
School administration support services	128,995	10,062	
Central services support services	154,194	48,767	
Operation and maintenance of plant services	503,661	86,168	
Student transportation services	95,963	126,471	
Other support services	5,562		
Food services operations		248,150	
Community services operations		1,071	
Facilities acquisition and construction services	2,100		\$ 8,077
Activity expenditures	34,826		
Debt Service:			
Principal retirement	59,349		105,000
Interest and fiscal charges	1,325		123,218
<b>TOTAL EXPENDITURES</b>	<b>3,463,064</b>	<b>2,240,065</b>	<b>236,295</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>881,527</b>	<b>19,485</b>	<b>(236,295)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			968,293
Transfers out	(968,293)		
Compensation for loss of noncapital asset property	297,500		
Refund to grantor	(31,385)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(702,178)</b>		<b>968,293</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>179,349</b>	<b>19,485</b>	<b>731,998</b>
<b>FUND BALANCES - JULY 1</b>	<b>865,746</b>	<b>51,372</b>	<b>359,878</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,045,095</b>	<b>\$ 70,857</b>	<b>\$ 1,091,876</b>

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, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 2,106,504	\$ 2,368,805	\$ 262,301			
State assistance	1,452,455	1,745,200	292,745			
Federal assistance		34,471	34,471	\$ 1,402,382	\$ 2,244,250	\$ 841,868
Activity revenues		41,065	41,065			
Meal sales					433	433
Investment income	10,000	7,822	(2,178)			
Other revenues	171,174	147,228	(23,946)		13,485	13,485
<b>TOTAL REVENUES</b>	<b>3,740,133</b>	<b>4,344,591</b>	<b>604,458</b>	<b>1,402,382</b>	<b>2,259,550</b>	<b>857,168</b>
EXPENDITURES						
Regular programs	1,754,575	1,431,920	322,655	161,755	288,059	(126,304)
Special education	138,085	87,815	50,470	265,310	203,783	61,527
Career education programs	115,128	107,633	7,495		9,665	(9,665)
Compensatory education programs	96,790	61,734	35,056	212,535	154,123	58,412
Other instructional programs	62,639	36,296	26,543			
Student support services	239,385	208,003	31,382	179,552	240,688	(61,136)
Instructional staff support services	392,249	314,562	77,667	1,032,061	726,235	305,846
General administration support services	216,578	229,306	(10,728)	96,763	96,823	(60)
School administration support services	144,777	128,995	15,782		10,062	(10,062)
Central services support services	105,136	154,194	(49,058)	23,677	48,767	(25,090)
Operation and maintenance of plant services	497,510	503,661	(6,151)	73,240	86,168	(12,928)
Student transportation services	121,373	95,963	25,410	125,025	126,471	(1,446)
Other support services	15,500	5,562	9,938			
Food services operations				133,476	248,150	(114,674)
Community services operations				3,000	1,071	1,929
Facilities acquisition and construction services	1,000	2,100	(1,100)			
Activity expenditures		34,826	(34,826)			
Debt Service:						
Principal retirement		59,349	(59,349)			
Interest and fiscal charges		1,325	(1,325)			
<b>TOTAL EXPENDITURES</b>	<b>3,902,925</b>	<b>3,463,064</b>	<b>439,861</b>	<b>2,306,414</b>	<b>2,240,065</b>	<b>66,349</b>

