

FORT SMITH SCHOOL DISTRICT #100
REGULATORY BASIS FINANCIAL STATEMENTS
AND OTHER REPORTS

JUNE 30, 2020





Independent Auditors' Report

To the School Board
Fort Smith School District #100
Fort Smith, Arkansas

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 Fort Smith School District #100 (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 Arkansas Code Annotated 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. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 *Government 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 Arkansas Code Annotated 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 Fort Smith School District #100, as of June 30, 2020, or the changes in financial position for the year then ended.

Opinion on the 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 Fort Smith School District #100, 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 Arkansas Code Annotated 10-4-413(c) as provided by Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the schedule of expenditures of state awards, the schedule of capital assets, and school lunch fund information 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 and schedule of expenditures of state awards are the responsibility of management and were derived from and relate 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 federal awards and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The schedule of capital assets and school lunch fund information have not been subjected to the auditing procedures applied in the audit of 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 October 30, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 30, 2020

REGULATORY BASIS FINANCIAL STATEMENTS

FORT SMITH SCHOOL DISTRICT #100

JUNE 30, 2020

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FORT SMITH SCHOOL DISTRICT #100

BALANCE SHEET - REGULATORY BASIS

AS OF JUNE 30, 2020

	Governmental Funds				Fiduciary Type
	Major			Other Aggregate	
	General Fund	Special Revenue			
Assets					
Cash and temporary investments	\$ 12,048,197	\$ 1,620,211	\$ 99,315,352	\$ 1,534,471	-
Deposits with paying agent	-	-	13,569,709	-	-
Receivables:					
Intergovernmental	-	2,726,657	43,958	-	-
Other	202,275	-	-	-	-
Total Assets	\$ 12,250,472	\$ 4,346,868	\$ 112,929,019	\$ 1,534,471	
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 111,424	\$ 1,976	\$ 226,157	\$ -	-
Payroll withholdings	1,595,838	-	-	-	-
Due to student groups	-	-	-	-	1,534,471
Total Liabilities	1,707,262	1,976	226,157	1,534,471	
Fund Balances					
Restricted	-	4,344,892	112,702,862	-	-
Assigned	1,590,204	-	-	-	-
Unassigned	8,953,006	-	-	-	-
Total Fund Balances	10,543,210	4,344,892	112,702,862	-	-
Total Liabilities and Fund Balances	\$ 12,250,472	\$ 4,346,868	\$ 112,929,019	\$ 1,534,471	

See accompanying notes and independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2020

	Major		Other Aggregate
	General Fund	Special Revenue	
Revenues			
Local property taxes	\$ 61,766,896	\$ -	\$ -
Meal sales	-	806,118	-
Interest	507,785	20,447	2,452,727
Contributions	105,113	250,500	-
Other local revenues	313,491	227,845	-
State assistance	60,184,905	17,491,795	951,279
Unrestricted federal aid	11,921	-	-
Restricted federal aid	-	22,610,238	-
Total Revenues	122,890,111	41,406,943	3,404,006
Expenditures			
Current:			
Regular programs	52,718,618	4,513,624	-
Special education	8,070,514	3,395,497	-
Vocational education	3,535,571	166,040	-
Adult education	-	1,215,692	-
Compensatory education	2,454	6,557,756	-
Other instructional programs	998,250	3,044,371	-
Support services	44,757,255	11,541,608	-
Food service	-	8,251,955	-
Community services	169,111	771,459	-
Capital outlay	753,914	1,037,162	25,916,147
Debt service:			
Principal	-	-	8,664,627
Interest	-	-	5,014,275
Paying agent's fees	-	-	14,811
Total Expenditures	111,005,687	40,495,164	39,609,860
Excess of Revenues Over (Under) Expenditures	11,884,424	911,779	(36,205,854)
Other Financing Sources (Uses)			
Indirect cost reimbursement	206,829	(206,829)	-
Insurance recoveries	57,801	-	-
Proceeds from issuance of debt	-	-	31,000,000
Bond issuance costs	-	-	(121,038)
Discount on sale of bonds	-	-	(213,965)
Premium on sale of bonds	-	-	271,238
Operating transfers in (out)	(12,095,015)	21,414	12,073,601
Total Other Financing Sources (Uses)	(11,830,385)	(185,415)	43,009,836
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses			
	54,039	726,364	6,803,982
Fund Balance at Beginning of Year	10,489,171	3,618,528	105,898,880
Fund Balance at End of Year	\$ 10,543,210	\$ 4,344,892	\$ 112,702,862

See accompanying notes and independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2020

