

FORT SMITH SCHOOL DISTRICT #100
REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024



FORT SMITH SCHOOL DISTRICT #100

JUNE 30, 2024

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-4
Regulatory Basis Financial Statements	
Balance Sheet - Regulatory Basis.....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Regulatory Basis.....	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund - Regulatory Basis.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Regulatory Basis.....	8
Notes to Financial Statements.....	9-21
Supplementary Information	
Schedule of Capital Assets (Unaudited).....	22
Schedule of Expenditures of Federal Awards.....	23-25
Schedule of State Assistance.....	26
School Lunch Fund (Unaudited)	
Schedule of Meal and Milk Sales.....	27
Schedule of School Breakfasts Served.....	28
Schedule of School Lunches Served.....	29
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 <i>Government Auditing Standards</i>	30-31
Independent Auditor's Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance Required by the Uniform Guidance.....	32-34
Schedule of Findings and Questioned Costs.....	35
Supplemental Data Sheet As Required By ArDHS.....	36
Independent Auditor's Report on Compliance with Arkansas State Requirements.....	37
Schedule of Statutes Required By Arkansas Department of Education To Be Addressed In Independence Auditors' Report On Compliance.....	38-39



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major governmental fund, and the aggregate remaining fund information of the Fort Smith School District #100 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the 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, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Arkansas Code Annotated § 10-4-413(c) as provided by Act 2201 of 2005 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Fort Smith School District #100, as of June 30, 2024, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fort Smith Public School District #100 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Expenditures of State Awards, are presented for the purposes of additional analysis and are not a required part of the regulatory basis financial statements.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
December 16, 2024

REGULATORY BASIS FINANCIAL STATEMENTS

FORT SMITH SCHOOL DISTRICT #100

BALANCE SHEET - REGULATORY BASIS

AS OF JUNE 30, 2024

	Governmental Funds				Fiduciary Type
	Major			Other Aggregate	
	General Fund	Special Revenue			
Assets					
Cash and temporary investments	\$ 7,439,319	\$ 754,688	\$ 12,585,935	\$ 1,539,428	
Deposits with paying agent	-	-	19,455,652	-	
Investments	6,287,122	-	-	-	
Receivables:					
Intergovernmental	37,460	5,026,894	-	-	
Other	31,862	-	-	-	
Prepaid expenses	112,769	-	-	-	
Total Assets	\$ 13,908,532	\$ 5,781,582	\$ 32,041,587	\$ 1,539,428	
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 25,068	\$ 43,354	\$ -	\$ -	
Payroll withholdings	3,001,900	-	-	-	
Due to student groups	-	-	-	1,539,428	
Total Liabilities	3,026,968	43,354	-	1,539,428	
Fund Balances					
Restricted	-	5,738,228	32,041,587	-	
Assigned	4,180,199	-	-	-	
Unassigned	6,701,365	-	-	-	
Total Fund Balances	10,881,564	5,738,228	32,041,587	-	
Total Liabilities and Fund Balances	\$ 13,908,532	\$ 5,781,582	\$ 32,041,587	\$ 1,539,428	

See accompanying notes.