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, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (162,792)</u>	<u>\$ 881,527</u>	<u>\$ 1,044,319</u>	<u>\$ (904,032)</u>	<u>\$ 19,485</u>	<u>\$ 923,517</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	4,278,532		(4,278,532)	69,983		(69,983)
Transfers out	(4,529,571)	(968,293)	3,561,278	(153,128)		153,128
Compensation for loss of noncapital asset property		297,500	297,500			
Refund to grantor		(31,385)	(31,385)			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(251,039)</u>	<u>(702,178)</u>	<u>(451,139)</u>	<u>(83,145)</u>		<u>83,145</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(413,831)</u>	<u>179,349</u>	<u>593,180</u>	<u>(987,177)</u>	<u>19,485</u>	<u>1,006,662</u>
FUND BALANCES - JULY 1	<u>722,191</u>	<u>865,746</u>	<u>143,555</u>	<u>60,918</u>	<u>51,372</u>	<u>(9,546)</u>
FUND BALANCES - JUNE 30	<u>\$ 308,360</u>	<u>\$ 1,045,095</u>	<u>\$ 736,735</u>	<u>\$ (926,259)</u>	<u>\$ 70,857</u>	<u>\$ 997,116</u>

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



MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

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

B. Description of Funds

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

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

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

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

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

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

Fiduciary Fund types include the following:

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 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.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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 capital leases 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:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
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.

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.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**H. Fund Balance Classifications**

1. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**I. Budget and Budgetary Accounting**

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

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

**J. Stabilization Arrangements**

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

**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.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 267,753	\$ 268,739
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	<u>1,668,900</u>	<u>2,088,620</u>
Total Deposits	<u>\$ 1,936,653</u>	<u>\$ 2,357,359</u>

The above total deposits do not include cash of \$74,273 which was held in the Monroe and Phillips County Treasuries. The above total deposits include certificates of deposit of \$105,524 reported as investments and classified as nonparticipating contracts.

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 were comprised of the following:

	<u>Governmental Fund</u>
	<u>Major</u>
<u>Description</u>	<u>Special Revenue</u>
Federal assistance	<u>\$ 385,328</u>

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2021:

**Long-term Debt Issued and Outstanding**

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

<u>Date of issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
11/16/17	2/1/48	1.5 - 3.5%	<u>\$ 4,255,000</u>	<u>\$ 4,050,000</u>	<u>\$ 205,000</u>

**Changes in Long-term Debt**

	<u>Balance July 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Bonds payable	<u>\$ 4,155,000</u>		<u>\$ 105,000</u>	<u>\$ 4,050,000</u>
<u>Direct Borrowings</u>				
Installment contract	<u>59,349</u>		<u>59,349</u>	
Total Direct Borrowings	<u>59,349</u>		<u>59,349</u>	
Total Long-Term Debt	<u>\$ 4,214,349</u>	<u>\$ 0</u>	<u>\$ 164,349</u>	<u>\$ 4,050,000</u>

**Future Principal and Interest Payments**

<u>Year Ended June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 105,000	\$ 121,225	\$ 226,225
2023	105,000	119,388	224,388
2024	110,000	117,550	227,550
2025	110,000	115,350	225,350
2026	115,000	113,150	228,150
2027-2031	610,000	520,712	1,130,712
2032-2036	705,000	424,525	1,129,525
2037-2041	815,000	311,119	1,126,119
2042-2046	950,000	171,562	1,121,562
2047-2048	<u>425,000</u>	<u>22,400</u>	<u>447,400</u>
Totals	<u>\$ 4,050,000</u>	<u>\$ 2,036,981</u>	<u>\$ 6,086,981</u>

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

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.

**5: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2021 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 125,494	\$ 60,682

**6: INTERFUND TRANSFERS**

The District transferred \$968,293 from the general fund to the other aggregate funds for debt related payments of \$166,663 and for future capital expenditures of \$801,630.

**7: 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 1-800-666-2877, 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 6.50% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were \$349,186, 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, 2020 (actuarial valuation date and measurement date) was \$4,889,387.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

ADDITIONS	
Donations	\$ 500
CHANGE IN FUND BALANCE	500
FUND BALANCE - JULY 1	<u>1,750</u>
FUND BALANCE - JUNE 30	<u>\$ 2,250</u>

**9: 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 \$6,086,981, payable through February 1, 2048. Principal and interest paid for the current year and total property taxes pledged for debt service were \$227,800 and \$574,256, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 39.67 percent.

