

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

**JUNE 30, 2018**



# FORT SMITH SCHOOL DISTRICT #100

JUNE 30, 2018

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## **Independent Auditor's Report**

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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, 2018**, 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 in 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.

### ***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 *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, 2018**, 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, 2018**, 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, 2018, 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, 2018**

***REGULATORY BASIS FINANCIAL STATEMENTS***

# FORT SMITH SCHOOL DISTRICT #100

## BALANCE SHEET - REGULATORY BASIS

AS OF JUNE 30, 2018

	Governmental Funds				Fiduciary Type
	Major			Other Aggregate	
	General Fund	Special Revenue			
<b>Assets</b>					
Cash and temporary investments	\$ 11,575,442	\$ 1,184,420	\$ 6,451,577	\$ 1,378,174	
Deposits with paying agent	-	-	10,255,417	-	
Receivables:					
Intergovernmental	-	2,364,303	-	-	
Other	429,507	-	-	-	
<b>Total Assets</b>	<b>\$ 12,004,949</b>	<b>\$ 3,548,723</b>	<b>\$ 16,706,994</b>	<b>\$ 1,378,174</b>	
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 49,241	\$ 8,622	\$ -	\$ -	
Payroll withholdings	1,500,304	-	-	-	
Due to student groups	-	-	-	1,378,174	
<b>Total Liabilities</b>	<b>1,549,545</b>	<b>8,622</b>	<b>-</b>	<b>1,378,174</b>	
<b>Fund Balances</b>					
Restricted	-	3,540,101	16,706,994	-	
Assigned	1,652,409	-	-	-	
Unassigned	8,802,995	-	-	-	
<b>Total Fund Balances</b>	<b>10,455,404</b>	<b>3,540,101</b>	<b>16,706,994</b>	<b>-</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,004,949</b>	<b>\$ 3,548,723</b>	<b>\$ 16,706,994</b>	<b>\$ 1,378,174</b>	

See accompanying notes and independent auditor's 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, 2018

	Major		Other Aggregate
	General Fund	Special Revenue	
<b>Revenues</b>			
Local property taxes	\$ 55,724,022	\$ -	-
Meal sales	-	1,066,844	-
Interest	271,648	2,673	1,251,381
Contributions	175,387	-	-
Other local revenues	360,428	264,402	-
State assistance	59,594,209	17,834,393	-
Unrestricted federal aid	13,166	-	-
Restricted federal aid	-	23,396,913	-
<b>Total Revenues</b>	<b>116,138,860</b>	<b>42,565,225</b>	<b>1,251,381</b>
<b>Expenditures</b>			
Current:			
Regular programs	51,006,604	5,919,401	-
Special education	7,955,622	3,250,432	-
Vocational education	3,141,961	318,735	-
Adult education	-	1,081,576	-
Compensatory education	584,822	6,572,188	-
Other instructional programs	406,932	2,890,756	-
Support services	44,314,445	13,661,020	-
Food service	-	7,817,811	-
Community services	167,150	769,653	-
Capital outlay	2,416,187	688,393	874,412
Debt service:			
Principal	-	-	2,819,982
Interest	-	-	2,322,411
Paying agent's fees	-	-	13,693
<b>Total Expenditures</b>	<b>109,993,723</b>	<b>42,969,965</b>	<b>6,030,498</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>6,145,137</b>	<b>(404,740)</b>	<b>(4,779,117)</b>
<b>Other Financing Sources (Uses)</b>			
Indirect cost reimbursement	249,158	(249,158)	-
Proceeds on sale of asset	48,088	-	-
Insurance recoveries	1,871,919	-	-
Proceeds from issuance of debt	-	-	9,165,000
Refunding of bonds outstanding	-	-	(8,955,000)
Bond issuance costs	-	-	(56,718)
Discount on sale of bonds	-	-	(60,445)
Premium on sale of bonds	-	-	64,334
Operating transfers in	-	80,035	7,656,284
Operating transfers out	(7,736,319)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(5,567,154)</b>	<b>(169,123)</b>	<b>7,813,455</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>577,983</b>	<b>(573,863)</b>	<b>3,034,338</b>
Fund Balance at Beginning of Year	12,284,185	4,248,107	13,672,656
Prior Period Adjustment	(2,406,764)	(134,143)	-
<b>Fund Balance at Beginning of Year, Restated</b>	<b>9,877,421</b>	<b>4,113,964</b>	<b>13,672,656</b>
<b>Fund Balance at End of Year</b>	<b>\$ 10,455,404</b>	<b>\$ 3,540,101</b>	<b>\$ 16,706,994</b>

