

**ALMA SCHOOL DISTRICT NO. 30**  
**REGULATORY BASIS FINANCIAL STATEMENTS**  
**AND OTHER REPORTS**

**JUNE 30, 2022**



# ALMA SCHOOL DISTRICT NO. 30

JUNE 30, 2022

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## **Independent Auditor's Report**

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To the School Board  
Alma School District #30  
Alma, 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 Alma School District #30 (the District), as of and for the year ended June 30, 2022, 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 Opinion 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 Alma School District #30, as of June 30, 2022, 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 Alma School District #30, as of June 30, 2022, 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 Alma Public School District #30 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 know information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets 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 January 5, 2023, 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**  
**January 5, 2023**

***REGULATORY BASIS FINANCIAL STATEMENTS***

# ALMA SCHOOL DISTRICT NO. 30

## BALANCE SHEET - REGULATORY BASIS

AS OF JUNE 30, 2022

	Governmental Funds				
	Major				
	General	Special Revenue	Other Aggregate		Fiduciary
<b>Assets</b>					
Cash and temporary investments	\$ 2,034,841	\$ 660,700	\$ 2,988,695	\$	151,975
Investments	-	-	9,520,165		-
Accounts receivable	9,888	666,278	-		-
Due from other funds	215,106	(215,106)	-		-
<b>Total Assets</b>	<b>\$ 2,259,835</b>	<b>\$ 1,111,872</b>	<b>\$ 12,508,860</b>	<b>\$</b>	<b>151,975</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 124,755	\$ 294,365	\$ -	\$	13,146
Accrued payroll	1,154,256	315,219	-		-
Due to student groups	-	-	-		138,829
<b>Total Liabilities</b>	<b>1,279,011</b>	<b>609,584</b>	<b>-</b>		<b>151,975</b>
<b>Fund Balances</b>					
Restricted	-	606,034	12,508,860		-
Assigned	240,319	-	-		-
Unassigned	740,505	(103,746)	-		-
<b>Total Fund Balances</b>	<b>980,824</b>	<b>502,288</b>	<b>12,508,860</b>		<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,259,835</b>	<b>\$ 1,111,872</b>	<b>\$ 12,508,860</b>	<b>\$</b>	<b>151,975</b>

See accompanying notes to financial statements.



# ALMA SCHOOL DISTRICT NO. 30

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

FOR THE YEAR ENDED JUNE 30, 2022

	Major		
	General	Special Revenue	Other Aggregate
<b>Revenues</b>			
Local property taxes	\$ 6,153,228	\$ -	\$ 2,456,044
Meal sales	-	128,806	-
Interest	10,816	-	14,269
Contributions	130,030	-	5,000
Activity receipts	549,132	-	-
Other local revenues	291,792	-	-
State assistance	20,983,438	10,216	-
Unrestricted federal aid	1,811	-	-
Restricted federal aid	-	7,129,535	-
<b>Total Revenues</b>	<b>28,120,247</b>	<b>7,268,557</b>	<b>2,475,313</b>
<b>Expenditures</b>			
Current:			
Regular programs	11,358,525	1,911,309	-
Special education	2,138,301	613,559	-
Vocational education	657,127	50,893	-
Compensatory education	925,061	651,398	-
Other instructional programs	867,541	8,925	-
Support services	10,040,272	937,739	-
Food service	4,377	1,957,646	-
Community services	158,431	-	-
Activity expenditures	503,350	-	-
Capital outlay	293,341	627,436	2,533,416
Debt service:			
Principal	47,712	-	975,000
Interest	1,513	-	1,479,290
Paying agent's fees	-	-	1,754
<b>Total Expenditures</b>	<b>26,995,551</b>	<b>6,758,905</b>	<b>4,989,460</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,124,696</b>	<b>509,652</b>	<b>(2,514,147)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of asset	1,780	-	-
Operating transfers in/(out)	(936,306)	-	936,306
<b>Total Other Financing Sources (Uses)</b>	<b>(934,526)</b>	<b>-</b>	<b>936,306</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>190,170</b>	<b>509,652</b>	<b>(1,577,841)</b>
<b>Fund Balance at Beginning of Year</b>	<b>790,654</b>	<b>(7,364)</b>	<b>14,086,701</b>
<b>Fund Balance at End of Year</b>	<b>\$ 980,824</b>	<b>\$ 502,288</b>	<b>\$ 12,508,860</b>