FORT SMITH SCHOOL DISTRICT #100

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

FOR THE YEAR ENDED JUNE 30, 2024

	Major		
	General Fund	Special Revenue	Other Aggregate
Revenues			
Local property taxes	\$ 71,445,610	\$ -	\$ -
Meal sales	-	1,096,604	-
Interest	1,430,013	31,545	2,074,747
Contributions	77,214	626,096	-
Other local revenues	121,239	434,658	-
State assistance	66,703,794	19,328,666	-
Unrestricted federal aid	12,054	-	-
Restricted federal aid	-	49,475,757	-
Total Revenues	139,789,924	70,993,326	2,074,747
Expenditures			
Current:			
Regular programs	56,972,237	8,050,838	-
Special education	8,811,935	3,685,520	-
Vocational education	4,150,624	236,707	-
Adult education	-	1,445,760	-
Compensatory education	613	2,804,784	-
Other instructional programs	1,059,844	2,868,838	-
Student support services	7,442,282	6,952,972	-
Instructional staff support services	7,706,854	12,835,880	-
General administration support services	1,305,410	290,516	-
School administration support services	9,670,781	168,926	-
Business support services	3,554,735	335,176	-
Operation and maintenance of plant services	21,271,838	2,267,083	52,784
Student transportation services	4,290,757	208,642	-
Other support services	113,676	20,000	-
Food services operations	204,676	11,620,769	-
Community services	318,745	772,854	-
Capital outlay	5,152,897	21,254,035	2,310,893
Debt service:			
Principal	7,611	-	5,045,000
Interest	-	-	4,567,240
Paying agent's fees	-	-	10,867
Total Expenditures	132,035,515	75,819,300	11,986,784
Excess of Revenues Over (Under) Expenditures	7,754,409	(4,825,974)	(9,912,037)
Other Financing Sources (Uses)			
Indirect cost reimbursement	442,018	(442,018)	-
Proceeds on sale of assets	94,871	-	-
Rebate income	548,423	-	-
Insurance recoveries	4,324,553	-	-
Operating transfers in (out)	(13,163,897)	33,468	13,130,429
Total Other Financing Sources (Uses)	(7,754,032)	(408,550)	13,130,429
Excess of Revenues and Other Sources Over Expenditures and Other Uses			
	377	(5,234,524)	3,218,392
Fund Balance at Beginning of Year	10,881,187	10,972,752	28,823,195
Fund Balance at End of Year	\$ 10,881,564	\$ 5,738,228	\$ 32,041,587

See accompanying notes.

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, 2024

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Local property taxes	\$ 69,630,099	\$ 71,445,610	\$ 1,815,511
Interest	1,200,000	1,430,013	230,013
Contributions	2,195	77,214	75,019
Other local revenues	95,772	121,239	25,467
State assistance	66,702,525	66,703,794	1,269
Unrestricted federal aid	15,000	12,054	(2,946)
Total Revenues	137,645,591	139,789,924	2,144,333
Expenditures			
Current:			
Regular programs	57,796,906	56,972,237	824,669
Special education	8,476,261	8,811,935	(335,674)
Vocational education	4,307,202	4,150,624	156,578
Compensatory education	1,900	613	1,287
Other instructional programs	1,075,313	1,059,844	15,469
Student support services	7,690,298	7,442,282	248,016
Instructional staff support services	8,116,313	7,706,854	409,459
General administration support services	1,399,075	1,305,410	93,665
School administration support services	9,651,194	9,670,781	(19,587)
Business support services	4,428,826	3,554,735	874,091
Operation and maintenance of plant services	18,375,860	21,271,838	(2,895,978)
Student transportation services	3,811,575	4,290,757	(479,182)
Other support services	105,091	113,676	(8,585)
Food services operations	250,000	204,676	45,324
Community service	334,804	318,745	16,059
Capital outlay	2,242,508	5,152,897	(2,910,389)
Debt service:			
Principal	10,000	7,611	2,389
Total Expenditures	128,073,126	132,035,515	(3,962,389)
Excess of Revenues Over (Under) Expenditures	9,572,465	7,754,409	(1,818,056)
Other Financing Sources (Uses)			
Indirect cost reimbursement	543,854	442,018	(101,836)
Proceeds on sale of assets	-	94,871	94,871
Rebate income	550,000	548,423	(1,577)
Insurance recoveries	-	4,324,553	4,324,553
Operating transfers	(10,655,306)	(13,163,897)	(2,508,591)
Total Other Financing Sources (Uses)	(9,561,452)	(7,754,032)	1,807,420
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	11,013	377	(10,636)
Fund Balance at Beginning of Year	10,881,187	10,881,187	-
Fund Balance at End of Year	\$ 10,892,200	\$ 10,881,564	\$ (10,636)

See accompanying notes.