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Local property taxes	\$ 63,501,000	\$ 61,766,896	\$ (1,734,104)
Interest	450,000	507,785	57,785
Contributions	106,303	105,113	(1,190)
Other local revenues	215,327	313,491	98,164
State assistance	58,933,158	60,184,905	1,251,747
Unrestricted federal aid	5,000	11,921	6,921
Total Revenues	123,210,788	122,890,111	(320,677)
Expenditures			
Current:			
Regular programs	52,886,618	52,718,618	168,000
Special education	8,248,248	8,070,514	177,734
Vocational education	3,553,053	3,535,571	17,482
Compensatory education	3,550	2,454	1,096
Other instructional programs	1,022,437	998,250	24,187
Support services	48,039,142	44,926,366	3,112,776
Capital outlay	1,231,226	753,914	477,312
Total Expenditures	114,984,274	111,005,687	3,978,587
Excess of Revenues Over (Under) Expenditures	8,226,514	11,884,424	3,657,910
Other Financing Sources (Uses)			
Indirect cost reimbursement	232,995	206,829	(26,166)
Insurance recoveries	-	57,801	57,801
Operating transfers	(8,419,954)	(12,095,015)	(3,675,061)
Total Other Financing Sources (Uses)	(8,186,959)	(11,830,385)	(3,643,426)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	39,555	54,039	14,484
Fund Balance at Beginning of Year	10,489,171	10,489,171	-
Fund Balance at End of Year	\$ 10,528,726	\$ 10,543,210	\$ 14,484

See accompanying notes and independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2020

Revenues	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Meal sales	\$ 1,215,800	\$ 806,118	\$ (409,682)
Interest	20,000	20,447	447
Contributions	1,500	250,500	249,000
Other local revenues	198,925	227,845	28,920
State assistance	17,584,864	17,491,795	(93,069)
Restricted federal aid	25,044,384	22,610,238	(2,434,146)
Total Revenues	44,065,473	41,406,943	(2,658,530)
Expenditures			
Current:			
Regular programs	5,154,078	4,513,624	640,454
Special education	3,782,669	3,395,497	387,172
Vocational education	277,820	166,040	111,780
Adult education	1,207,926	1,215,692	(7,766)
Compensatory education	7,103,857	6,557,756	546,101
Other instructional programs	3,159,806	3,044,371	115,435
Support services	14,759,762	11,541,608	3,218,154
Food service	8,603,505	8,251,955	351,550
Community services	820,889	771,459	49,430
Capital outlay	1,077,972	1,037,162	40,810
Total Expenditures	45,948,284	40,495,164	5,453,120
Excess of Revenues Over (Under)			
Expenditures	(1,882,811)	911,779	2,794,590
Other Financing Sources (Uses)			
Indirect cost reimbursement	(236,889)	(206,829)	30,060
Operating transfers	-	21,414	21,414
Total Other Financing Sources (Uses)	(236,889)	(185,415)	51,474
Excess of Revenues and Other Sources Over			
(Under) Expenditures and Other Uses	(2,119,700)	726,364	2,846,064
Fund Balance at Beginning of Year	3,618,528	3,618,528	-
Fund Balance at End of Year	\$ 1,498,828	\$ 4,344,892	\$ 2,846,064

See accompanying notes and independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies

a. Financial Reporting Entity

The Fort Smith School District #100 (the District) is a political subdivision of the Arkansas Department of Education, governed by an elected seven-member school board. The statements reflect all funds and accounts directly under the control of the District. Using the criteria of financial accountability, there are no component units that should be included in the District's reporting entity.

b. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). This basis of accounting is prescribed by Arkansas Code Annotated 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 the financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

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

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

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

c. 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 the general operating fund and is used to account for all financial resources except those required to be 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 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 expenditures for principal and interest.

Fiduciary Funds types include the following:

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

d. Deposits and Investments

The District's cash and temporary investments are considered to be cash on hand, demand deposits, certificates of deposit and U.S. Treasury Bills. Temporary investments are stated at cost which approximates market value.

Arkansas State Statutes also authorize the District to invest in general obligation bonds of the United States, in bonds, notes, debentures, or other obligations issued by an agency of the United States government and in general obligation bonds of the State of Arkansas.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

d. Deposits and Investments (continued)

The Statutes require that deposits of school funds be in banks and secured in an amount equal to the deposits. The security must be provided by general obligation bonds of the United States, bonds, notes, debentures, or other obligations issued by an agency of the United States Government, bonds of the State of Arkansas or by bonds of a political subdivision thereof which has never defaulted on any of its obligations or by a bond executed by a surety company authorized to do business in the State of Arkansas. The Director of Education must approve the surety company.

e. Interfund Receivables and Payables

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

f. Capital Assets

Information on capital assets and related depreciation is reported in the accompanying schedule of capital assets. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at fair value when received. The District capitalizes all capital assets.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Land	N/A
Land improvements	20 years
Building and improvements	7-50 years
Furniture, fixtures, and equipment	5-20 years
Vehicles	8 years

g. Compensated absences

Employees on twelve month contracts are eligible for vacation. During years one through nine of service an employee earns two weeks of vacation each year. After ten years of service, an employee earns three weeks of vacation each year. After twenty years of service, eighteen days of vacation are earned. Vacation time accrues proportionately between July 1 and June 30. This vacation may be taken beginning June 1 of the year earned and should be taken not later than June 30 of the following fiscal year. Unused vacation days may be carried over to a new fiscal year, but cannot exceed twenty days. The maximum accumulation of vacation days including the final year of service with the District, is thirty-five days.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

g. Compensated absences (continued)

The District provides substantially all teachers and other employees one day of paid sick leave for each month contracted or employed. Any accumulated unused sick leave is carried over to the next school without limitation. If after five or more years of service, an employee leaves the District, that employee will receive payment of a maximum of 120 days of accumulated unused sick leave. The rate of payment is the current base rate of a substitute teacher. However, after 10 years of employment, upon separation of employment from the District, including retirement, specific categories of employees are limited to 1/2 of the accumulated unused sick leave of 120 days for an effective maximum payment of 60 days at a rate equal to the current base rate of a substitute.