See accompanying notes to financial statements

# ALMA SCHOOL DISTRICT NO. 30

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

FOR THE YEAR ENDED JUNE 30, 2022

			VARIANCE FAVORABLE (UNFAVORABLE)
Revenues	BUDGET	ACTUAL	
Local property taxes	\$ 6,377,000	\$ 6,153,228	\$ (223,772)
Interest	20,000	10,816	(9,184)
Contributions	-	130,030	130,030
Activity receipts	-	549,132	549,132
Other local revenues	190,933	291,792	100,859
State assistance	20,803,397	20,983,438	180,041
Unrestricted federal aid	1,000	1,811	811
<b>Total Revenues</b>	<b>27,392,330</b>	<b>28,120,247</b>	<b>727,917</b>
<b>Expenditures</b>			
Current:			
Regular programs	11,208,391	11,358,525	(150,134)
Special education	2,112,912	2,138,301	(25,389)
Vocational education	633,666	657,127	(23,461)
Compensatory education	881,628	925,061	(43,433)
Other instructional programs	813,152	867,541	(54,389)
Support services	9,965,586	10,044,649	(79,063)
Community services	149,933	158,431	(8,498)
Activity expenditures	-	503,350	(503,350)
Capital outlay	63,000	293,341	(230,341)
Debt service:			
Principal	47,712	47,712	-
Interest	1,513	1,513	-
<b>Total Expenditures</b>	<b>25,877,493</b>	<b>26,995,551</b>	<b>(1,118,058)</b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>1,514,837</b>	<b>1,124,696</b>	<b>(390,141)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of asset	-	1,780	(1,780)
Operating transfers	(1,700,000)	(936,306)	763,694
<b>Total Other Financing Sources (Uses)</b>	<b>(1,700,000)</b>	<b>(934,526)</b>	<b>761,914</b>
<b>Excess of Revenues and Other Sources Over /</b>			
<b>(Under) Expenditures and Other Uses</b>	<b>(185,163)</b>	<b>190,170</b>	<b>371,773</b>
<b>Fund Balance at Beginning of Year</b>	<b>790,654</b>	<b>790,654</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 605,491</b>	<b>\$ 980,824</b>	<b>\$ 371,773</b>

See accompanying notes to financial statements.

# ALMA SCHOOL DISTRICT NO. 30

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

FOR THE YEAR ENDED JUNE 30, 2022

			VARIANCE FAVORABLE (UNFAVORABLE)
Revenues	BUDGET	ACTUAL	
Meal sales	\$ 100,500	\$ 128,806	\$ 28,306
State assistance	10,000	10,216	216
Restricted federal aid	9,619,255	7,129,535	(2,489,720)
<b>Total Revenues</b>	<b>9,729,755</b>	<b>7,268,557</b>	<b>(2,461,198)</b>
<b>Expenditures</b>			
Current:			
Regular programs	3,944,848	1,911,309	2,033,539
Special education	1,107,561	613,559	494,002
Vocational education	22,565	50,893	(28,328)
Compensatory education	654,736	651,398	3,338
Other instructional programs	10,000	8,925	1,075
Support services	1,172,457	937,739	234,718
Food service	1,662,900	1,957,646	(294,746)
Community services	100	-	100
Capital outlay	1,504,387	627,436	876,951
<b>Total Expenditures</b>	<b>10,079,554</b>	<b>6,758,905</b>	<b>3,320,649</b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>(349,799)</b>	<b>509,652</b>	<b>859,451</b>
<b>Excess of Revenues and Other Sources</b>			
<b>Over (Under) Expenditures and</b>			
<b>Other Uses</b>	<b>(349,799)</b>	<b>509,652</b>	<b>859,451</b>
<b>Fund Balance, Beginning of Year</b>	<b>(7,364)</b>	<b>(7,364)</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ (357,163)</b>	<b>\$ 502,288</b>	<b>\$ 859,451</b>

See accompanying notes to financial statements.

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 1. Summary of Significant Accounting Policies

#### a. Financial Reporting Entity

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

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

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 fund 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.

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 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 or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

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

**Debt Service Fund** - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to 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. Assets, Liabilities and Fund Balance

##### **Interfund Receivables and Payables**

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

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### d. Assets, Liabilities and Fund Balance (continued)

##### **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:

Buildings	20 - 50 years
Improvements other than buildings	7 - 50 years
Machinery and equipment	5 - 20 years
Vehicles	5 - 15 years

##### **Fund Balance Classifications**

Fund balances are categorized as follows:

**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.

**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.

##### **Revenue Recognition Policies**

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

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### d. Assets, Liabilities and Fund Balance (continued)

##### **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.

##### **Budget and Budgetary Accounting**

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

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

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

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### d. Assets, Liabilities and Fund Balance (continued)

##### **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.

##### **Minimum Fund Balance Policies**

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

##### **Fund Balance Classification Policies and Procedures**

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

##### **Encumbrances**

The District does not utilize encumbrance accounting.



# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 2. Deposits and Temporary Investments

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

	Carrying Amount	Bank Balance
Insured	\$ 500,000	\$ 500,000
Collateralized - held by pledging bank or pledging bank's trust department in the District's name	14,856,376	14,990,609
Total cash and temporary investments	\$ 15,356,376	\$ 15,490,609

The above total includes certificates of deposit of \$9,520,165 reported as investments.

### 3. Accounts Receivable

Accounts receivable at June 30, 2022 were comprised of the following:

	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Federal Assistance	\$ -	\$ 641,278	\$ -
Other	9,888	25,000	-
Total	\$ 9,888	\$ 666,278	\$ -

### 4. Interfund Transfers

The District has one interfund balance as of June 30, 2022;

	Due To General Fund	Due From Federal Grants Fund	Amount
Due to/from other funds			\$ 215,106

The interfund balance is primarily due to the timing of reimbursable expenditures for operations.

Interfund transfers are used to fund capital expenditures and general operations in various accounts. The composition of interfund transfers as of June 30, 2022 is as follows:

	Transfers In	Transfers Out	Net Transfers
General Fund	\$ -	\$ 936,306	\$ (936,306)
Other Aggregate	936,306	-	936,306
Total	\$ 936,306	\$ 936,306	\$ -

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 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.

On January 1, 2020, the District issued Refunding and Construction Bonds, Series A in the amount of \$22,785,000 and Refunding and Construction Bonds (Federally Taxable), Series B in the amount of \$35,645,000. The bonds were issued to refund Qualified School Construction Bonds, General Obligation Refunding Bonds, and fund several capital projects. All of the bonds refunded have been called except for the General Obligation Bond dated August 22, 2019, which will be called on February 8, 2024. The funds for this bond defeasement have been placed in escrow and invested in moneys in United States Treasury Obligations - State and Local Government Series. The outstanding principal balance on this bond defeased in substance at June 30, 2022 was \$22,930,000.

The remaining projects to be funded with bond proceeds are as follows:

Description	Cost	Estimated Completion
Student activity center	\$ 4,939,356	August 2024
Agriculture classrooms and shop	5,668,878	August 2023
Agriculture animal science facility	3,611,551	August 2023
Administration building purchase	1,063,039	July 2022
Administration building remodel	400,000	July 2024
Parking lot paving	1,102,694	August 2022
Track	350,724	November 2022
High School re-roofing	232,944	March 2023
Total	\$ 17,369,186	

A summary of the District's commitments are as follows:

Date of Issue	Original Issue	Interest Rate	Final Maturity	Outstanding Balance	Due Within One Year
General Obligation Refunding Bonds					
01/07/2021(A)	\$ 22,785,000	1.00% - 5.00%	2055	\$ 22,410,000	\$ 430,000
01/07/2021(B)	\$ 35,645,000	1.00% - 4.00%	2055	\$ 35,045,000	\$ 690,000
Direct Borrowings					
8/3/2017	\$ 229,907	3.85%	2022	\$ -	\$ -

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 5. Commitments (continued)

The District has an unused line of credit available in the amount of \$1,200,000 that expires July 23, 2023.

The following is a summary of the District's long-term debt activity for the year ended June 30, 2022:

	Balance July 1, 2021	Debt Additions	Debt Retirements	Balance June 30, 2022
<b>Bond issue dated:</b>				
General Obligation Refunding Bonds				
January 1, 2021, Series A	\$ 22,785,000	\$ -	\$ 375,000	\$ 22,410,000
January 1, 2021, Series B	35,645,000	-	600,000	35,045,000
Total Bonds	58,430,000	-	975,000	57,455,000
<b>Direct Borrowings:</b>				
Financed purchase	47,712	-	47,712	-
<b>Total Long-Term Debt</b>	<b>\$ 58,477,712</b>	<b>\$ -</b>	<b>\$ 1,022,712</b>	<b>\$ 57,455,000</b>

Annual debt service requirements of the bonds to maturity are as follows:

