

**FORREST CITY SCHOOL DISTRICT NO. 7  
St. Francis County, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports  
JUNE 30, 2023**

**MEYER & WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, ARKANSAS 72396**

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, AR

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**MEYER & WARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1045**  
**WYNNE, ARKANSAS 72396**

**INDEPENDENT AUDITOR'S REPORT**

Forrest City School District No 7

School Board Members

**Opinions**

We have audited the accompanying financial statements of each major governmental fund and the remaining fund information of the Forrest City School District No. 7 (the District), as of and for the year ended June 30, 2023, 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 District as of June 30, 2023 and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Ark. Code Ann. 10-4-413 (c ) as provided in Act 2201 of 2005 described in Note 1.

**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 paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2023, 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 the District, 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 the Note 1 to the financial statements, to meet the financial reporting of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. 10-4-413( c ) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Arkansas Code Ann. 10-4-41 ( 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 School 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 generally accepted auditing standards 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 generally accepted auditing standards 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 School 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 School 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 purposes of additional analysis and are not a required part of the regulatory basis financial statements.

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

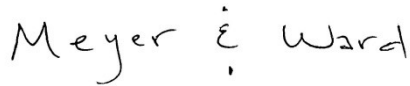
**Other Information**

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis 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 April 24, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Meyer & Ward".

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

April 24, 2024

**MEYER & WARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1045**  
**WYNNE, ARKANSAS 72396**

**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**

Forrest City School District No. 7 and School Board Members  
Forrest City, AR

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major governmental fund and the aggregate remaining fund information of the Forrest City School District No. 7 (the District) as of and for the year ended June 30, 2023, 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 April 24, 2024. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material 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, 2023, and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's 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.

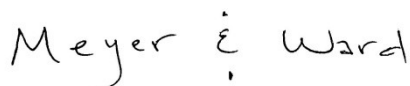
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

A handwritten signature in dark ink that reads "Meyer & Ward". The signature is written in a cursive, slightly informal style.

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, Arkansas 72396

April 24, 2024

**MEYER & WARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1045**  
**WYNNE, ARKANSAS 72396**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

Forrest City School District No. 7 and School Board Members  
Forrest City, AR

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

**Opinion on Each Major Federal Program**

We have audited Forrest City School District No. 7 (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, 2023. The District's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

**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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the 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 GAAS, 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 judgement 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 and audit in accordance with GAAS, Government Auditing Standards, and Uniform Guidance, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks fo material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risk. 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for t he 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.

Meyer & Ward

Meyer & Ward, P. A.

Certified Public Accountants

Wynne, Arkansas

April 24, 2024

**MEYER & WARD, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**P.O. BOX 1045**  
**WYNNE, ARKANSAS 72396**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARKANSAS  
STATE REQUIREMENTS**

The Members of the School Board  
Forrest City School District No. 7  
St. Francis County, Arkansas

We have examined management's assertions that the Forrest City School District No. 7 ("the District") substantially complied with the requirements of Arkansas Code Annotated § 6-1-101 and the applicable laws and regulations including those listed in the accompanying schedule of statutes required to be addressed by the Arkansas Department of Education during the year ended June 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institutes 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 examinations provide 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 Forrest City School District No. 7 complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023. This report is intended solely for the information and use of the School Board, and the Arkansas Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

*Meyer & Ward*

Meyer & Ward, P. A.  
Certified Public Accountants  
Wynne, Arkansas  
April 24, 2024