**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 \$66,434 for the year ended June 30, 2021.

MARVELL SCHOOL DISTRICT NO. 22  
 PHILLIPS COUNTY, ARKANSAS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

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

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Enhanced student achievement funding	\$ 269,238		
Capital projects			\$ 209
Child nutrition programs		\$ 12,408	
Medical services		31,685	
Special education programs	11,079	5,585	
Other purposes	83,942	21,179	
Total Restricted	<u>364,259</u>	<u>70,857</u>	<u>209</u>
Assigned to:			
Capital projects			1,091,667
Student activities	27,108		
Total Assigned	<u>27,108</u>		<u>1,091,667</u>
Unassigned	<u>653,728</u>		
Totals	<u>\$1,045,095</u>	<u>\$ 70,857</u>	<u>\$1,091,876</u>

**13: COMPENSATION FOR LOSS OF NONCAPITAL ASSET PROPERTY**

The District received proceeds of \$297,500 from the Governmental Bonding Board for losses sustained from fraudulent acts committed by a former employee.



MARVELL SCHOOL DISTRICT NO. 22  
 PHILLIPS COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 103,953
Depreciable capital assets:	
Buildings	10,479,882
Improvements/infrastructure	206,611
Equipment	1,587,918
Total depreciable capital assets	<u>12,274,411</u>
Less accumulated depreciation for:	
Buildings	4,332,679
Improvements/infrastructure	179,251
Equipment	887,158
Total accumulated depreciation	<u>5,399,088</u>
Total depreciable capital assets, net	<u>6,875,323</u>
Capital assets, net	<u>\$ 6,979,276</u>

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

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
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	5404		\$ 60,982
National School Lunch Program (Note 3)	10.555			5,094
Arkansas Department of Education - National School Lunch Program	10.555	5404		112,806
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	5404000		5,017
Total for National School Lunch Program				122,917
Total U. S. Department of Agriculture				183,899
<b>TOTAL CHILD NUTRITION CLUSTER</b>				183,899
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	5404		222,900
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	5404		15,122
Total U. S. Department of Education				238,022
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				238,022
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	5404		7,827
Total U. S. Department of Agriculture				7,827
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	5404		6,028
Total U.S. Department of the Treasury				6,028
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5404		766,452
Total Education Stabilization Fund				766,452
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	5404		708,798
Arkansas Department of Education - Rural Education	84.358B	5404		7,124
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	5404		10,652
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	5404		124,446
Total U. S. Department of Education				1,617,472
<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		166,616
Arkansas Department of Education - Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions of Schools	93.981	5404		6,184
Total U. S. Department of Health and Human Services				172,800
<b>TOTAL OTHER PROGRAMS</b>				1,804,127
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 0	\$ 2,226,048

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, 2021

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, 2021. 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: Nonmonetary assistance is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 6: During the year ended June 30, 2021, the District received Medicaid funding of \$13,485 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

MARVELL SCHOOL DISTRICT NO. 22  
PHILLIPS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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: unmodified

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	Education Stabilization Fund
84.027A and 84.173A	Special Education Cluster

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.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**MARVELL - ELAINE PUBLIC SCHOOLS**

P.O. BOX 1870  
MARVELL, ARKANSAS 72366  
870-829-2101

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

U.S. DEPARTMENT OF EDUCATION  
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION  
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES - CFDA NUMBER 84.010

**2020 - Finding 2020-001: Reporting**

Condition: Title I School Improvement Grant expenditures for function 1140 (Regular Programs/Elementary-Secondary - High School) exceeded the budget amount by \$5,762 more than the 10 percent variance allowed. Additionally, the budget information submitted to DESE using the Arkansas Public School Computer Network (APSCN) did not agree with the approved Title I and Title I School Improvement Grant budgets. A similar finding was reported in the previous audit.

Current Status: Corrective action was taken by the District.