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, 2024

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Meal sales	\$ 938,000	\$ 1,096,604	\$ 158,604
Interest	30,000	31,545	1,545
Contributions	50,000	626,096	576,096
Other local revenues	220,000	434,658	214,658
State assistance	19,620,240	19,328,666	(291,574)
Restricted federal aid	54,624,223	49,475,757	(5,148,466)
Total Revenues	75,482,463	70,993,326	(4,489,137)
Expenditures			
Current:			
Regular programs	9,516,918	8,050,838	1,466,080
Special education	5,202,681	3,685,520	1,517,161
Vocational education	235,650	236,707	(1,057)
Adult education	1,681,401	1,445,760	235,641
Compensatory education	3,357,681	2,804,784	552,897
Other instructional programs	2,943,947	2,868,838	75,109
Student support services	9,246,857	6,952,972	2,293,885
Instructional staff support services	16,688,384	12,835,880	3,852,504
General administration support services	349,228	290,516	58,712
School administration support services	192,232	168,926	23,306
Business support services	310,033	335,176	(25,143)
Operation and maintenance of plant services	1,696,531	2,267,083	(570,552)
Student transportation services	127,794	208,642	(80,848)
Other support services	20,000	20,000	-
Food services operations	10,301,950	11,620,769	(1,318,819)
Community services	1,003,251	772,854	230,397
Capital outlay	22,453,665	21,254,035	1,199,630
Total Expenditures	85,328,203	75,819,300	9,508,903
Excess of Revenues Over (Under)			
Expenditures	(9,845,740)	(4,825,974)	5,019,766
Other Financing Sources (Uses)			
Indirect cost reimbursement	(526,190)	(442,018)	84,172
Operating transfers	435,900	33,468	(402,432)
Total Other Financing Sources (Uses)	(90,290)	(408,550)	(318,260)
Excess of Revenues and Other Sources Over			
(Under) Expenditures and Other Uses	(9,936,030)	(5,234,524)	4,701,506
Fund Balance at Beginning of Year	10,972,752	10,972,752	-
Fund Balance at End of Year	\$ 1,036,722	\$ 5,738,228	\$ 4,701,506

See accompanying notes.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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), 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: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets, leases, and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet - Regulatory Basis. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and financed purchases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to the financial statements.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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 used to account for and report all financial resources not accounted for and reported in another fund.

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

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

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

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

Fiduciary Funds types include the following:

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

d. Interfund Receivables and Payables

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

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. Summary of Significant Accounting Policies (continued)

e. 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 acquisition value when received. The District capitalizes all capital assets with the exception of library holdings.

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

Land improvements	15 - 20 years
Building and improvements	7 - 50 years
Furniture, fixtures, and equipment	5 - 20 years
Vehicles	8 - 10 years

f. 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.

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

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. Summary of Significant Accounting Policies (continued)

g. Fund Balance Policies and Procedures

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

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

h. Revenue Recognition Policies

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

i. Property Taxes

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

Amendment No. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. 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 from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

1. Summary of Significant Accounting Policies (continued)

j. Budgetary Information

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

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

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

k. Encumbrances

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.

l. Non-Monetary Transactions

Non-monetary transactions are reflected in these financial statements at their fair value. During the fiscal year ended June 30, 2024, commodities were received by the District in the amount of \$659,614.

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.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

2. Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured	\$ 250,000	\$ 250,000
Collateralized - held by pledging bank or pledging bank's trust department in the District's name	22,069,070	24,630,639
Cash on hand	300	-
Total Deposits	\$ 22,319,370	\$ 24,880,639

3. Cash Deposits with Paying Agent

Cash deposits with paying agent includes funds held in escrow totaling \$19,455,652 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 funds are invested in government securities at several financial institutions.

4. Investment

The District's investments of \$6,287,122 are held in a government money market account which invests primarily in U.S. Treasury obligations backed by the full faith and credit of the U.S. government.

Interest Rate Risk

Interest rate risk is the risk the changes in interest of debt investments will adversely affect the fair value of an investment. The weighted average maturity of the District's investments is 32 days.

5. Accounts Receivable

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

Description	General Fund	Special Revenue Fund	Other Aggregate
Federal / State Assistance	\$ 37,460	\$ 5,026,894	\$ -
Rebates	31,668	-	-
Other	194	-	-
Total	\$ 69,322	\$ 5,026,894	\$ -

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

6. Commitments

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

Construction Contracts

At June 30, 2024, the District was contractually obligated for construction contracts totaling \$4,771,176.

Lease Liability

On August 3, 2020 the District executed a lease for the purchase of four lawn mowers for \$52,255. Under the terms of the lease, the District made monthly payments of \$1,276, with interest at 0%, for 3 years. The District made the final lease payments on this lease during the fiscal year.

Bonds

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. The District deposits specified amounts annually into each sinking fund for the term of the bonds. These amounts plus interest earned will be used to retire the debt when due.