FORREST CITY SCHOOL DISTRICT  
ST. FRANCIS COUNTY, ARKANSAS  
BALANCE SHEET -REGULATORY BASIS  
JUNE 30, 2023

Exhibit A

	Governmental Funds			
	Major			
	General	Special Revenue	Other Funds in Aggregate	Fiduciary Fund Types
ASSETS				
Cash	\$ 3,258,077		\$ 1,705,085	\$ 46,327
Interfund Receivables	54,104	\$ 99,916		
Accounts Receivable	2,065	769,530		
TOTAL ASSETS	<u>\$ 3,314,246</u>	<u>\$ 869,446</u>	<u>\$ 1,705,085</u>	<u>\$ 46,327</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 177,164	\$ 77,119	\$ 71,775	
Due to Other funds	99,916	54,104		
Due student groups				\$ 46,327
Total Liabilities	<u>277,080</u>	<u>\$131,223</u>	<u>71,775</u>	<u>46,327</u>
FUND BALANCES				
Restricted	452,937	738,223		
Assigned	290,836		1,633,310	
Unassigned	2,293,393			
Total Fund Balances	<u>3,037,166</u>	<u>738,223</u>	<u>1,633,310</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,314,246</u>	<u>\$ 869,446</u>	<u>\$ 1,705,085</u>	<u>\$ 46,327</u>

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

FORREST CITY SCHOOL DISTRICT  
ST. FRANCIS COUNTY, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS -REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	Major		Other Funds in Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 6,823,566		
State Assistance	14,142,407	\$ 9,472	
Federal Assistance	12,837	17,538,717	
Activity Revenues	110,243		
Meal Sales		30,666	
Investment Income	12,525		
Other Revenues	254,828	5,313	
Total Revenues	<u>\$ 21,356,406</u>	<u>\$ 17,584,168</u>	<u>\$ -</u>

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

FORREST CITY SCHOOL DISTRICT  
ST. FRANCIS COUNTY, ARKANSAS

Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS -REGULATORY BASIS (Cont'd)  
FOR THE YEAR ENDED JUNE 30, 2023

	Major		Other Funds in Aggregate
	General	Special Revenue	
EXPENDITURES			
Regular Programs	\$ 8,444,138	\$ 1,486,885	
Special education	1,536,993	897,635	
Career education programs	764,612	26,889	
Compensatory education programs		1,603,486	
Other instructional programs	464,979	29,750	
Student support services	807,541	1,086,997	
Instructional staff support services	889,175	2,274,981	
General administration support services	707,920	169,683	
School administration support services	1,214,826	104,880	
Central services support services	784,612	154,407	
Operation and Maintenance of plant services	3,595,962	454,682	
Student transportation services	878,800	327,927	
Other support services	85,369		
Food services operations		2,310,953	
Community services operations		6,944	
Architecture and Engineering Consultant	7,000	6,771,257	144,304
Facilities acquisition and construction services	196,000	164,727	1,308,378
Non-programmed costs	7,643	203,059	
Activity expenditures	127,489		
Debt service:			
Principle retirement			545,000
Interest and fiscal charges			207,177
TOTAL EXPENDITURES	20,513,059	18,075,142	2,204,859
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	843,347	(490,974)	(2,204,859)
OTHER FINANCING SOURCES (USES)			
Transfers In	22,331,136	106,913	1,412,737
Transfers Out	(23,743,872)	(106,913)	
TOTAL OTHER FINANCING SOURCES (USES)	(1,412,736)	-	1,412,737
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(569,389)	(490,974)	(792,122)
FUND BALANCE - JULY 1	3,606,555	1,229,197	2,425,432
FUND BALANCE - JUNE 30	\$ 3,037,166	\$ 738,223	\$ 1,633,310