See accompanying notes and independent auditor's 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, 2018

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>			
Local property taxes	\$ 54,467,396	\$ 55,724,022	\$ 1,256,626
Interest	100,000	271,648	171,648
Contributions	-	175,387	175,387
Other local revenues	214,592	360,428	145,836
State assistance	58,856,310	59,594,209	737,899
Unrestricted federal aid	5,000	13,166	8,166
<b>Total Revenues</b>	<b>113,643,298</b>	<b>116,138,860</b>	<b>2,495,562</b>
<b>Expenditures</b>			
Current:			
Regular programs	52,324,484	51,006,604	1,317,880
Special education	7,705,553	7,955,622	(250,069)
Vocational education	3,191,561	3,141,961	49,600
Compensatory education	597,814	584,822	12,992
Other instructional programs	580,001	406,932	173,069
Support services	46,648,626	44,481,595	2,167,031
Capital outlay	2,883,120	2,416,187	466,933
<b>Total Expenditures</b>	<b>113,931,159</b>	<b>109,993,723</b>	<b>3,937,436</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(287,861)</b>	<b>6,145,137</b>	<b>6,432,998</b>
<b>Other Financing Sources (Uses)</b>			
Indirect cost reimbursement	305,385	249,158	(56,227)
Proceeds on sale of asset	-	48,088	48,088
Insurance recoveries	1,444,978	1,871,919	426,941
Operating transfers	(3,135,363)	(7,736,319)	(4,600,956)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,385,000)</b>	<b>(5,567,154)</b>	<b>(4,182,154)</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(1,672,861)</b>	<b>577,983</b>	<b>2,250,844</b>
Fund Balance at Beginning of Year	12,284,185	12,284,185	-
Prior Period Adjustment	(2,406,764)	(2,406,764)	-
<b>Fund Balance at Beginning of Year, Restated</b>	<b>9,877,421</b>	<b>9,877,421</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 8,204,560</b>	<b>\$ 10,455,404</b>	<b>\$ 2,250,844</b>

See accompanying notes and independent auditor's 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, 2018

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>			
Meal sales	\$ 1,065,000	\$ 1,066,844	\$ 1,844
Interest	2,500	2,673	173
Other local revenues	272,242	264,402	(7,840)
State assistance	17,186,076	17,834,393	648,317
Restricted federal aid	26,561,200	23,396,913	(3,164,287)
<b>Total Revenues</b>	<b>45,087,018</b>	<b>42,565,225</b>	<b>(2,521,793)</b>
<b>Expenditures</b>			
Current:			
Regular programs	5,871,001	5,919,401	(48,400)
Special education	4,375,710	3,250,432	1,125,278
Vocational education	374,503	318,735	55,768
Adult education	1,092,993	1,081,576	11,417
Compensatory education	7,355,912	6,572,188	783,724
Other instructional programs	3,085,800	2,890,756	195,044
Support services	15,893,137	13,661,020	2,232,117
Food service	7,772,786	7,817,811	(45,025)
Community services	863,698	769,653	94,045
Capital outlay	744,739	688,393	56,346
<b>Total Expenditures</b>	<b>47,430,279</b>	<b>42,969,965</b>	<b>4,460,314</b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>(2,343,261)</b>	<b>(404,740)</b>	<b>1,938,521</b>
<b>Other Financing Sources (Uses)</b>			
Indirect cost reimbursement	(305,384)	(249,158)	56,226
Operating transfers	214,561	80,035	(134,526)
<b>Total Other Financing Sources (Uses)</b>	<b>(90,823)</b>	<b>(169,123)</b>	<b>(78,300)</b>
<b>Excess of Revenues and Other Sources Over</b>			
<b>(Under) Expenditures and Other Uses</b>	<b>(2,434,084)</b>	<b>(573,863)</b>	<b>1,860,221</b>
Fund Balance at Beginning of Year	4,248,107	4,248,107	-
Prior Period Adjustment	(134,143)	(134,143)	-
<b>Fund Balance at Beginning of Year, Restated</b>	<b>4,113,964</b>	<b>4,113,964</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 1,679,880</b>	<b>\$ 3,540,101</b>	<b>\$ 1,860,221</b>

See accompanying notes and independent auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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, 2018

### 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, 2018

### 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, will be thirty-five days.

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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.