The following is a summary of the District's long-term debt activity for the year ended June 30, 2024:

	Balance July 1, 2023	Debt Additions	Debt Retirements	Balance June 30, 2024	Due Within One Year
General Obligation Bonds Dated:					
December 1, 2012	\$ 2,140,000	\$ -	\$ 220,000	\$ 1,920,000	\$ 225,000
April 1, 2016	3,930,000	-	460,000	3,470,000	470,000
September 12, 2017	7,545,000	-	400,000	7,145,000	410,000
May 30, 2019	7,105,000	-	400,000	6,705,000	410,000
June 16, 2020	28,665,000	-	745,000	27,920,000	785,000
August 24, 2021	92,730,000	-	2,820,000	89,910,000	2,880,000
Total General Obligation Bonds	142,115,000	-	5,045,000	137,070,000	5,180,000

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

6. Commitments (continued)

Bonds (continued)

	Balance July 1, 2023	Debt Additions	Debt Retirements	Balance June 30, 2024	Due Within One Year
Other Long-term Debt					
Qualified Zone Academy Bonds dated:					
October 6, 2011	3,885,000	-	-	3,885,000	215,833
November 5, 2012	12,570,000	-	-	12,570,000	546,522
Qualified School Construction Bonds dated:					
November 4, 2009	5,125,000	-	-	5,125,000	320,312
December 1, 2010	7,940,000	-	-	7,940,000	417,895
October 6, 2011	1,115,000	-	-	1,115,000	61,944
Total Other Long-term Debt	30,635,000	-	-	30,635,000	1,562,506
Total	\$ 172,750,000	\$ -	\$ 5,045,000	\$ 167,705,000	\$ 6,742,506

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2025	\$ 6,742,506	\$ 4,444,890	\$ 11,187,396
2026	11,311,880	4,348,211	15,660,091
2027	6,577,193	4,160,246	10,737,439
2028	6,657,193	4,081,252	10,738,445
2029	6,737,193	3,995,122	10,732,315
2030-2034	39,094,253	15,639,224	54,733,477
2035-2039	34,469,782	10,648,863	45,118,645
2040-2044	25,455,000	6,579,777	32,034,777
2045-2049	29,210,000	2,814,535	32,024,535
2050	1,450,000	39,875	1,489,875
Total	\$ 167,705,000	\$ 56,751,995	\$ 224,456,995

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 (\$)
12/1/2012	4,120,000	1.00-2.00	2-2014/2-2032	\$170,000 - \$260,000
4/1/2016	6,410,000	2.00-2.25	12-2016/12-2030	\$300,000 - \$525,000
9/12/2017	9,165,000	2.00-3.25	6-2018/12-2038	\$75,000 - \$560,000

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

6. Commitments (continued)

Bonds (continued)

Date of Issue	Amount of Original Issue (\$)	Interest Rate Percent	Range of Payment Dues	Range of Annual Maturities (\$)
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
8/14/2021	93,395,000	1.00-3.00	8-2022/2-2049	\$665,000 - \$4,775,000
QZAB 10/6/2011	3,885,000	4.30	4-2012/10-2029	\$215,833
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	\$61,944
QZAB 11/5/2012	12,570,000	3.90	11-2013/11-2035	\$546,522

Security for Bond Payments

Arkansas Code Annotated § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Division of Elementary and Secondary Education (DESE). Depending on the date of the bond issue, DESE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

7. Fund Balance Reporting

Fund Balance Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Restricted:			
Debt service	\$ -	\$ -	\$ 19,455,652
Capital projects	-	-	12,526,604
Capital project encumbrances	-	-	59,331
Federal programs	-	2,078,875	-
Federal program encumbrances	-	3,659,353	-
Assigned:			
School operation encumbrances	3,480,199	-	-
Insurance deductibles	200,000	-	-
Unemployment benefits	500,000	-	-
Unassigned	6,701,365	-	-
Totals	\$ 10,881,564	\$ 5,738,228	\$ 32,041,587

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

7. 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.