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

FORREST CITY SCHOOL DISTRICT  
ST. FRANCIS COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL -GENERAL AND SPECIAL REVENUE FUNDS -REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$6,239,384	\$6,823,566	\$584,182		\$ -	\$ -
State Assistance	14,605,153	14,142,407	(462,746)	\$ 8,000	9,472	1,472
Federal Assistance		12,837	12,837	25,359,868	17,538,717	(7,821,151)
Activity Revenues		110,243	110,243		-	-
Meal Sales		-	-		30,666	30,666
Investment Income	2,000	12,525	10,525		-	-
Other Revenues	198,814	254,828	56,014		5,313	5,313
Total Revenues	21,045,351	21,356,406	311,055	25,367,868	17,584,168	(7,783,700)
EXPENDITURES						
Regular Programs	8,139,337	8,444,138	(304,801)	1,524,531	1,486,885	37,646
Special education	1,837,424	1,536,993	300,431	984,693	897,635	87,058
Career education programs	792,322	764,612	27,710	80,210	26,889	53,321
Compensatory education programs	-	-	-	2,528,011	1,603,486	924,525
Other instructional programs	425,708	464,979	(39,271)	66,401	29,750	36,651
Student support services	819,899	807,541	12,358	1,277,614	1,086,997	190,617
Instructional staff support services	977,214	889,175	88,039	5,116,348	2,274,981	2,841,367
General administration support services	658,644	707,920	(49,276)	186,473	169,683	16,790
School administration support services	1,303,161	1,214,826	88,335	104,882	104,880	2
Central services support services	706,565	784,612	(78,047)	212,184	154,407	57,777
Operation and Maintenance of plant services	3,537,057	3,595,962	(58,905)	722,100	454,682	267,418
Student transportation services	730,756	878,800	(148,044)	328,017	327,927	90
Other support services	61,320	85,369	(24,049)		-	-
Food services operations		-	-	1,913,568	2,310,953	(397,385)
Community services operations		-	-	42,188	6,944	35,244
Architecture and Engineering	50,000	7,000	43,000	8,406,905	6,771,257	1,635,648
Facilities acquisition and construction services	199,754	196,000	3,754	571,195	164,727	406,468
Non-programmed costs	25,000	7,643	17,357	245,028	203,059	41,969
Activity expenditures		127,489	(127,489)			-
TOTAL EXPENDITURES	20,264,161	20,513,059	(248,898)	24,310,348	18,075,142	6,235,206

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

## FORREST CITY SCHOOL DISTRICT

Exhibit C

## ST. FRANCIS COUNTY, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL -GENERAL AND SPECIAL REVENUE FUNDS -REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2023

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	781,190	843,347	62,157	1,057,520	(490,974)	(1,548,494)
OTHER FINANCING SOURCES (USES)						
Transfers In	170,510	22,331,136	22,160,626	140,019	106,913	(33,106)
Transfers Out	(170,510)	(23,743,872)	(23,573,362)	(140,019)	(106,913)	33,106
TOTAL OTHER FINANCIANG SOURCES (USES)	-	(1,412,736)	(1,412,736)	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	781,190	(569,389)	(1,350,579)	1,057,520	(490,974)	(1,548,494)
FUND BALANCE - JULY 1	3,369,219	3,606,555	237,336	557,401	1,229,197	671,796
FUND BALANCE - JUNE 30	<u>\$ 4,150,409</u>	<u>\$ 3,037,166</u>	<u>\$ (1,113,243)</u>	<u>\$ 1,614,921</u>	<u>\$ 738,223</u>	<u>\$ (876,698)</u>

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

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

**B. Description of Funds**

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures 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 service 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 Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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

Fiduciary Fund types include the following:

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

**C. Measurement Focus and Basis of Accounting**

The financial statements are presented in accordance with the regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. 10-4-413 (c ), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis, with as a minimum, the general fund and special revenue fund presented separately, and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet, a statement of revenues, expenditures, and changes in fund balance; 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.



FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1: Summary of Significant Accounting Policies (Cont'd)**

The Regulatory Basis of Accounting 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, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of net pension liability in the financial statements, specific procedures for identification of major governmental funds, and applicable note disclosures. The Regulatory Basis of Accounting does not require government- wide financial statements or the previously identified concepts.

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

**D. Revenue Recognition Policies**

Revenues are recognized when they become susceptible to accrual in accordance with the regulatory basis of accounting, except for property taxes (see Note 1 F below).