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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 has 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 2017 calendar year taxes collected by June 30, 2018, and 12% 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, 2018, equaled or exceeded the 12% 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, 2018

### 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, 2018, commodities were received by the District in the amount of \$498,752.

#### 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, 2018, the District 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 \$10,255,417 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, 2018 were comprised of the following:

Description	General Fund	Special Revenue Fund	Total
Federal / State Assistance	\$ -	\$ 2,364,303	\$ 2,364,303
Rebates	429,508	-	429,508
Total	\$ 429,508	\$ 2,364,303	\$ 2,793,811



# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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 September 12, 2017 the District issued a refunding bond in the amount of \$9,165,000 with interest rates ranging from 2.00% to 3.25%. This bond refunded the September 1, 2013 bond with an outstanding balance of \$8,955,000. The interest rates of the bond refunded ranged from 1.45% to 4.15%. Net bond proceeds of \$9,229,334 were remitted to an escrow agent to provide for all future principal and interest payments for the bond refunded. This bond was called on December 1, 2017. The issuance of these bonds will result in savings of \$778,752 to the District over the life of the bond.

The following is a summary of the District's long-term debt activity for the year ended June 30, 2018:

	Balance July 1, 2017	Debt Additions	Debt Retirements	Balance June 30, 2018
<b>General Obligation Bonds:</b>				
Bond issue dated October 1, 2010	\$ 1,850,000	\$ -	\$ 240,000	\$ 1,610,000
Bond issue dated June 1, 2011	4,365,000	-	580,000	3,785,000
Bond issue dated May 1, 2012	3,430,000	-	460,000	2,970,000
Bond issue dated December 1, 2012	3,365,000	-	195,000	3,170,000
Bond issue dated September 1, 2013	8,955,000	-	8,955,000	-
Bond issue dated January 1, 2014	8,405,000	-	290,000	8,115,000
Bond issue dated July 7, 2015	4,100,000	-	545,000	3,555,000
Bond issue dated April 7, 2016	6,410,000	-	300,000	6,110,000
Bond issue dated September 12, 2017	-	9,165,000	-	9,165,000
<b>Total General Obligation Bonds</b>	<b>40,880,000</b>	<b>9,165,000</b>	<b>11,565,000</b>	<b>38,480,000</b>

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 5. Commitments (continued)

	Balance July 1, 2017	Debt Additions	Debt Retirements	Balance June 30, 2018
<b>Other Long-term Debt</b>				
Qualified Zone Academy Bonds September 1, 2005	627,342	-	-	627,342
Qualified Zone Academy Bonds dated October 2, 2007	1,295,049	-	209,982	1,085,067
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
<b>Total Other Long-term Debt</b>	<b>32,557,391</b>	<b>-</b>	<b>209,982</b>	<b>32,347,409</b>
<b>Total</b>	<b>\$ 73,437,391</b>	<b>\$ 9,165,000</b>	<b>\$ 11,774,982</b>	<b>\$ 70,827,409</b>

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Total	Principal	Interest
2019	\$ 6,848,960	\$ 4,659,600	\$ 2,189,360
2020	7,158,199	5,026,934	2,131,264
2021	7,702,054	5,637,236	2,064,818
2022	7,141,025	5,146,881	1,994,144
2023	7,157,130	5,239,294	1,917,836
2024-2028	27,722,287	19,254,403	8,467,884
2029-2033	20,657,991	15,710,888	4,947,104
2034-2038	11,452,409	9,592,174	1,860,235
2039	569,100	560,000	9,100
<b>Total</b>	<b>\$ 96,409,154</b>	<b>\$ 70,827,409</b>	<b>\$ 25,581,745</b>

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 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
1/1/2014	9,230,000	1.00/4.20	2-2015/2-2038	255,000/570,000
QZAB 9/1/2005	627,342	0	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
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

### 6. Operating Lease Commitments

The District leases a copy machine and related equipment under an operating lease. The District is invoiced monthly \$4,420 for equipment rental and maintenance with additional fees for overages and color copies. For the year ended June 30, 2018, the District paid \$69,939 for the copier lease. The term of the lease is 60 months ending April 3, 2020.