The District provides substantially all teachers and other employees two days of paid leave for personal business per year. Any accumulated unused personal business leave is carried over to the next school to a maximum of seven days. Any days in excess of seven days are rolled over into the employee's accumulated sick leave. If after ten or more years of service, an employee leaves the District, that employee will receive payment of a maximum of seven days of accumulated unused personal business leave at the current base rate of a substitute.

A liability for compensated absences is not reported in the governmental funds since the fund liability is not incurred under the regulatory basis of accounting.

h. Fund Balance Classifications

Fund balances are categorized as follows:

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.

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.

Committed Fund Balance - represents amounts that can be used only for the specific purposes determined by formal action of the District's highest level of decision making authority (the Board of Education).

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.

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

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

h. Fund Balance Classifications (continued)

Unassigned Fund Balance - represents amounts that have not been assigned to other funds and that have not been reported in any other classification. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

i. Revenue Recognition Policies

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

j. Property Taxes

Property taxes are levied in November based on property assessments made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

Arkansas Code Annotated 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of the 2019 calendar year taxes collected by June 30, 2020, and 4% 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% 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. Arkansas Code Annotated 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 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.

k. Budgetary Information

In accordance with Arkansas law, the District adopts an annual budget by September 30 of each fiscal year for the General, Special Revenue, Capital Projects and Debt Service Funds. The State Department of Education's regulations allow for the cash basis or the modified accrual basis.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

I. Non-Monetary Transactions

Non-monetary transactions are reflected in these financial statements at their fair value. During the fiscal year ended June 30, 2020, commodities were received by the District in the amount of \$666,688. The District is also including in construction in process donated land and building referred to as the Peak Parcel. The Peak Parcel was recorded by the District at an appraised value of \$2,782,100.

m. 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.

n. Minimum Fund Balance Policies

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

2. Cash Deposits with Financial Institutions

The District maintains its operating bank accounts in three area banks. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at these institutions. In addition, deposits are collateralized by the bank through the pledging of securities. At June 30, 2020, all of the District's deposits were insured or collateralized.

3. Cash Deposits with Paying Agent

Cash deposits with paying agent includes funds held in escrow totaling \$13,569,709 that represent sinking fund deposits for Qualified Zone Academy Bonds and Qualified School Construction Bonds and are required to be used for future principal payments. The balance is held at several financial institutions.

4. Accounts Receivable

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

Description	General Fund	Special Revenue Fund	Other Aggregate	Total
Federal / State Assistance	\$ -	\$ 2,726,657	\$ 43,958	\$ 2,770,615
Rebates	202,275	-	-	202,275
Total	\$ 202,275	\$ 2,726,657	\$ 43,958	\$ 2,972,890

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. Commitments

The District issues general obligation bonds to provide funds for the acquisition, construction, and operation of major capital facilities and to refund general obligation bonds. General obligation bonds are direct obligations and are secured by the full faith, credit and resources of the District and all its revenues from whatever source derived (which are legally pledgeable). Each issue contains an option requiring bonds to be called in inverse numerical order for redemption prior to maturity.

The District is required with the 2005, 2011, and 2012 QZAB issues and all of the QSCB issues to establish a sinking fund that will be funded on the anniversary date of the issues as prescribed in the agreements.

On June 16, 2020, the District issued Construction Bonds, Series B in the amount of \$31,000,000 with interest rates ranging from 2.00% to 5.00%. This bonds are being issued for construction and equipping new school facilities, making additions and improvements to existing facilities and repairing and renovating existing school facilities.

The following is a summary of the District's long-term debt activity for the year ended June 30, 2020:

	Balance July 1, 2019	Debt Additions	Debt Retirements	Balance June 30, 2020
General Obligation Bonds:				
Bond issue dated October 1, 2010	\$ 1,360,000	\$ -	\$ 1,360,000	\$ -
Bond issue dated June 1, 2011	3,195,000	-	3,195,000	-
Bond issue dated May 1, 2012	2,505,000	-	480,000	2,025,000
Bond issue dated December 1, 2012	2,970,000	-	200,000	2,770,000
Bond issue dated July 7, 2015	3,000,000	-	570,000	2,430,000
Bond issue dated April 7, 2016	5,690,000	-	430,000	5,260,000
Bond issue dated September 12, 2017	9,090,000	-	375,000	8,715,000
Bond issue dated August 15, 2018	90,000,000	-	1,840,000	88,160,000
Bond issue dated May 30, 2019	8,030,000	-	-	8,030,000
Bond issue dated June 16, 2020	-	31,000,000	-	31,000,000
Total General Obligation Bonds	125,840,000	31,000,000	8,450,000	148,390,000