8. Interfund Transfers

Interfund transfers are used to fund operations in various accounts. The composition of interfund transfers as of June 30, 2024, are as follows:

	Transfers In	Transfers Out	Net Transfers
General Fund	\$ -	\$ 13,163,897	\$ (13,163,897)
Special Revenue Fund	33,468	-	33,468
Other Aggregate			
Capital Projects Fund	3,270,000	-	3,270,000
Debt Service Fund	9,860,429	-	9,860,429
Total	\$ 13,163,897	\$ 13,163,897	\$ -

9. Pledged Revenues

The District has pledged a portion of its property taxes to retire bonds totaling \$138,685,000 from November 4, 2009 through August 24, 2021. The bonds were issued for various capital projects. The principal and interest remaining on the bonds is \$175,824,852, payable through February 1, 2050. Principal and interest paid for the current year and total property taxes pledged for debt service were \$7,115,075 and \$30,057,929 respectively. The percentage of property taxes pledged for the current year for principal and interest payments was approximately 40.6%

10. Insurance Recoveries

The District received insurance recoveries totaling \$4,324,553 during the year for several claims filed including, among others, repairs for a fire at Ramsay Middle School, a new roof at Beard Elementary School, and flood damage at Southside High School and the Peak Innovation Center.

11. Rebate Income

The District received a rebate totaling \$548,423 during the year for work performed to enable schools to run wireless.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by State law to contribute 7.00% of their salaries. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15.00% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2024 were \$16,283,853, equal to the required contributions.

Net pension liability: The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2023 (most recent actuarial valuation date and measurement date) was \$151,673,519.

Arkansas Public Employees Retirement System

The District participates in the Arkansas Public Employees Retirement Districts (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas 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, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling (800) 682-7377, or by visiting the APERS website at www.apers.org.

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

12. Employee Retirement Systems and Plans (continued)

Arkansas Public Employees Retirement System (continued)

Funding Policy: APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5.50% of their salaries. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees, based on the annual actuarial evaluation. The current employer rate for school districts is 4% of covered salaries. The District's contributions to APERS for the year ended June 30, 2024, were \$2,867, equal to the required contributions.

Net pension liability: The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental 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, 2023 (most recent actuarial valuation date and measurement date) was \$35,255.

13. 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 \$4,570,171 for the year ended June 30, 2024.

14. Risk Management

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

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

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

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

FORT SMITH SCHOOL DISTRICT #100

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

15. Related Party Transactions

A School Board member owns a heating, cooling and plumbing services company that the District utilized prior to this individual's election to the School Board. The District paid \$4,731 to this company during the fiscal year for services rendered.

16. ESSER Funding

Arkansas public school districts received federal funds known as Elementary and Secondary School Emergency Relief (ESSER) funds in response to the COVID-19 pandemic. ESSER funds are released under federal legislation that included the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act), the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and the American Rescue Plan (ARP) Act of 2021. Funds from these Acts were allocated to the District as ESSER, ESSER II and ESSER III respectively. The total allocation exceeded \$59 million to be obligated and spent in a time period that covers fiscal years ending June 30, 2020 through June 30, 2025.

These ESSER funds are allocated to reimburse the District for a variety of costs including the sanitation and cleaning of schools, technology for remote learning, the recovery any student "loss of learning" and a variety of other qualifying expenditures. The District is and has been targeting these allocations purposefully over these school years, adhering to federal and state regulations. The District spent over \$24 million of ESSER funds during the year ended June 30, 2024.

17. Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2024 through December 16, 2024, 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, 2024

Nondepreciable Capital Assets:

Land	\$	8,752,631
Construction in process		9,061,410
Total Nondepreciable Capital Assets		17,814,041

Depreciable Capital Assets:

Land improvements		6,529,297
Buildings and improvements		349,236,425
Furniture, fixtures and equipment		60,285,072
Vehicles		10,717,108
Total Depreciable Capital Assets		426,767,902
Total Capital Assets		444,581,943

Less Accumulated Depreciation for:

Land improvements		4,480,216
Buildings and improvements		119,747,600
Furniture, fixtures and equipment		38,934,138
Vehicles		6,373,334
Total Accumulated Depreciation		169,535,288
Capital Assets, net	\$	275,046,655