**E. Capital Assets**

Information on capital assets and accumulated depreciation is reported on Schedule 1. Capital Assets are capitalized at historical cost or estimated historical cost, if actual cost data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$ 1,000 for capitalizing equipment. Library holdings are not capitalized.

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

Asset Class	Estimated Useful Life in Years
Improvements/Infrastructure	10- 50
Buildings	10- 50
Equipment	5-20

**F. Property Taxes**

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

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1: Summary of Significant Accounting Policies (Cont'd)**

Ark. Code Ann. 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2020 calendar taxes collected June 30, 2023 and 20 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option was not applicable because the amount of property taxes collected by June 30, 2023 equaled or exceeded the 20 percent calculation.

Amendment no. 74 to the Arkansas Constitution established a uniform property millage rate of 25 mills for maintenance and operation of public schools. Ark. Code 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 district in that county. For reporting purposes, URT revenues are considered property taxes.

**G. Fund Balance Classifications**

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 and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance -represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's 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 the specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

**H. Budget and Budgetary Accounting**

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

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

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

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**I. Stabilization Arrangements**

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

**J. Minimum Fund Balance Policies**

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

**K. Fund Balance Classification Policies and Procedures**

The District's highest level of decision making authority is its Board of Education. The establishment of amounts classified as committed fund balances and subsequent modifications to such balances are the result of formal action taken by the District's Board of Education through a resolution or adoption of board policy.

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

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

**L. Encumbrances**

The District does not utilize encumbrance accounting.

**2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

	Carrying Amount
Insured (FDIC)	\$ 560,207
Collateralized:	
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	4,449,282
Total Deposits	\$ 5,009,489

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable as of June 30, 2023 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Other	\$ 2,065	
Federal Assistance		\$ 769,530
	<u>\$ 2,065</u>	<u>\$ 769,530</u>

**4. COMMITMENTS**

The District was contractually obligated for the following at June 30, 2023:

A – Construction Contracts:

Project Name	Completion Date	Contract Balance
Central Elementary Additions and Rennovations	September 14, 2023	\$ 115,477
Stewart Elementary Additions and Rennovations	September 14, 2023	104,208

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding 6/30/2023	Maturities to 6/30/2023
Bonds Payable					
2/1/2006	2/1/2027	3.75%	\$ 785,000	\$ 200,000	\$ 585,000
8/15/2012	2/1/2023	1.50%	1,920,000	-	1,920,000
8/6/2020	2/1/2039	0.6 - 1.75%	4,290,000	3,995,000	295,000
2/22/2022	2/1/2039	1.0 - 5.0%	7,185,000	7,110,000	75,000
Total Commitments			<u>\$ 14,180,000</u>	<u>\$ 11,305,000</u>	<u>\$ 2,875,000</u>

**Changes in Long -Term Debt**

	Balance 06/30/2022	Issued	Retired	Balance 06/30/2023
Bonds Payable	\$ 11,850,000	\$ -	\$ 545,000	\$ 11,305,000
	<u>\$ 11,850,000</u>	<u>\$ -</u>	<u>\$ 545,000</u>	<u>\$ 11,305,000</u>

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**4. COMMITMENTS – Cont'd**

Future Principal and interest Payments

Year Ended June 30,	Principal	Interest	Total
2024	\$ 640,000	\$ 203,732	\$ 843,732
2025	675,000	181,858	856,858
2026	690,000	158,278	848,278
2027	710,000	150,002	860,002
2028	660,000	141,155	801,155
2029 2033	3,430,000	579,845	4,009,845
2034 2038	3,715,000	286,256	4,001,256
2039 2043	785,000	15,000	800,000
	<u>\$ 11,305,000</u>	<u>\$ 1,716,126</u>	<u>\$ 13,021,126</u>

**5. ACCOUNTS PAYABLE**

Accounts payable at June 30, 2023 consists of the following:

Description	Governmental Funds		
	Major		Other
	General	Special Revenue	Aggregate
Vendor Payables	\$ 177,164	\$ 77,119	71,775

**6. INTERFUND TRANSFERS**

The District transferred \$752,177 from the general fund to the other aggregate funds for debt related payments of \$ 752,177.