On September 17, 2019, the District paid off early the bond issue dated October 1, 2010 in the amount of \$1,365,340 including interest and the bond issue dated June 1, 2011 in the amount of \$3,207,853 including interest, respectively.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. Commitments (continued)

	Balance July 1, 2019	Debt Additions	Debt Retirements	Balance June 30, 2020
Other Long-term Debt				
Qualified Zone Academy Bonds September 1, 2005	627,342	-	-	627,342
Qualified Zone Academy Bonds dated October 2, 2007	872,776	-	214,627	658,149
Qualified Zone Academy Bonds dated October 6, 2011	3,885,000	-	-	3,885,000
Qualified School Construction Bonds dated November 4, 2009	5,125,000	-	-	5,125,000
Qualified School Construction Bonds dated December 1, 2010	7,940,000	-	-	7,940,000
Qualified School Construction Bonds dated October 6, 2011	1,115,000	-	-	1,115,000
Qualified Zone Academy Bonds dated November 5, 2012	12,570,000	-	-	12,570,000
Total Other Long-term Debt	32,135,118	-	214,627	31,920,491
Total	\$ 157,975,118	\$ 31,000,000	\$ 8,664,627	\$ 180,310,491

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Total	Principal	Interest
2021	\$ 12,943,313	\$ 7,491,837	\$ 5,451,476
2022	12,557,989	6,931,880	5,626,109
2023	12,573,005	7,089,294	5,483,711
2024	12,353,905	7,017,506	5,336,399
2025	11,188,540	5,997,506	5,191,034
2026-2030	63,006,572	39,637,685	23,368,887
2031-2035	44,172,137	26,932,609	17,239,528
2036-2040	40,729,276	29,447,174	11,282,102
2041-2045	32,045,019	25,010,000	7,035,019
2046-2050	27,121,787	24,755,000	2,366,787
Total	\$ 268,691,543	\$ 180,310,491	\$ 88,381,052

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. Commitments (continued)

A summary of each bond issue is as follows:

Date of Issue	Amount of Original Issue (\$)	Interest Rate Percent	Range of Payment Dues	Range of Annual Maturities (\$)
10/1/2010	3,255,000	1.00/3.00	2-2011/2-2024	\$45,000 - \$290,000
6/1/2011	6,690,000	2.00/2.75	8-2011/2-2024	\$185,000 - \$675,000
5/1/2012	5,125,000	1.50/2.00	8-2012/8-2023	\$68,794 - \$530,650
12/1/2012	4,120,000	.60/2.70	2-2014/2-2032	\$170,000 - \$265,000
7/1/2015	4,890,000	1.00/1.90	2-2016/2-2024	\$250,000 - \$635,000
4/1/2016	6,410,000	2.00/2.25	12-2016/6-2030	\$300,000 - \$525,000
9/12/2017	9,165,000	2.00/3.25	6-2018/12-2038	\$75,000 - \$560,000
8/15/2018	90,000,000	3.00/4.00	2-2020/2-2049	\$1,840,000 - \$11,000,000
5/30/2019	8,030,000	2.00/3.00	2-2021/2-2038	\$145,000 - \$575,000
6/16/2020	31,000,000	2.00/5.00	2-2021/2-2050	\$675,000 - \$1,450,000
QZAB 9/1/2005	627,342	0.00	9/1/2021	\$627,342
QZAB 10/2/2007	3,085,000	1.10	10-2008/10-2022	\$190,292 - \$221,787
QZAB 10/6/2011	3,885,000	4.30	4-2012/10-2029	\$215,834
QSCB 11/4/2009	5,125,000	2.17	11-2010/11-2025	\$320,313
QSCB 12/1/2010	7,940,000	5.125	12-2011/12-2029	\$417,895
QSCB 10/6/2011	1,115,000	4.375	4-2012/10-2029	\$61,945
QZAB 11/5/2012	12,570,000	3.90	11-2016/11-2035	\$12,570,000

6. Fund Balance Reporting

Fund Balance Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Restricted:			
Debt service	\$ -	\$ -	\$ 13,569,709
Capital projects	-	-	42,854,298
Capital project encumbrances	-	-	56,278,855
Federal programs	-	3,992,098	-
Federal program encumbrances	-	352,794	-
Assigned:			
School operation encumbrances	890,204	-	-
Insurance deductibles	200,000	-	-
Unemployment benefits	500,000	-	-
Unassigned	8,953,006	-	-
Totals	\$ 10,543,210	\$ 4,344,892	\$ 112,702,862

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

6. Fund Balance Reporting (continued)

Under Arkansas Act 376 of 1977, the District has elected to reimburse the State's Employment Security Division for unemployment benefits the state might pay for District employees. The District has designated a portion of the General Fund's fund balance, in the amount of \$500,000, to meet any possible future liability for unemployment benefit claims.

The District has also designated a portion of the General Fund's fund balance in the amount of \$200,000, for future liability due to increases in insurance deductibles.