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Department or Division/Pass-Through Agency/Program Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expen- ditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Arkansas Department of Education			
School Breakfast Program - Cash Assistance	6501	10.553	\$ 1,787,841
National School Lunch Program - Cash Assistance	6501	10.555	5,381,726
National School Lunch Program - Supply Chain Assistance Funds	6501	10.555	366,633
Arkansas Department of Human Services			
National School Lunch Program - Non-Cash Assistance	6501	10.555	659,614
Total Child Nutrition Cluster			8,195,814
Arkansas Department of Human Services			
Child and Adult Care Food Program - Cash Assistance	6501	10.558	59,911
Arkansas Department of Education			
Fresh Fruit and Vegetable Program	6501	10.582	123,584
Total U.S. Department of Agriculture			8,379,309
U.S. Department of Army			
ROTC		12.357	103,470
Total U.S. Department of Army			103,470
U.S. Department of Education			
Special Ed Cluster			
Arkansas Department of Education			
E.S.E.A. Title VI, Grants to States	6501	84.027	4,203,834
Special Education, Preschool	6501	84.173A	104,102
Total Special Ed Cluster			4,307,936
Arkansas Department of Career Education			
Adult Education, Basic Grants to States	6501	84.002A	244,951
Federal Adult Ed	6501	84.002A	25,424
Adult Education - EL Civics	6501	84.002A	29,759
Career and Technical Education - Basic Grants to States	6501	84.048	347,387

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Department or Division/Pass-Through Agency/Program Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expen- ditures
U.S. Department of Education (continued)			
Arkansas Department of Education			
Title I, Grants to Local Educational Agencies	6501	84.010	7,108,790
(Title I - School Improvement Sub 4%)	6501	84.010	163,062
Title I School Improvement Section 1003, Planning Grant	6501	84.010	18,842
E.S.E.A. Title I, Part D Neglected and Delinquent Children	6501	84.010	30,166
Title I, Migrant Education	6501	84.011	108,356
Education For Homeless Children & Youth	6501	84.196A	20,000
English Language Acquisition Grants	6501	84.365	322,352
Supporting Effective Instruction State Grants	6501	84.367	868,806
Student Support and Academic Enrichment Program	6501	84.424A	321,118
Elementary and Secondary School Emergency Relief Fund III - ARPA	6501	84.425U	25,867,788
American Rescue Plan Act			
ARPA I - Homeless Children and Youth	6501	84.425W	40,275
ARPA II - Homeless Children and Youth	6501	84.425W	85,117
Indian Education, Grants to Local Education Agencies		84.060A	96,508
Total U.S. Department of Education			40,006,637
U.S. Department of Health and Human Services			
Arkansas Department of Human Services			
Epidemiology and Laboratory Capacity for Child Care and Development Fund Cluster			
Child Care and Development Block Grant	6501	93.575	724,683
Child Care and Development Block Grant - ARRA	6501	93.575	347,800
Child Care and Development Block Grant - ARPA Sustainability	6501	93.575	692,447
Child Care Mandatory and Matching Funds	6501	93.596	111,000
Temporary Assistance for Needy Families	6501	93.558	104,052
Temporary Assistance for Needy Families COVID-19	6501	93.558	11,484
Total U.S. Department of Health and Human Services			1,991,466
Total Federal Awards			\$ 50,480,882

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Department or Division/Pass-Through Agency/Program Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expen- ditures
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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, 2024. 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 regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Fort Smith Public Schools has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
3. Non-monetary assistance is reported at the approximate values as provided by the Arkansas Department of Human Services.

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>Assistance Listing 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)	\$ 156,934
Total Medicaid	<u>\$ 156,934</u>

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF STATE ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2024

Arkansas Department of Education

State Foundation Funding	\$ 62,469,772
98% Uniform Rate Of Tax Actual Collection Adjustment	1,074,205
Learns Teacher Minimum	2,873,901
Teacher Incentive	165,578
Debt Service Funding	30,487
Board Of Teaching Standards	643,912
Professional Development Funding	515,963
School Recognition	141,200
Special Education Services	77,084
Special Education - Catastrophic Occurrences	190,324
Residential Centers / Juvenile Detention	824,979
National School Lunch Student Funding	10,671,768
National School Lunch Match Program	11,296
Vocational Start Up	27,105
Arkansas Better Chance Program	1,951,022
Limited English Proficiency Allocation	1,036,878
Early Childhood Special Ed	271,175
Early Intervention Day Treatment Special Ed Services	92,287
School Based Health Centers	85,550
Declining Enrollment	226,483
Computer Science	53,638
Gifted & Talented - Advance Placement	45,400
Alternative Learning	536,358
Food Service State Matching	46,179
Reduced Lunch	96,140
School Safety	451,142