**2019 - Finding 2019-003: Reporting**

Condition: Title I School Improvement Grant expenditures for function 1591 (Title I School-wide Instruction) exceeded the budget amount by \$1,127 more than the 10 percent variance allowed. Additionally, the budget information submitted to ADE utilizing the Arkansas Public School Computer Network (APSCN) did not agree with the approved Title I and Title I School Improvement Grant budgets.

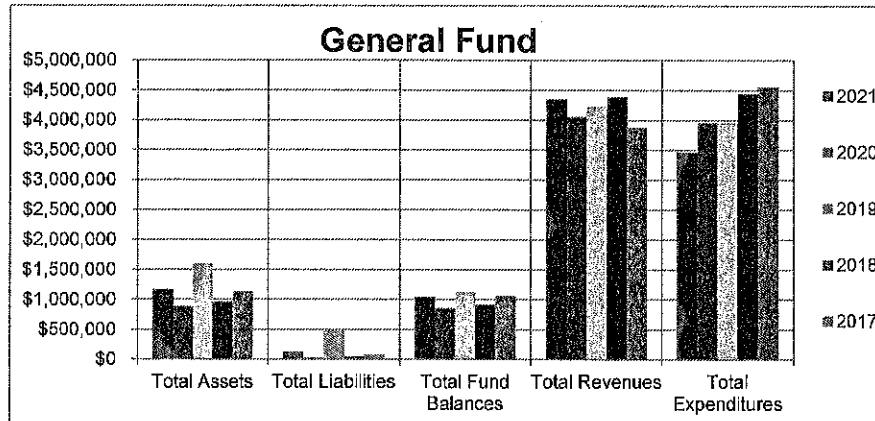
Current Status: Corrective action was taken by the District.

*"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, 2021  
 (Unaudited)

Schedule 5

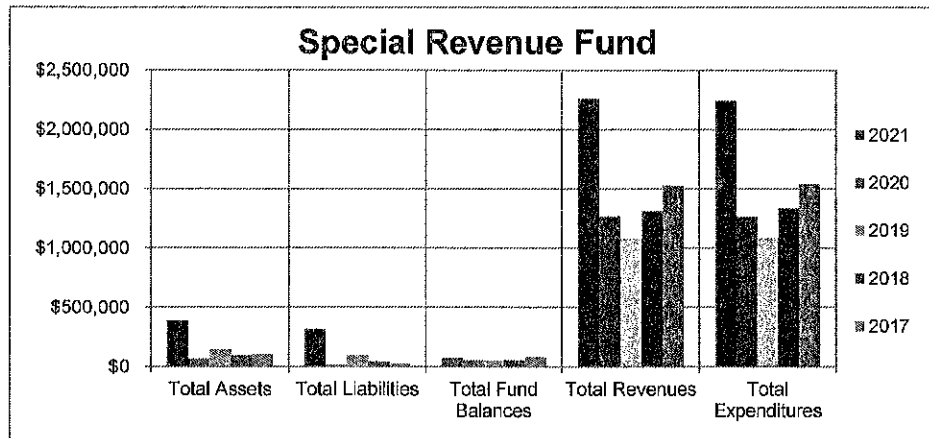
<u>General Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 1,170,589	\$ 884,851	\$ 1,597,831	\$ 962,182	\$ 1,134,781
Total Liabilities	125,494	29,061	474,435	47,129	72,723
Total Fund Balances	1,045,095	855,790	1,123,396	915,053	1,062,058
Total Revenues	4,344,591	4,056,153	4,222,587	4,392,412	3,879,584
Total Expenditures	3,463,064	3,952,971	3,954,235	4,445,704	4,553,499
Total Other Financing Sources (Uses)	(702,178)	(370,788)	(60,009)	(93,713)	(255,393)



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, 2021  
 (Unaudited)