7. Interfund Transfers

Interfund transfers are used to fund operations in various accounts. The composition of interfund transfers as of June 30, 2020 are as follows:

	Transfers In	Transfers Out	Net Transfers
General Fund	\$ -	\$ 12,095,015	\$ (12,095,015)
Special Revenue Fund	21,414		21,414
Other Aggregate			
Capital Projects Fund	-	2,015,005	(2,015,005)
Debt Service Fund	14,088,606	-	14,088,606
Total	\$ 14,110,020	\$ 14,110,020	\$ -

8. Employee Retirement Systems and Plans

The District participates in two employee defined benefit pension plans as follows:

Arkansas Teacher Retirement System

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution 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. The report may be obtained by writing to ATRS, 1400 West Third Street, Little Rock, AR 72201 or by calling (800) 666-2877.

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.25% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14.25%. The District's contributions to ATRS for the years ended June 30, 2020, 2019 and 2018 were \$14,023,325, \$13,510,331, and \$13,458,343, respectively.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

8. Employee Retirement Systems and Plans (continued)

Net pension liability: The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective pension liability. The District's proportionate share of the collective net pension liability at June 30, 2019 (most recent actuarial valuation date and measurement date) was \$130,798,671.

Arkansas Public Employees Retirement System

The District participates in the Arkansas Public Employees Retirement Districts (APERS). APERS is a cost-sharing, multiple employer, defined benefit pension plan that covers certain nonteaching Arkansas public school employees hired before July 1, 1989. APERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General

Arkansas Public Employees Retirement System (continued)

Assembly. The Arkansas Public Employees Retirement system issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling (800) 682-7377.

Funding Policy: APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current statutory employer rate is 4% of annual covered payroll. The District's contributions to APERS for the years ended June 30, 2020, 2019, and 2018, were \$7,474, \$7,206, and \$12,296, respectively.

Net pension liability: The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective pension liability. The District's proportionate share of the collective net pension liability at June 30, 2019 (most recent actuarial valuation date and measurement date) was \$59,300.

9. On-Behalf Payments

The allocation of the health insurance premiums paid by the Arkansas Department of education to the Employee benefits Division, on behalf of the District's employees, totaled \$3,216,309 for the year ended June 30, 2020.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

10. Risk Management

The District is exposed to various risks of loss from theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District has joined together with other school districts to form the Arkansas School Board Association Self-Insurance program, a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to the Pool for its workmen's compensation insurance coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of specified stop loss amounts

11. Vision 2023 Capital Improvement Plan

The District commenced the renovations, additions, and improvements to the Southside and Northside High School campuses during the 2019-2020 school year. These projects were part of the Vision 2023 strategic plan named the "Vision 2023 Capital Improvement Plan" (CIP). Improvements and renovations include new secure entry/office and media; ninth grade centers; new cafeterias and kitchens; the remodeling of existing administrative space, media centers and cafeterias to classrooms; enclosed corridor between buildings; the addition of four storm shelters; and new competition gymnasiums at both campuses.

The Vision 2023 strategic plan also includes the reconfiguration of grades within the District effective the 2021-2022 school year. Ninth grade students will move to the two high schools. The four junior high schools will be renamed as middle schools and add sixth grade students.

Funding for the renovations and improvements include the \$90 million bond issue of August 2018 and \$31 million bond issue of June 2020. Both bond issues were funded by the 2018 voter-approved millage increase. The estimated cost of these Vision 2023 CIP projects is \$127 million. Approximately \$30 million was spent on these projects through June 30, 2020. The District has spent an additional \$16 million through October 31, 2020.

12. COVID-19

On March 11, 2020, the World Health Organization categorized Coronavirus Disease 2019 (COVID-19) as a pandemic. The Governor closed on-site learning for public school effective March 16, 2020 for the remainder of the 2019-2020 school year. The remaining school days were off-site learning days under protocols known as alternative methods of instruction (AMI).

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

12. COVID-19 (continued)

There was no reduction of State Foundation Funding Aid nor state categorical funding from the state. Likewise, there was no reduction in the 2019-2020 allocation of federal funds. There were waivers exercised by the District to produce "grab and go" meals, free to students, from all nineteen elementary schools during these AMI days. The "grab and go" meal program did not generate sufficient revenue to offset labor and material costs, causing a deficit of over \$600,000 in the Child Nutrition Fund. This is the primary negative impact on the District during the year ended June 30,2020.

The Governor delayed the start of the 2020--2021 school year to August 24, 2020, for all public schools to allow more time for districts to establish virtual learning environments for students who did not wish to return to school campuses. All twenty-six Fort Smith School District campuses opened on August 24, 2020 for the start of the new school year.

For the fiscal year 2020-2021 there was no reduction of State Foundation Funding Aid, state categorical funding of federal funding due to COVID-19. Legislated increases were honored and federal allocations followed normal allocation calculations.

Arkansas public school districts received federal funds from the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act) available in the summer of 2020 for all of the 2020-2021 school year.

The District's CARES Act allocation is \$4,225,807. CARES Act funding is available to reimburse the District for the cost of sanitizing and cleaning schools, technology for remote learning, and a variety of other qualifying expenditures.