Total Arkansas Department of Education 84,609,826

Arkansas Department of Workforce Education

Adult Basic Education	487,709
Adult General Education	675,498

Total Arkansas Department of Workforce Education 1,163,207

Total State Assistance \$ 85,773,033

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF MEAL AND MILK SALES

FOR THE YEAR ENDED JUNE 30, 2024

	Student Breakfast	Student Lunch	Adult Breakfast	Adult Lunch	Snack Bar Ala Carte Milk and Juice	Total
Ballman	\$ 5,769	\$ 20,385	\$ 108	\$ 840	\$ 22	\$ 27,123
Barling	8,660	21,828	63	236	120	30,906
Beard	5,240	13,598	33	1,364	74	20,308
Belle Point	590	1,585	20	108	127	2,429
Bonneville	6,947	14,646	-	936	914	23,442
Carnall	4,071	8,901	40	732	263	14,007
Cavanaugh	11,270	19,857	-	68	118	31,312
Chaffin	10,610	57,607	3	612	19,893	88,724
Cook	15,407	44,818	-	1,160	350	61,735
Darby	5,098	26,972	47	3,068	9,192	44,377
Euper Lane	11,082	22,541	43	188	277	34,130
Fairview	6,848	24,497	40	3,836	28	35,248
Howard	1,427	5,675	118	368	34	7,622
Kimmons	5,281	19,567	43	1,140	18,514	44,545
Morrison	3,896	12,949	48	360	13	17,265
Northside	12,611	65,799	58	3,404	41,550	123,422
Orr	16,660	20,320	100	1,168	73	38,321
Park	5,857	10,269	75	1,032	210	17,442
Ramsey	11,010	49,927	141	1,653	23,325	86,055
Southside	23,667	115,385	263	4,712	113,704	257,730
Spradling	2,522	8,456	96	528	59	11,661
Sunnymede	3,728	12,142	193	564	93	16,719
Sutton	5,368	12,438	60	1,336	34	19,236
Tilles	3,381	10,631	165	1,880	183	16,240
Trusty	563	1,515	3	88	9	2,179
Woods	12,252	41,535	135	428	111	54,461
Total Sales	\$ 199,813	\$ 663,842	\$ 1,889	\$ 31,809	\$ 229,285	\$ 1,126,638

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF SCHOOL BREAKFASTS SERVED

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Student Free</u>	<u>Student Reduced</u>	<u>Student Paid</u>	<u>Adult Paid</u>	<u>Total</u>
Ballman	11,852	2,017	4,131	43	18,043
Barling	17,774	4,999	5,728	25	28,526
Beard	16,764	3,446	3,365	13	23,588
Belle Point	3,651	343	390	8	4,392
Bonneville	10,918	5,197	4,310	-	20,425
Carnall	13,651	3,391	2,443	16	19,501
Cavanaugh	20,075	4,199	8,008	-	32,282
Chaffin	14,785	4,661	7,369	1	26,816
Cook	17,695	4,197	11,318	-	33,210
Darby	27,868	3,053	3,346	19	34,286
Euper Lane	16,811	4,478	7,791	17	29,097
Fairview	25,799	3,842	4,556	16	34,213
Howard	17,737	2,074	644	47	20,502
Kimmons	38,137	5,084	3,005	17	46,243
Morrison	18,521	2,448	2,529	19	23,517
Northside	44,371	7,237	8,352	23	59,983
Orr	26,376	7,157	11,610	40	45,183
Park	34,867	6,705	3,076	30	44,678
Ramsey	23,960	5,182	7,564	57	36,763
Southside	31,742	8,632	16,862	105	57,341
Spradling	24,897	2,816	1,342	38	29,093
Sunnymede	29,528	3,860	2,056	77	35,521
Sutton	31,064	3,252	3,514	24	37,854
Tilles	28,279	2,582	2,085	66	33,012
Trusty	8,928	1,582	71	1	10,582
Woods	12,604	3,035	9,073	54	24,766
Total Breakfasts	568,654	105,469	134,538	756	809,417

See independent auditor's report.