Year ended June 30,	Principal	Interest	Total
2023	\$ 1,120,000	\$ 1,339,574	\$ 2,459,574
2024	1,165,000	1,289,474	2,454,474
2025	1,220,000	1,237,149	2,457,149
2026	1,275,000	1,182,374	2,457,374
2027	1,320,000	1,137,274	2,457,274
2028-2032	6,890,000	5,400,687	12,290,687
2033-2037	7,410,000	4,869,887	12,279,887
2038-2042	8,185,000	4,107,662	12,292,662
2043-2047	9,165,000	3,120,158	12,285,158
2048-2052	10,375,000	1,913,453	12,288,453
2053-2056	9,330,000	500,720	9,830,720
	<b>\$ 57,455,000</b>	<b>\$ 26,098,412</b>	<b>\$ 83,553,412</b>

Arkansas Code Annotated 6-20-104 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.

# ALMA SCHOOL DISTRICT NO. 30

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### 6. Pledged Revenues

The District has pledged a portion of its property taxes to retire bonds totaling \$58,430,000 from the January 1, 2021, Series A and Series B, Refunding and Construction Bonds. The bonds were issued for various bond refundings and capital projects. Total principal and interest remaining on the bonds is \$57,455,000 payable through August 1, 2055. Principal and interest paid for the current year and total property taxes pledged for debt service were \$975,000 and \$1,479,290 respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 41.0%.

### 7. Details of Governmental Fund Balance Classifications

As of June 30, 2022	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Restricted for:			
Capital projects	\$ -	\$ -	\$ 12,508,860
Federal programs-child nutrition	-	606,034	-
Assigned to:			
Student activities	240,319	-	-
Unassigned	740,505	(103,746)	-
Total Fund Balance	\$ 980,824	\$ 502,288	\$ 12,508,860

The District has a negative fund balance in one of its special revenue funds at June 30, 2022. This is simply a timing issue as the funds have yet to be transferred to cover the deficit balance.

### 8. Employee Retirement Systems and Plans

#### 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 (800) 666-2877, or by visiting the ATRS website at [www.artrs.gov](http://www.artrs.gov).

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by State law to contribute 6.50% of their salaries. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.75% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2022 were \$3,092,139, equal to the required contributions.

# **ALMA SCHOOL DISTRICT NO. 30**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### **8. Employee Retirement Systems and Plans (continued)**

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, 2021 (actuarial valuation date and measurement date) was \$16,656,142.

### **9. On-Behalf Payments**

The allocation of the health insurance premiums paid by the Arkansas Department of education to the Employee benefits Division, on behalf of the District's employees, total \$631,492 for the year ended June 30, 2022.

### **10. Other Commitments**

The District has an arrangement with the Arkansas School Band and Orchestra Association (ASBOA), whereby the salary, insurance, and retirement functions for ASBOA are provided by the District. The ASBOA reimburses the district for the cost of these services. During the year ended June 30, 2020, these services were provided for the executive director and one assistant for ASBOA. The amount reimbursed to the District from ASBOA to cover these services totaled \$158,431 for the year ended June 30, 2022.

### **11. 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 building and contents.

# **ALMA SCHOOL DISTRICT NO. 30**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### **11. Risk Management (continued)**

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

### **12. COVID**

The Coronavirus Disease 2019 (COVID), declared by the World Health Organization as a pandemic in March 2020, continues to cause worldwide economic disruption and uncertainty. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations everywhere.

The District has seen no reduction of State Foundation Funding Aid, state categorical funding from the state or federal funding since the onset of the pandemic.

Arkansas public school districts received federal funds known as Elementary and Secondary School Emergency Relief (ESSER) funds. 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 respectfully. The total allocation exceeded \$7 million to be obligated and spent in a time period that covers fiscal years ending June 30, 2020 through June 30, 2024.

These ESSER funds are allocated to reimburse the District for a variety of costs including the sanitization 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 targeting these allocations purposefully over these school years, adhering to federal and state regulations.

### **13. Subsequent Events**

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2022 through January 5, 2023, the date the financial statements were available to be issued.