Two separate CARES Act funding allocations were released by the state CARES Act steering committee to public school districts. One allocation, limited to \$20 million statewide, will reimburse the District for the cost of absences due to COVID-19. A second allocation of \$564,077 was awarded to the District in October 2020. Both CARES Act allocations have expenditure and reimbursement deadlines in December 2020.

Through October 2020,there have been no staffing shortages or school closures. K-12 enrollment held steady compared to the previous year with 13,839 students as of October 1, 2020. Students and parents have a virtual school option throughout thee District with over 2,000 students learning virtually.

13. Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2020 through October 30, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FORT SMITH SCHOOL DISTRICT #100

Schedule of Capital Assets (Unaudited)

AS OF JUNE 30, 2020	
Nondepreciable Capital Assets:	
Land	\$ 7,697,003
Construction in process	29,880,911
Total Nondepreciable Capital Assets	37,577,914
Depreciable Capital Assets:	
Land improvements	6,382,325
Buildings and improvements	200,969,301
Furniture, fixtures and equipment	42,709,963
Vehicles	8,696,952
Total Depreciable Capital Assets	258,758,541
Total Capital Assets	296,336,455
Less Accumulated Depreciation for:	
Land improvements	3,519,816
Buildings and improvements	92,932,503
Furniture, fixtures and equipment	30,922,318
Vehicles	7,092,866
Total Accumulated Depreciation	134,467,503
Capital Assets, net	\$ 161,868,952

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Program Title	Agency or Pass-Through Entity	Federal CFDA Number	Federal Expen- ditures
U.S. Department of Education			
Special Ed Cluster			
E.S.E.A. Title VI, Grants to States	AR Department of Education	84.027	\$ 3,186,237
Special Education, Preschool	AR Department of Education	84.173A	126,729
Total Special Ed Cluster			3,312,966
Adult Education, Basic Grants to States	AR Department of Career Education	84.002A	230,000
Federal Adult Ed	AR Department of Career Education	84.002A	19,658
Adult Education - EL Civics	AR Department of Career Education	84.002A	42,168
Title I, Grants to Local Educational Agencies	AR Department of Education	84.010	5,673,166
Title I, Migrant Education	AR Department of Education	84.011	139,150
Career and Technical Education - Basic Grants Carl Perkins	AR Department of Career Education	84.048	287,023
Indian Education, Grants to Local Education Agencies	Received directly	84.060A	88,400
Education For Homeless Children & Youth	AR Department of Education	84.196A	55,000
English Language Acquisition Grants	AR Department of Education	84.365	352,643
Supporting Effective Instruction State Grants	AR Department of Education	84.367	852,870
School Improvement Grants	AR Department of Education	84.377A	1,035,594
Student Support and Acedemic Enrichment Program	AR Department of Education	84.424A	347,278
Elementary and Secondary School Emergency Relief Fund	AR Department of Education	84.425D	74,255
Total U.S. Department of Education			12,510,171
U.S. Department of Agriculture			
Child Nutrition Cluster			
School Breakfast Program - Cash Assistance	AR Department of Education	10.553	1,736,055
National School Lunch Program - Cash Assistance	AR Department of Education	10.555	4,309,527
National School Lunch Program - Non-Cash Assistance	AR Department of Human Services	10.555	668,688
Total Child Nutrition Cluster			6,714,270
Child and Adult Care Food Program - Cash Assistance	AR Department of Human Services	10.558	56,962
Total U.S. Department of Agriculture			6,771,232

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Program Title	Agency or Pass-Through Entity	Federal CFDA Number	Federal Expen- ditures
U.S. Department of Health and Human Services			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	AR Department of Human Services	93.575	1,453,099
Child Care Mandatory and Matching Funds	AR Department of Human Services	93.596	111,000
Temporary Assistant for Needy Families	AR Department of Human Services	93.558	1,202
Total U.S. Department of Health and Human Services			1,565,301
U.S. Department of Army			
ROTC	Received directly	12.001	88,820
Total U.S. Department of Army			88,820
Total Federal Awards			\$ 20,935,524

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Fort Smith Public Schools under programs of the federal government for the fiscal 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 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 Fort Smith Public Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note B - Summary of Significant Accounting Policies

1. This schedule of expenditures of federal awards includes the federal program activity of Fort Smith Public Schools and is presented on the accrual 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.
2. Fort Smith Public Schools does not charge indirect cost rates and charges 100% of their costs directly.

Note C - Subrecipient Awards

Of the federal expenditures presented in this schedule, Fort Smith School District #100 provided federal awards to subrecipients as follows:

<u>Program</u>	<u>CFDA Number</u>	<u>Subrecipient</u>	<u>Amount Provided</u>
No awards were provided to subrecipients			

Note D - Supplemental Disclosure of Governmental Assistance Information

Title XIX - Medicaid		
Medical Assistance Program (MEDICAID CATASTROPHIC)		\$ 344,955
Total Medicaid		<u>\$ 344,955</u>

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

<u>Grantor Agency/Program Title</u>	<u>State Revenues</u>	<u>State Expenditures</u>
Arkansas Department of Human Services Child Care - State	\$ 1,428	\$ 1,428
Arkansas Department of Education on behalf of the Arkansas Early Childhood Commission Arkansas Better Chance	1,748,270	1,748,270
Total Expenditures of State Awards	\$ 1,749,698	\$ 1,749,698

Note A - Basis of Presentation

This schedule of expenditures of state awards includes the state program activity of Fort Smith School District #100 and is presented on the accrual basis of accounting.