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF SCHOOL LUNCHES SERVED

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Student Free</u>	<u>Student Reduced</u>	<u>Student Paid</u>	<u>Adult Paid</u>	<u>Total</u>
Ballman	22,886	4,507	7,433	210	35,036
Barling	26,307	7,488	7,533	59	41,387
Beard	26,200	5,569	4,548	341	36,658
Belle Point	4,799	407	517	27	5,750
Bonneville	18,720	7,770	4,615	234	31,339
Carnall	18,488	5,066	2,750	183	26,487
Cavanaugh	21,721	4,343	7,248	17	33,329
Chaffin	34,314	11,468	19,280	153	65,215
Cook	26,780	7,989	16,649	290	51,708
Darby	66,252	8,683	8,545	767	84,247
Euper Lane	21,182	5,590	8,122	47	34,941
Fairview	45,214	7,499	8,599	959	62,271
Howard	33,381	3,482	1,713	92	38,668
Kimmons	73,030	10,719	5,556	285	89,590
Morrison	48,790	5,509	4,298	90	58,687
Northside	114,159	19,037	21,158	851	155,205
Orr	22,984	5,907	7,183	292	36,366
Park	40,480	7,484	2,910	258	51,132
Ramsey	48,975	10,451	16,635	413	76,474
Southside	69,964	19,154	39,172	1,178	129,468
Spradling	38,879	4,465	2,668	132	46,144
Sunnymede	61,216	9,054	3,408	141	73,819
Sutton	55,828	6,702	3,903	334	66,767
Tilles	45,596	5,078	3,440	470	54,584
Trusty	14,382	2,301	238	22	16,943
Woods	23,248	7,206	15,461	107	46,022
Total Lunches	1,023,775	192,928	223,582	7,952	1,448,237
Total Breakfasts and Lunches	1,592,429	298,397	358,120	8,708	2,257,654

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***

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 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated December 16, 2024. 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 and pervasive. 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, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Report on Internal Control Over Financial Reporting

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

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
December 16, 2024



Independent Auditor's Report on Compliance for Each Major 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

Opinion on Each Major Federal Program

We have audited the Fort Smith School District #100's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fort Smith School District #100 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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
December 16, 2024

FORT SMITH SCHOOL DISTRICT #100

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

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)
84.425

Name of Federal Program or Cluster
Elementary and Secondary School Emergency Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$1,105,149

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

FORT SMITH SCHOOL DISTRICT #100

SUPPLEMENTAL DATA SHEET AS REQUIRED BY ARKANSAS DEPARTMENT OF HUMAN SERVICES

JUNE 30, 2024

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. Terry Morawski

Contact Person: Charles Warren, CPA

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

Lead Auditor: Marc Lux, CPA



Independent Auditor's 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, 2024. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was made in accordance with attestation 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, 2024.

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
December 16, 2024

FORT SMITH SCHOOL DISTRICT #100

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

JUNE 30, 2024

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding & Purchasing Commodities	6-21-301 - 6-21-305; 6-13-628
Ethical Guidelines and Prohibitions	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	
• School Debt	6-20-402
• District School Bonds	6-20-1201 - 6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Investment of Funds	19-1-504
Management of Schools	
• Board of Directors	6-13-608; 6-13-611 - 6-13-613; 6-13-617 - 6-13-620; 6-13-622
• District Treasurer	6-13-701
• Warrants / Checks	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.
Classified Employees	6-17-2201 et seq.; 6-17-2301 et seq.
School Elections	6-13-630; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• Personnel Policies	6-17-201 et seq., 6-17-2301 et seq.
• Employment and Assignment	6-17-301 et seq.
• Teacher Licensure / Background Checks	6-17-401 et seq.
• Teacher Contracts	6-17-801 et seq.
• Employee Sick Leave	6-17-1201 et seq.; 6-17-1301 et seq.
• Minimum Wage Act	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; 6-17-2401 et seq.
Education Excellence Trust Fund	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's employees.
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
School District Procurement Law	6-21-301 et seq.

FORT SMITH SCHOOL DISTRICT #100

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

JUNE 30, 2024

<u>DESCRIPTION</u>	<u>STATUTES</u>
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	https://dese.ade.arkansas.gov/Offices/Federal-Programs/federal-programs/cares-act-crrsa-act-and-american-rescue-plan-arp-act
Charter Facilities Funding	6-23-908