Future minimum annual rental commitments under the non-cancellable operating lease at June 30, 2018 are as follows:

Year ending June 30,	
2019	\$ 53,040
2020	44,200
Total	\$ 97,240

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 7. Fund Balance Reporting

Fund Balance Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
<b>Restricted:</b>			
Debt service	\$ -	\$ -	\$ 10,255,417
Capital projects	-	-	4,342,540
Capital project encumbrances	-	-	2,109,037
Federal programs	-	3,441,411	-
Federal program encumbrances	-	98,690	-
<b>Assigned:</b>			
School operation encumbrances	952,409	-	-
Insurance deductibles	200,000	-	-
Unemployment benefits	500,000	-	-
<b>Unassigned</b>	8,802,995	-	-
<b>Totals</b>	<b>\$ 10,455,404</b>	<b>\$ 3,540,101</b>	<b>\$ 16,706,994</b>

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.

### 8. Prior Period Adjustments

As discussed in Note 1, the District prepared their financial statements as of and for the year ending June 30, 2018, under the regulatory basis of accounting. In prior years, the District has presented their financial statements in accordance with generally accepted accounting principles. As a result of changing reporting methods, the District made a prior period adjustment to eliminate beginning inventory balances. Another prior period adjustment was made to remove the property tax receivable. The effect of these adjustments in the general fund were to reduce property taxes receivable by \$1,943,816, reduce inventory by \$462,948 and reduce fund balance by \$2,406,764. The effect on the special revenue fund was to reduce inventory and fund balance by \$134,143.

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 9. 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% 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%. The District's contributions to ATRS for the years ended June 30, 2018, 2017 and 2016 were \$13,458,343, \$13,214,523 and \$12,968,623, 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, 2017 (actuarial valuation date and measurement date) was \$133,874,909.

#### **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 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, 2018, 2017, and 2016, were \$12,296, \$14,911 and \$17,494, respectively.

# FORT SMITH SCHOOL DISTRICT #100

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

### 9. Employee Retirement Systems and Plans (continued)

#### Arkansas Public Employees Retirement System (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, 2017 (actuarial valuation date and measurement date) was \$147,448.

### 10. 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, total \$3,136,149 for the year ended June 30, 2018.

### 11. 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

### 12. Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2018 through October 30, 2018, the date the financial statements were available to be issued.

***SUPPLEMENTARY INFORMATION***

# FORT SMITH SCHOOL DISTRICT #100

## Schedule of Capital Assets (Unaudited)

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AS OF JUNE 30, 2018

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**Nondepreciable Capital Assets:**

Land	\$	7,087,939
Construction in process		199,925

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**Total Nondepreciable Capital Assets** 7,287,864

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**Depreciable Capital Assets:**

Land improvements		6,382,325
Buildings and improvements		200,830,828
Furniture, fixtures and equipment		40,955,637
Vehicles		8,450,662

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**Total Depreciable Capital Assets** 256,619,452

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**Total Capital Assets** 263,907,316

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**Less Accumulated Depreciation for:**

Land improvements		3,039,092
Buildings and improvements		81,412,683
Furniture, fixtures and equipment		28,154,270
Vehicles		6,812,509

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**Total Accumulated Depreciation** 119,418,554

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**Capital Assets, net** \$ 144,488,762

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See independent auditor's report.



# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Program Title	Agency or Pass-Through Entity	Federal CFDA Number	Federal Expen- ditures
<b>U.S. Department of Education</b>			
Special Ed Cluster			
E.S.E.A. Title VI, Grants to States	AR Department of Education	84.027	\$ 3,280,710
Special Education, Preschool	AR Department of Education	84.173A	144,347
<b>Total Special Ed Cluster</b>			<b>3,425,057</b>
Adult Education, Basic Grants to States	AR Department of Career Education	84.002A	255,556
Federal Adult Ed	AR Department of Career Education	84.002A	19,658
Adult Education - EL Civics	AR Department of Career Education	84.002A	31,232
Title I, Grants to Local Educational Agencies	AR Department of Education	84.010	6,811,299
Title I, Migrant Education	AR Department of Education	84.011	192,770
Title III Part F	AR Department of Education	84.031C	72,515
Career and Technical Education - Basic Grants Carl Perkins	AR Department of Career Education	84.048	255,636
Indian Education, Grants to Local Education Agencies	Received directly	84.060A	113,754
Safe and Drug-Free Schools and Communities: State Grants	AR Department of Education	84.186A	31,447
Education For Homeless Children & Youth	AR Department of Education	84.196A	53,000
Twenty-First Century Community Learning Centers	AR Department of Education	84.287	155,596
English Language Acquisition Grants	AR Department of Education	84.365	318,219
Supporting Effective Instruction State Grants	AR Department of Education	84.367	687,176
School Improvement Grants	AR Department of Education	84.377A	728,739
Preschool Development Grants	AR Department of Human Services	84.419	1,984,470
<b>Total U.S. Department of Education</b>			<b>15,136,124</b>
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
School Breakfast Program - Cash Assistance	AR Department of Education	10.553	1,561,400
National School Lunch Program - Cash Assistance	AR Department of Education	10.555	4,687,134
National School Lunch Program - Non-Cash Assistance	AR Department of Human Services	10.555	498,752
<b>Total Child Nutrition Cluster</b>			<b>6,747,286</b>
Child and Adult Care Food Program - Cash Assistance	AR Department of Human Services	10.558	63,949
<b>Total U.S. Department of Agriculture</b>			<b>6,811,235</b>