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF MEAL AND MILK SALES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Student Breakfast</u>	<u>Student Lunch</u>	<u>Adult Breakfast</u>	<u>Adult Lunch</u>	<u>Snack Bar Ala Carte Milk and Juice</u>	<u>Total</u>
Ballman	\$ 3,447	\$ 17,181	\$ 156	\$ 798	\$ 86	\$ 21,668
Barling	6,008	15,172	7	947	118	22,252
Beard	5,413	9,698	18	1,147	141	16,417
Belle Point	448	1,476	9	943	207	3,082
Bonneville	7,119	18,433	17	1,158	147	26,873
Carnall	2,872	6,537	495	1,516	152	11,571
Cavanaugh	7,512	14,820	7	185	44	22,569
Chaffin	9,829	27,905	14	1,002	30,070	68,820
Cook	11,403	26,458	7	629	36	38,532
Darby	2,312	9,473	0	1,261	5,728	18,774
Euper Lane	6,590	17,176	34	260	125	24,184
Fairview	9,784	21,194	85	2,636	43	33,742
Howard	1,498	5,375	43	446	0	7,362
Kimmons	3,397	15,649	11	2,250	25,584	46,892
Morrison	2,118	6,631	66	1,792	55	10,662
Northside	9,711	26,254	72	729	35,653	72,419
Orr	5,410	15,097	40	1,217	189	21,952
Pike	2,727	7,654	178	711	283	11,551
Ramsey	10,114	31,507	180	1,073	47,297	90,170
Southside	18,059	23,984	153	3,203	47,501	92,899
Spradling	1,994	6,314	92	747	4	9,151
Sunnymede	4,005	10,014	136	2,860	53	17,068
Sutton	3,499	9,315	73	1,024	3	13,913
Tilles	2,886	8,495	27	957	33	12,398
Trusty	1,167	3,423	2	1,301	10	5,903
Woods	11,879	32,533	172	1,023	69	45,675
Total Sales	\$ 151,198	\$ 387,768	\$ 2,091	\$ 31,812	\$ 193,629	\$ 766,498

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF SCHOOL BREAKFASTS SERVED

FOR THE YEAR ENDED JUNE 30, 2020

	Student Free	Student Reduced	Student Paid	Adult Paid	Total
Ballman	21,623	1,022	2,512	67	25,224
Barling	27,955	2,932	4,103	3	34,993
Beard	26,372	2,377	3,760	8	32,517
Belle Point	2,762	242	300	4	3,308
Bonneville	15,912	3,467	4,863	7	24,249
Carnall	20,875	2,726	1,643	203	25,447
Cavanaugh	20,148	3,312	5,215	3	28,678
Chaffin	11,115	2,109	7,357	6	20,587
Cook	19,072	2,775	8,456	3	30,306
Darby	21,188	1,456	1,500	0	24,144
Euper Lane	18,249	1,637	4,879	15	24,780
Fairview	40,663	3,189	7,062	34	50,948
Howard	26,982	1,214	907	18	29,121
Kimmons	27,619	2,591	2,096	5	32,311
Morrison	33,104	1,685	1,290	27	36,106
Northside	35,133	4,104	6,784	31	46,052
Orr	19,965	2,040	3,838	17	25,860
Pike	43,852	2,626	1,551	73	48,102
Ramsey	18,088	3,992	7,133	80	29,293
Southside	19,078	3,776	13,541	68	36,463
Spradling	50,727	1,902	1,139	37	53,805
Sunnymede	56,463	3,087	2,463	55	62,068
Sutton	61,271	3,912	1,860	29	67,072
Tilles	36,050	2,131	1,797	11	39,989
Trusty	28,305	1,311	619	1	30,236
Woods	16,116	3,488	8,666	74	28,344
Total Breakfasts	718,687	65,103	105,334	879	890,003

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF SCHOOL LUNCHES SERVED

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Student Free</u>	<u>Student Reduced</u>	<u>Student Paid</u>	<u>Adult Paid</u>	<u>Total</u>
Ballman	34,247	2,047	6,545	209	43,048
Barling	35,787	5,218	5,234	247	46,486
Beard	34,860	4,226	3,203	304	42,593
Belle Point	3,637	465	469	250	4,821
Bonneville	21,143	4,858	6,596	300	32,897
Carnall	29,566	4,549	1,887	395	36,397
Cavanaugh	24,499	4,819	5,157	48	34,523
Chaffin	24,286	4,609	9,477	267	38,639
Cook	26,024	3,864	9,965	160	40,013
Darby	54,062	4,082	2,851	336	61,331
Euper Lane	24,344	3,090	6,376	69	33,879
Fairview	53,950	4,841	7,703	700	67,194
Howard	47,355	2,774	1,706	117	51,952
Kimmons	62,249	7,463	4,605	600	74,917
Morrison	47,286	2,908	2,187	471	52,852
Northside	73,899	7,410	8,469	194	89,972
Orr	29,128	3,829	5,426	314	38,697
Pike	65,828	4,903	2,277	182	73,190
Ramsey	36,921	6,896	10,454	286	54,557
Southside	26,435	4,878	8,012	854	40,179
Spradling	69,266	3,104	2,029	194	74,593
Sunnymede	79,177	5,398	3,142	755	88,472
Sutton	87,296	6,969	2,611	268	97,144
Tilles	52,533	4,157	2,733	253	59,676
Trusty	40,751	2,433	980	347	44,511
Woods	21,438	5,139	12,191	259	39,027
Total Lunches	1,105,967	114,929	132,285	8,379	1,361,560
Total Breakfasts and Lunches	1,824,654	180,032	237,619	9,258	2,251,563