**7. RETIREMENT PLANS**

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing multiple-employer defined benefit pension plan that covers employees of schools and education related agencies, except certain non-teaching school employees. ATRS, administered by the 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 ATRS issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877 or visiting the ATRS website at [www.ATRS.gov](http://www.ATRS.gov).

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**7. RETIREMENT PLANS – cont'd**

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries. The districts contributions to ATRS for the year ended June 30, 2023 were \$ 2,199,634 which equals the required contributions.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to the disclosure of the Districts proportionate share of the collective net pension liability. The Districts proportionate share of the collective net pension liability at June 30, 2023 (the actuarial valuation date and measurement date) was \$ 21,270,663.

Arkansas Public Employees Retirement System

Plan Description

The District contributes to the Arkansas Public Employees Retirement System (APERS) a cost sharing multiple-employer defined benefit plan that covers certain non-teaching 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 only be amended by the Arkansas General Assembly. APERS 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 or by calling 1-800-682-7377.

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State Law to contribute 5% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contribution to APERS for the year ended June 30, 2023 were \$ 5,500 equal to the required contributions.

Net Pension Liability

The Arkansas Department of 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 (the actuarial valuation date and measurement date) was \$ 47,207.

**8. PLEDGED REVENUES**

The District has pledged a portion of property taxes to retire bonds of \$ 11,850,000 issued from February 1, 2006 through February 22, 2022. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$ 11,305,000, payable through February 1, 2039. Principal and interest paid for the current year and total property taxes pledged for debt service were \$ 750,113 and \$ 1,590,770 respectively. The percentage of property taxes pledged for the current year principal and interest payments was 47.15 percent.

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**9. RISK MANAGEMENT**

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

The District carries commercial insurance for both board liability and student accident coverage.

The District participates in the Arkansas School Boards Association – Workers Compensation Trust (the Trust) a self- insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers compensation insurance coverage for its members, as well as reinsurance coverage for those claims that exceed standard policy limits, in its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings, contents and vehicles.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$ 300,000 with a \$ 2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

**10. ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Arkansas Department of Education paid to the Employee Benefits Division, on behalf of the District's employees, totaled \$ 472,248 for the year ended June 30, 2023.

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**11. DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS  
DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative Learning	\$ (121)		
Enhanced Student Achievement	262,001		
English language learners			
Professional development	(183)		
Capital projects			
Child nutrition program		432,153	
Medical services		16,255	
ARPA Stabilization Grants		14,703	
DHS Childcare		154,298	
Rehabilitation Services		59,920	
Special education programs	145,013		
other purposes	46,227	60,894	
Total Restricted	452,937	738,223	-
Assigned to:			
Capital Projects			\$ 1,633,310
Student activities	263,882		
other purposes	26,954		
Total Assigned	290,836	-	1,633,310
Unassigned	2,293,393		
Total	\$ 3,037,166	\$ 738,223	\$ 1,633,310

**12. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of this report, no events were noted which would require disclosure.



FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Unaudited)

Schedule 1

	Balance June 30, 2023
Nondepreciable capital assets:	
Land	\$ 650,070
Construction In Progress	7,082,918
Depreciable capital assets:	
Buildings	23,784,465
Improvements/infrastructure	11,207,103
Equipment	10,912,225
Total depreciable capital assets	<u>45,903,793</u>
Less accumulated depreciation for:	
Buildings	12,847,017
Improvements/infrastructure	2,573,133
Equipment	7,355,011
Total accumulated depreciation	<u>22,775,161</u>
Net Depreciable Capital Assets	<u>23,128,632</u>
Capital Assets, Net	<u><u>\$ 30,861,620</u></u>