See independent auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Program Title	Agency or Pass-Through Entity	Federal CFDA Number	Federal Expen- ditures
<b>U.S. Department of Health and Human Services</b>			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	AR Department of Human Services	93.575	426,408
Child Care Mandatory and Matching Funds	AR Department of Human Services	93.596	111,000
<b>Total U.S. Department of Health and Human Services</b>			<b>537,408</b>
<b>U.S. Department of Army</b>			
ROTC	Received directly	12.001	100,530
<b>Total U.S. Department of Army</b>			<b>100,530</b>
<b>Total Federal Awards</b>			<b>\$ 22,585,297</b>

### 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, 2018. 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)	\$ 205,487
Total Medicaid	<u>\$ 205,487</u>

See independent auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF EXPENDITURES OF STATE AWARDS

**FOR THE YEAR ENDED JUNE 30, 2018**

Grantor Agency/Program Title	State Revenues	State Expenditures
Arkansas Department of Human Services Child Care - State	\$ 2,556	\$ 2,556
CCDF Match	18,564	18,564
Arkansas Department of Education on behalf of the Arkansas Early Childhood Commission Arkansas Better Chance	1,671,171	1,671,171
<b>Total Expenditures of State Awards</b>	<b>\$ 1,692,291</b>	<b>\$ 1,692,291</b>

### 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 auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF MEAL AND MILK SALES

FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 3,350	\$ 16,027	\$ 387	\$ 2,209	\$ 440	\$ 22,414
Barling	10,741	23,917	16	1,570	333	36,577
Beard	6,454	15,914	52	1,634	195	24,249
Bonneville	6,459	19,065	7	450	204	26,184
Carnall	3,680	9,221	173	1,905	113	15,091
Cavanaugh	8,561	16,917	18	406	253	26,154
Cook	13,221	42,095	56	1,947	476	57,794
Euper Lane	8,353	18,121	25	394	318	27,210
Fairview	7,642	23,991	142	3,151	126	35,053
Howard	1,007	3,870	106	755	3	5,740
Morrison	3,817	7,264	212	2,173	134	13,599
Orr	10,734	21,057	29	519	266	32,606
Pike	2,971	10,834	394	1,091	348	15,637
Spradling	2,233	5,294	275	1,563	4	9,368
Sunnymede	4,200	14,351	295	5,499	80	24,425
Sutton	2,898	10,982	0	486	1	14,366
Tilles	2,544	5,591	151	1,185	124	9,594
Trusty	2,178	5,726	27	3,553	304	11,787
Woods	9,332	41,928	7	1,845	420	53,532
Belle Point	763	1,405	52	1,761	6	3,986
Chaffin	8,394	32,884	7	977	50,584	92,846
Darby	1,770	12,057	18	2,901	13,530	30,276
Kimmons	2,316	14,076	16	2,806	28,108	47,322
Ramsey	9,141	38,973	2	3,698	61,850	113,665
Northside	6,842	17,004	38	1,743	52,632	78,259
Southside	12,048	33,355	56	5,869	65,422	116,751
<b>Totals</b>	<b>\$ 151,648</b>	<b>\$ 461,920</b>	<b>\$ 2,558</b>	<b>\$ 52,089</b>	<b>\$ 276,273</b>	<b>\$ 944,487</b>

See independent auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF SCHOOL BREAKFASTS SERVED