Schedule 5

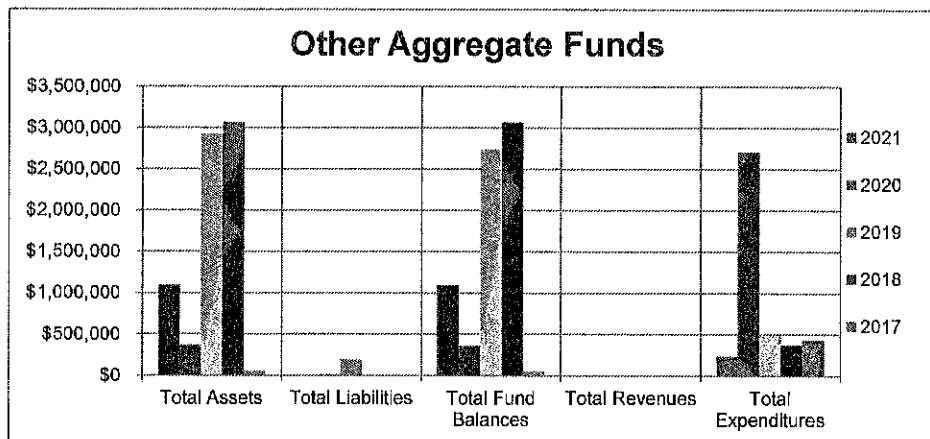
<u>Special Revenue Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 385,328	\$ 62,698	\$ 142,767	\$ 92,478	\$ 103,714
Total Liabilities	314,471	11,326	96,298	40,370	24,253
Total Fund Balances	70,857	51,372	46,469	52,108	79,461
Total Revenues	2,259,550	1,268,142	1,077,691	1,308,645	1,526,193
Total Expenditures	2,240,065	1,263,239	1,083,330	1,335,173	1,540,281
Total Other Financing Sources (Uses)				(825)	8,683



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, 2021  
 (Unaudited)

Schedule 5

Other Aggregate Funds	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 1,091,876	\$ 367,161	\$ 2,924,214	\$ 3,062,929	\$ 51,448
Total Liabilities		7,283	187,776		
Total Fund Balances	1,091,876	359,878	2,736,438	3,062,929	51,448
Total Revenues					
Total Expenditures	236,295	2,711,336	482,912	373,313	428,506
Total Other Financing Sources (Uses)	968,293	334,776	156,421	3,384,794	246,710





**Acknowledgement of Management's Responsibility for the Nonaudit Services and Designation of the Individual Who Possesses the Skills, Knowledge, and Experience to Oversee the Nonaudit Services**

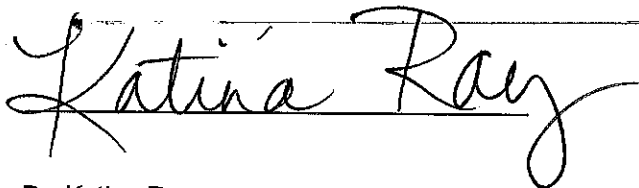
Marvell School District No. 22  
For The Year Ended June 30, 2022

Arkansas Legislative Audit will assist the Marvell School District No. 22 in preparing the regulatory basis financial statements and related notes, Schedule of Expenditures of Federal Awards, the auditee portion of the Federal Audit Clearinghouse's Data Collection Form and propose and prepare adjusting entries (with managements approval). We will:

- a. Make all management decisions and assume all management responsibilities.
- b. Designate an individual who possesses suitable skills, knowledge, and experience to oversee the services.
- c. Evaluate the adequacy and results of the services provided.
- d. Accept responsibility for the results of the services.

We designate Dr. Katina Ray, Superintendent, to oversee the nonaudit services detailed above. By designating this individual, we acknowledge that the individual possesses the suitable skills, knowledge, and experience and understands the services to be provided to sufficiently oversee the nonaudit services.

By:



Print: Dr. Katina Ray

Title: Superintendent

Date:

11/18/2022