Forrest City School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Schedule 2

<i><b>Federal Grantor/Program or Cluster Title</b></i>	<i><b>Federal CFDA Number</b></i>	<i><b>Federal Expenditures(\$)</b></i>
<b>Child Nutrition Cluster</b>		
<u>United States Department of Agriculture</u>		
Passed through Arkansas Dept. of Education		
School Breakfast Program	10.553	526,813
National School Lunch Program	10.555	1,327,346
Fresh Fruit and Vegetable Program (Note 3)	10.582	62,952
Fresh Fruit and Vegetable Program	10.582	81,015
National School Lunch Program (Note 3)	10.555	93,601
Total Arkansas Dept. of Education		2,091,727
Passed through Arkansas Dept. of Human Services		
Child and Adult Care Food Program	10.558	72,961
Total Arkansas Dept. of Human Services		72,961
<b>Total Child Nutrition Cluster</b>		2,164,688
<b>CCDF Cluster</b>		
U.S. - Department of Health and Human Services		
Passed through Arkansas Dept. of Human Services		
Child Care and Development Block Grant	93.575	\$ 153,700
<b>Total CCDF Cluster</b>		153,700
<b>Special Education Cluster (IDEA)</b>		
<u>U.S. Department of Education</u>		
Passed through Arkansas Dept. of Education		
Special Education Grants to States	84.027	869,047
Special Education Grants to States - COVID 19	84.027X	72,818
Special Education Preschool Grants	84.173	43,344
Special Education Preschool Grants - COVID 19	84.173X	21
<b>Total Special Education Cluster (IDEA)</b>		985,230
<b>Other Programs</b>		
<u>U.S. Department of Education</u>		
Passed through Arkansas Dept. of Education		
Title I Grants to Local Educational Agencies	84.010	2,458,230
Migrant Education State Grant Program	84.011	42,284
Rural Education	84.358	60,981
Supporting Effective Instruction State Grants	84.367	231,524
Student Support and Academic Enrichment Program	84.424A	106,913
Education Stabilization Fund - COVID 19	84.425W	2,143
Education Stabilization Fund	84.425D	771,336
Education Stabilization Fund - COVID 19	84.425U	10,262,501
Passed through Arkansas Rehab Services		
Vocational Rehabilitation Grants to States	84.126	6,600
<b>Total Department of Education</b>		13,942,512

The accompanying notes are an integral part of this schedule

Forrest City School District  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Schedule 2

U.S. Department of Health and Human Services

Passed through Arkansas Dept. of Education		
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School- Based Surveillance	93.079	399
Medical Assistance Program	93.778	74,318
<i>Total Department of Health and Human Services</i>		<u>74,717</u>
Passed through Arkansas Dept. of Career Education		
Temporary Assistance for Needy Families	93.558	12,836
<b>Total Other Programs</b>		<u>14,030,065</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 17,333,683</u></u>

The accompanying notes are an integral part of this schedule

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Forrest City School District No. 7 (District) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

Note 2 – Summary of Significant Accounting Policies-

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3- Nonmonetary Assistance

Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Service.

Note 4 – Indirect Cost

The District has elected not to use the 10 per cent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5 – Medicaid

During the year ended June 30, 2023, the District received \$217,871 in Medicaid Funding. Such payments are not considered federal awards expended, and therefore are not included in the above schedule.