## ***OTHER INFORMATION***

# ALMA SCHOOL DISTRICT NO. 30

## SCHEDULE OF CAPITAL ASSETS (UNAUDITED)

AS OF JUNE 30, 2022

**Nondepreciable Capital Assets:**

Land	\$	1,830,526
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<b>Total Nondepreciable Capital Assets</b>		<b>1,830,526</b>
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**Depreciable Capital Assets:**

Buildings	72,141,784
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Improvements other than buildings	8,368,459
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Machinery and equipment	8,509,872
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Vehicles	3,401,453
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<b>Total Depreciable Capital Assets</b>	<b>92,421,568</b>
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<b>Total Capital Assets</b>	<b>94,252,094</b>
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**Less Accumulated Depreciation for:**

Buildings	33,295,501
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Improvements other than buildings	4,399,256
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Machinery and equipment	6,828,953
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Vehicles	2,906,237
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<b>Total Accumulated Depreciation</b>	<b>47,429,947</b>
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<b>Capital Assets, net</b>	<b>\$ 46,822,147</b>
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See independent auditor's report.



## ***SUPPLEMENTARY INFORMATION***

# ALMA SCHOOL DISTRICT NO. 30

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Department or Division/Pass-Through Agency/Program Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expen- ditures
<b>U.S. Department of Agriculture</b>			
<b>Child Nutrition Cluster</b>			
<b>Arkansas Department of Education</b>			
School Breakfast Program - Cash Assistance	1701	10.553	\$ 699,285
National School Lunch Program - Cash Assistance	1701	10.555	1,538,195
National School Lunch Program - Supply Chain Assistance Funds	1701	10.555	70,559
<b>Arkansas Department of Human Services</b>			
National School Lunch Program - Non-Cash Assistance	1701	10.555	93,565
<b>Total U.S. Department of Agriculture</b>			<b>2,401,604</b>
<b>U.S. Department of Army</b>			
ROTC		12.357	73,322
<b>Total U.S. Department of Army</b>			<b>73,322</b>
<b>U.S. Department of Education</b>			
<b>Special Education Cluster</b>			
<b>Arkansas Department of Education</b>			
E.S.E.A. Title VI, Grants to States	1701	84.027	693,792
Special Education, Preschool	1701	84.173	31,069
<b>Total Special Ed Cluster</b>			<b>724,861</b>
<b>Arkansas Department of Education</b>			
Title I Grants to Local Education Agencies	1701	84.010	692,956
Supporting Effective Instruction State Grants	1701	84.367	155,141
Student Support and Academic Enrichment Program Elementary and Secondary School	1701	84.424A	66,662
Emergency Relief Fund II	1701	84.425W	470,073
Emergency Relief Fund III - ARPA	1701	84.425U	2,115,418
American Rescue Plan Act			
ARPA - IDEA Part B	1701	84.425	19,834
ARPA I - Homeless Children and Youth	1701	84.425D	1,230
<b>Arkansas Department of Career Education</b>			
Career & Technical Education - Basic Grants to States	1701	84.048	42,068
Rehabilitation Services - Vocational Rehabilitation Grants to States	1701	84.126	15,000
<b>Total U.S. Department of Education</b>			<b>4,303,243</b>

See independent auditor's report.

# ALMA SCHOOL DISTRICT NO. 30

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Department or Division/Pass-Through Agency/Program Title	Pass-Through Entity Identifying Number	Assistance Listing Number	Federal Expen- ditures
<b>U.S. Department of Health and Human Services</b>			
Arkansas Department of Health Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1701	93.323	61,063
<b>Total U.S. Department of Health and Human Services</b>			61,063
<b>Total Federal Awards</b>			\$ 6,839,232

### Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Alma School District #30 under programs of the federal government for the fiscal year ended June 30, 2022. 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 Alma School District #30, it is not intended to and does not present the financial position or changes in financial position of the District.

### Note B - Summary of Significant Accounting Policies

1. This schedule of expenditures of federal awards includes the federal program activity of Alma School District #30 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. Alma School District 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, Alma School District #30 provided federal awards to subrecipients as follows:

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

See independent auditor's report.

# ALMA SCHOOL DISTRICT NO. 30

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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FOR THE YEAR ENDED JUNE 30, 2022

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### Note D - Supplemental Disclosure of Governmental Assistance Information

Title XIX - Medicaid

Medical Assistance Program (MEDICAID CATASTROPHIC)

\$ 82,126

Total Medicaid

\$ 82,126

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  
Alma School District #30  
Alma, 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 Alma School District #30 (the "District"), as of and for the year ended June 30, 2022, 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 January 5, 2023. 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 financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2022, 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 of material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Przybysz & Associates, CPAs, P.C.  
Fort Smith, Arkansas  
January 5, 2023



## **Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

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To the School Board  
Alma School District #30  
Alma, Arkansas

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

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

We have audited the Alma School District #30's 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 Alma School District #30's major federal programs for the year ended June 30, 2022. Alma School District #30'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, Alma School District #30 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, 2022.