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Student Free</u>	<u>Student Reduced</u>	<u>Student Paid</u>	<u>Adult Paid</u>	<u>Total</u>
Ballman	15,965	1,654	2,283	172	20,074
Barling	17,704	2,141	8,079	7	27,931
Beard	20,649	1,464	4,812	23	26,948
Bonneville	16,195	3,141	4,413	3	23,752
Carnall	26,849	3,441	2,118	77	32,485
Cavanaugh	17,441	4,606	5,743	8	27,798
Cook	17,314	4,581	9,477	25	31,397
Euper Lane	19,375	3,140	5,929	11	28,455
Fairview	36,275	5,294	4,843	63	46,475
Howard	25,329	797	614	47	26,787
Morrison	36,536	2,637	2,421	94	41,688
Orr	19,796	5,710	7,217	13	32,736
Pike	45,742	2,079	1,878	175	49,874
Spradling	37,256	1,922	1,325	122	40,625
Sunnymede	51,916	3,892	2,426	131	58,365
Sutton	41,211	3,471	1,485	0	46,167
Tilles	35,808	2,058	1,541	67	39,474
Trusty	30,407	1,771	1,317	12	33,507
Woods	8,106	2,715	6,814	3	17,638
Belle Point	5,337	335	530	23	6,225
Chaffin	10,961	1,793	6,285	3	19,042
Darby	23,074	2,087	915	8	26,084
Kimmons	32,997	2,421	1,272	7	36,697
Ramsey	19,525	4,242	6,295	1	30,063
Northside	39,865	4,818	4,317	17	49,017
Southside	16,558	2,578	9,020	25	28,181
Totals	668,191	74,788	103,369	1,137	847,485

See independent auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF SCHOOL LUNCHES SERVED

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Student Free</u>	<u>Student Reduced</u>	<u>Student Paid</u>	<u>Adult Paid</u>	<u>Total</u>
Ballman	34,417	3,638	5,925	582	44,562
Barling	33,221	4,253	9,100	432	47,006
Beard	31,812	3,403	6,056	434	41,705
Bonneville	30,559	5,038	7,091	114	42,802
Carnall	37,567	5,262	2,613	490	45,932
Cavanaugh	23,059	5,346	6,440	97	34,942
Cook	28,112	7,029	16,179	501	51,821
Euper Lane	29,884	4,545	7,008	126	41,563
Fairview	59,526	6,846	8,789	829	75,990
Howard	53,377	2,042	1,324	221	56,964
Morrison	54,162	4,064	2,821	641	61,688
Orr	28,993	7,624	7,855	142	44,614
Pike	77,302	4,970	3,976	291	86,539
Spradling	68,350	3,508	1,757	385	74,000
Sunnymede	88,279	7,600	4,396	1,464	101,739
Sutton	74,951	6,455	3,526	127	85,059
Tilles	63,567	3,349	1,862	348	69,126
Trusty	50,289	2,708	2,133	962	56,092
Woods	20,249	6,261	15,948	254	42,712
Belle Point	7,063	359	458	449	8,329
Chaffin	28,750	5,485	11,460	155	45,850
Darby	74,533	6,241	3,326	504	84,604
Kimmons	85,785	6,996	4,041	572	97,394
Ramsey	42,636	7,441	12,578	499	63,154
Northside	108,031	10,289	4,599	299	123,218
Southside	34,766	5,058	11,327	881	52,032
Totals	1,269,240	135,810	162,588	11,799	1,579,437
Total Breakfasts and Lunches	1,937,431	210,598	265,957	12,936	2,426,922

See independent auditor's report.

***ADDITIONAL REQUIRED REPORTS***



**Independent Auditor's 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***

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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, 2018**, 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, 2018. 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, 2018, 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) to determine the 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.

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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 determination of financial statement amounts. 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, 2018**



## **Independent Auditor's Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required by the Uniform Guidance**

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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, 2018. 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, 2018.

### **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, 2018**

# FORT SMITH SCHOOL DISTRICT #100

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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FOR THE YEAR ENDED JUNE 30, 2018

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### 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:

CFDA Number(s)  
10.553, 10.555, 10.556, 10.559

Name of Federal Program or Cluster  
Child Nutrition 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 - Current Year

No findings.

### Section III - Federal Award Findings and Questioned Costs

No matters were reported.

See independent auditor's report.

# **FORT SMITH SCHOOL DISTRICT #100**

## **FEDERAL AWARD PROGRAMS - SCHEDULE OF PRIOR AUDIT FINDINGS**

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**FOR THE YEAR ENDED JUNE 30, 2018**

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There were no prior audit findings for the year ended June 30, 2017.

See independent auditor's report.

# FORT SMITH SCHOOL DISTRICT #100

## SUPPLEMENTAL DATA SHEET AS REQUIRED BY ArDHS

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**JUNE 30, 2018**

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**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