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

**SECTION 1 SUMMARY OF AUDITORS RESULTS**

**FINANCIAL STATEMENTS**

Types of auditor's reports issued : GAAP basis of reporting – adverse  
Regulatory basis of accounting – unmodified

Internal Control over financial reporting:

Material weaknesses identified ? ☐ yes ☒ no

Significant deficiency identified ? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

**FEDERAL AWARDS**

Internal Control over major federal programs:

Material weaknesses identified ? ☐ yes ☒ no

Significant deficiency identified ? ☐ yes ☒ no

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

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

Identification of major federal programs:

Title I Cluster – CFDA # 84.010,  
Education Stabilization – CFDA # 84.425

Dollar Threshold used to distinguish between Type A and Type B Programs - \$ 750,000

Auditee qualified as low risk auditee? No

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023

**Section II Findings- Financial Statements**

NONE

**Section III Federal Awards:**

NONE

FORREST CITY SCHOOL DISTRICT NO. 7  
ST. FRANCIS COUNTY, ARKANSAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

Prior year finding # 22 -01 Allowable Costs/Cost Principles

This finding has been sufficiently corrected by the auditee.

## ST. FRANCIS COUNTY, ARKANSAS

## SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(Unaudited)

<b>General Fund</b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 3,314,246	\$ 3,861,329	\$ 3,581,719	\$ 3,058,765	\$ 2,807,718
Total Liabilities	277,080	254,774	164,180	119,765	194,987
Total Fund Balances	3,037,166	3,606,555	3,417,539	2,939,000	2,612,731
Total Revenues	21,356,406	21,534,058	21,434,713	20,961,074	21,781,780
Total Expenditures	20,513,059	18,710,893	17,831,320	19,153,232	21,100,527
Total Other Financing Sources (Uses)	(1,412,736)	(2,669,791)	(3,124,854)	(1,481,573)	(728,782)



## ST. FRANCIS COUNTY, ARKANSAS

## SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(Unaudited)

<b>Special Revenue Fund</b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 869,446	\$ 2,325,652	\$ 824,271	\$ 402,739	\$ 628,695
Total Liabilities	131,223	1,096,365	751,227	7,203	65,734
Total Fund Balances	738,223	1,229,197	73,044	395,536	562,961
Total Revenues	17,584,168	16,800,405	7,595,431	5,695,455	7,115,347
Total Expenditures	18,075,142	15,654,440	7,886,645	5,862,880	7,044,047
Total Other Financing Sources (Uses)	-	(572)	(31,278)	-	-

## ST. FRANCIS COUNTY, ARKANSAS

## SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(Unaudited)

<b>Other Aggregate Funds</b>	Year Ended June 30,				
	2023	2022	2021	2020	2019
Total Assets	\$ 1,705,085	\$ 2,425,432	\$ 2,169,398	\$ 788,390	\$ 821,771
Total Liabilities	71,775				
Total Fund Balances	1,633,310	2,425,432	2,169,398	788,390	821,771
Total Revenues	-	466,160			2,715
Total Expenditures	2,204,859	2,915,632	1,786,292	1,514,954	2,513,293
Total Other Financing Sources (Uses)	1,412,737	2,705,506	3,167,300	1,481,573	728,782

**Forrest City School District No. 7**  
**Schedule of Statutes Required by Arkansas Department of Education**  
**to be Addressed in Independent Auditors' Report on Compliance**  
**For the Year Ended June 30, 2021**

A private independent audit not conducted by Legislative Audit shall include at a minimum: **review, and comments, and findings on substantial compliance with laws governing each of the following:**

<b><u>DESCRIPTION</u></b>	<b><u>STATUTES</u></b>
Bidding & Purchasing Commodities	6-21-301 – 6-21-305
Ethical Guidelines and Prohibitions	6-13-628; 6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20-402
• 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
Management of Schools	
• 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
○ 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.
Salary Laws – Classified	6-17-2201 et seq.; 6-17-2301 et seq.
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• 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
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
Trust Funds (Education Excellence)	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amount 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
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 Facilities Funding	6-23-908

The Annual Financial Report shall be presented in conformity with the format and guidelines as prescribed by the appropriate professional organizations. The financial statement presentation shall be in compliance with Arkansas Codes §§ 6-1-101 and 10-4-413(c).

The financial statement presentation must also be in accordance with GASB 84, 90, 93, Implementation Guide 2019-1 and Implementation Guide 2019-2.

Revised October 1, 2023