#### ***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 Alma School District #30 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 Alma School District #30'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 Alma School District #30'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 Alma School District #30'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 Alma School District #30'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 Alma School District #30'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 Alma School District #30'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 Alma School District #30'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  
January 5, 2023

# ALMA SCHOOL DISTRICT NO. 30

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

### 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 \_\_\_ x no

Significant deficiency(ies) identified?

\_\_\_ yes \_\_\_ x none reported

Noncompliance material to financial statements noted?

\_\_\_ yes \_\_\_ x no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_ yes \_\_\_ x no

Significant deficiency(ies) identified?

\_\_\_ yes \_\_\_ x 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 \_\_\_ x no

Identification of major programs:

CFDA Number(s)  
84.425  
10.553, 10.555, 10.559

Name of Federal Program or Cluster  
Education Stabilization Fund  
Child Nutrition Cluster

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

\$750,000

Auditee qualified as a low-risk auditee?

\_\_\_ x \_\_\_ yes \_\_\_ no

### Section II - Financial Statement Findings - Current Year

#### Material Weaknesses/Significant Deficiencies

None

#### Material Weaknesses/Significant Deficiencies - Prior Year

None

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

#### Material Weaknesses/Significant Deficiencies

None

#### Material Weaknesses/Significant Deficiencies - Prior Year

None

See independent auditor's report.



## **Independent Auditor's Report On Compliance With Arkansas State Requirements**

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To the School Board  
Alma School District #30  
Alma, Arkansas

We have examined management's assertions that the Alma School District #30 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, 2022. 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, Alma School District #30 complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

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  
January 5, 2023**

## ALMA SCHOOL DISTRICT NO. 30

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

JUNE 30, 2022

<b>DESCRIPTION</b>	<b>STATUTES</b>
<b>Bidding &amp; Purchasing Commodities</b>	6-21-301 - 6-21-305
<b>Ethical Guidelines and Prohibitions</b>	6-13-628; 6-24-101 et seq.
<b>Collateralization &amp; Investment of Funds</b>	6-20-222; 19-1-504
<b>Deposit of Funds</b>	19-8-104; 19-8-106
<b>District Finances</b>	6-20-402
• Bonded & Non-bonded Debt, District School Bonds	6-20-1201 - 6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals - declining accrual percentages)	6-20-401
• Investment of Funds	19-1-504
<b>Management of Schools</b>	
• Board of Directors	6-13-604; 6-13-606; 6-13-608; 6-13-611 - 6-13-613; 6-13-617 - 6-13-620; 6-24-101 et seq.
• District Treasurer	6-13-701
◦ Warrant/checks	6-17-918; 6-17-919; 6-20-403
<b>Management Letter for Audit</b>	14-75-101 - 14-75-104
<b>Nonrecurring Salary Payments</b>	6-20-412
<b>Revolving Loan Fund</b>	6-19-114; 6-20-801 et seq.
<b>Salary Laws - Classified</b>	6-17-2201 et seq.; 6-17-2301 et seq.
<b>Salary increases 5% or more (certified &amp; classified)</b>	6-13-635
<b>School Elections</b>	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
<b>Teachers and Employees</b>	
• Personnel Policies	6-17-201 et seq., 6-17-2301
• Employment and Assignment	6-17-301 et seq.
• Teacher's License Requirement	6-17-401 et seq.
• Contracts	6-17-801 et seq.
• Certification Requirements	6-17-309; 6-17-401
• Fair Dismissal Act	6-17-1501 et seq.; 6-17-1701 et seq.
• Sick Leave Policies	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
<b>Teacher Salaries and Foundation Funding Aid</b>	6-17-803; 6-17-907; 6-17-908; 6-17-911 - 6-17-913; 6-17-918; 6-17-919
<b>Trust Funds (Education Excellence)</b>	6-5-307
<b>Use of Contractors, Improvement Contracts</b>	22-9-201 - 22-9-205
<b>Use of DM&amp;O Millage</b>	26-80-110
<b>On Behalf Payments</b>	The amounts of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District employees.

## ALMA SCHOOL DISTRICT NO. 30

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

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JUNE 30, 2022

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<u>DESCRIPTION</u>	<u>STATUTES</u>
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
Arkansas Procurement Law	19-11-201 et. seq.
Fiscal Accountability	6-20-1901, et. seq.
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210 (Waived for 2019-2020 only)
Cares Act (COVID-19) Education Funding	Commissioner's Memo LS-20-089
Charter School Funding	6-23-908