See independent auditors' report.

ADDITIONAL REQUIRED REPORTS



**Independent Auditors' 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***

To the School Board
Fort Smith School District #100
Fort Smith, Arkansas

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 Fort Smith School District #100 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 October 30, 2020. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of the 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 of accounting 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.

4200 Jenny Lind Road, Ste B
Fort Smith, Arkansas 72901
Ph: 479.649.0888 email: marcl@selectlanding.com
www.selectlanding.com

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 30, 2020



Independent Auditors' Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required by the Uniform Guidance

To the School Board
Fort Smith School District #100
Fort Smith, Arkansas

Report on Compliance for Each Major Federal Program

We have audited the Fort Smith School District #100's 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 under 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.

Report on Internal Control Over Compliance

Management of the Fort Smith School District #100 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 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.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 30, 2020

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Types of auditor's report issued:

GAAP basis of reporting - adverse
Regulatory basis opinion units - 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 programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster
84.027, 84.173A	Special Education Cluster
93.575, 93.596	CCDF Cluster

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

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

Material Weaknesses/Significant Deficiencies

None

Material Weaknesses/Significant Deficiencies - Prior Year

None

Section III - Federal Award Findings and Questioned Costs

Material Weaknesses/Significant Deficiencies

None

Material Weaknesses/Significant Deficiencies - Prior Year

None

See independent auditors' report.

FORT SMITH SCHOOL DISTRICT #100

SUPPLEMENTAL DATA SHEET AS REQUIRED BY ArDHS

JUNE 30, 2020

Name: Fort Smith School District #100

Address: 3205 Jenny Lind, P.O. Box 1948, Fort Smith, AR 72902-1948

EIN Number: 71-6020978

Phone Number: (479) 785-2501

Administrative Officer: Dr. Doug Brubaker

Contact Person: Charles Warren, CPA

Audit Firm: Przybysz & Associates, CPAs, P.C.

Lead Auditor: Marc Lux, CPA



Independent Auditors' Report On Compliance With Arkansas State Requirements

To the School Board
Fort Smith School District #100
Fort Smith, Arkansas

We have examined management's assertions that the Fort Smith School District #100 substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations listed on Arkansas Department of Education form OCI 95-96 during the year ended June 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2020.

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

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 30, 2020

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF STATUES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE ADDRESSED IN INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

JUNE 30, 2020

DESCRIPTION	STATUTES
Bidding & Purchasing Commodities	6-21-301 - 6-21-305
Ethical Guidelines and Prohibitions	6-13-628; 6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20-402
<ul style="list-style-type: none"> • Bonded & Non-bonded Debt, District School Bonds • Petty Cash • Changes in Pullback (no deferrals - declining accrual percentages) • Investment of Funds 	6-20-1201 - 6-20-1208; 6-20-1210 6-20-409 6-20-401 19-1-504
Management of Schools	
<ul style="list-style-type: none"> • Board of Directors • District Treasurer <ul style="list-style-type: none"> ◦ Warrant/checks 	6-13-604; 6-13-606; 6-13-608; 6-13-611 - 6-13-613; 6-13-617 - 6-13-620; 6-24-101 et seq. 6-13-701 6-17-918; 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 - 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
Salary Laws - Classified	6-17-2201 et seq.; 6-17-2301 et seq.
Salary increases 5% or more (certified & classified)	6-13-635
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
<ul style="list-style-type: none"> • Personnel Policies • Employment and Assignment • Teacher's License Requirement • Contracts • Certification Requirements • Fair Dismissal Act • Sick Leave Policies • Minimum Wage Act 	6-17-201 et seq., 6-17-2301 6-17-301 et seq. 6-17-401 et seq. 6-17-801 et seq. 6-17-309; 6-17-401 6-17-1501 et seq.; 6-17-1701 et seq. 6-17-1201 et seq.; 6-17-1301 et seq. 11-4-213, 11-4-218, 11-4-403, 11-4-405
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907; 6-17-908; 6-17-911 - 6-17-913; 6-17-918; 6-17-919
Trust Funds (Education Excellence)	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 - 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amounts of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District employees.
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
Arkansas Procurement Law	19-11-201 et. Seq.
Fiscal Accountability	6-20-1901, et. Seq.
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210
Cares Act (COVID-19) Education Funding	Commissioner's Memo LS-20-089