

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

JUNE 30, 2020



ALMA SCHOOL DISTRICT NO. 30

JUNE 30, 2020

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major governmental fund, and the aggregate remaining fund information of the Alma School District #30 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Arkansas Code Annotated 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Arkansas Code Annotated 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Alma School District #30, as of June 30, 2020, or the changes in financial position for the year then ended.

Opinion on the Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the Alma School District #30, as of June 30, 2020, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended in accordance with the financial reporting provisions of Arkansas Code Annotated 10-4-413(c) as provided by Act 2201 of 2005 described in Note 1.

Other Matters

Supplementary Information

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

The schedule of expenditures of federal awards 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 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.

The schedule of capital assets has not been subjected to the auditing procedures applied in the audit of regulatory basis financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 5, 2021

FINANCIAL STATEMENTS

ALMA SCHOOL DISTRICT NO. 30

BALANCE SHEET - REGULATORY BASIS

AS OF JUNE 30, 2020					
	Governmental Funds				
	Major				Fiduciary
	General	Special Revenue	Other Aggregate		
Assets					
Cash and temporary investments	\$ 1,601,585	\$ 109,362	\$ 1,581,870	\$	106,579
Accounts receivable	-	566,184	-	-	-
Due from other funds	113,534	(113,534)	-	-	-
Deposit with paying agent	-	-	1,767,139	-	-
Total Assets	\$ 1,715,119	\$ 562,012	\$ 3,349,009	\$	106,579
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 102,983	\$ 15,938	\$ -	\$	-
Accrued payroll	1,069,224	271,982	-	-	-
Due to student groups	-	-	-	-	106,579
Total Liabilities	1,172,207	287,920	-	-	106,579
Fund Balances					
Restricted	-	274,092	3,349,009	-	-
Assigned	133,391	-	-	-	-
Unassigned	409,521	-	-	-	-
Total Fund Balances	542,912	274,092	3,349,009	-	-
Total Liabilities and Fund Balance	\$ 1,715,119	\$ 562,012	\$ 3,349,009	\$	106,579

See accompanying notes and independent auditors' report.

ALMA SCHOOL DISTRICT NO. 30

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

FOR THE YEAR ENDED JUNE 30, 2020

	Major		Other Aggregate
	General	Special Revenue	
Revenues			
Local property taxes	\$ 5,146,268	\$ -	\$ 3,265,197
Meal sales	-	343,509	-
Interest	9,545	-	41,875
Contributions	500	-	-
Activity receipts	317,089	-	-
Other local revenues	222,971	-	-
State assistance	19,802,791	9,228	-
Unrestricted federal aid	1,594	-	150,184
Restricted federal aid	-	3,472,436	-
Total Revenues	25,500,758	3,825,173	3,457,256
Expenditures			
Current:			
Regular programs	11,322,562	318,350	-
Special education	1,943,340	474,136	-
Vocational education	928,887	28,151	-
Compensatory education	729,104	709,750	-
Other instructional programs	496,493	-	-
Support services	10,519,427	555,485	13,479
Food service	-	1,612,851	-
Community services	153,931	-	-
Activity expenditures	247,454	-	-
Capital outlay	93,354	9,475	51,518
Debt service:			
Principal	44,183	-	1,985,000
Interest	5,042	-	1,446,229
Paying agent's fees	-	-	5,245
Total Expenditures	26,483,777	3,708,198	3,501,471
Excess of Revenues Over (Under) Expenditures	(983,019)	116,975	(44,215)
Other Financing Sources (Uses)			
Proceeds from issuance of debt	-	-	24,215,000
Bond premium	-	-	814,846
Bond issuance costs	-	-	(95,358)
Discount on sale of bonds	-	-	(269,651)
Refunding of bonds outstanding	-	-	(24,550,000)
Refunding savings	-	-	42,693
Insurance recoveries	930,283	-	-
Operating transfers in/(out)	70,000	-	(70,000)
Total Other Financing Sources (Uses)	1,000,283	-	87,530
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	17,264	116,975	43,315
Fund Balance at Beginning of Year	525,648	157,117	3,305,694
Fund Balance at End of Year	\$ 542,912	\$ 274,092	\$ 3,349,009

See accompanying notes and independent auditors' report.

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, 2020

Revenues	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Local property taxes	\$ 5,155,000	\$ 5,146,268	\$ (8,732)
Interest	20,000	9,545	(10,455)
Contributions	-	500	500
Activity receipts	50,000	317,089	267,089
Insurance recoveries	-	930,283	930,283
Other local revenues	205,993	222,971	16,978
State assistance	19,400,072	19,802,791	402,719
Unrestricted federal aid	-	1,594	1,594
Total Revenues	24,831,065	26,431,041	1,599,976
Expenditures			
Current:			
Regular programs	11,398,720	11,322,562	76,158
Special education	1,901,493	1,943,340	(41,847)
Vocational education	865,621	928,887	(63,266)
Compensatory education	683,866	729,104	(45,238)
Other instructional programs	502,698	496,493	6,205
Support services	9,250,584	10,519,427	(1,268,843)
Community services	144,593	153,931	(9,338)
Activity expenditures	-	247,454	(247,454)
Capital outlay	35,000	93,354	(58,354)
Debt service:			
Principal	44,183	44,183	-
Interest	5,399	5,042	357
Total Expenditures	24,832,157	26,483,777	(1,651,620)
Excess of Revenues Over (Under) Expenditures	(1,092)	(52,736)	(51,644)
Other Financing Sources (Uses)			
Operating transfers	-	70,000	70,000
Total Other Financing Sources (Uses)	-	70,000	70,000
Excess of Revenues and Other Sources Over / (Under) Expenditures and Other Uses	(1,092)	17,264	18,356
Fund Balance at Beginning of Year	525,648	525,648	-
Fund Balance at End of Year	\$ 524,556	\$ 542,912	\$ 18,356

See accompanying notes and independent auditors' report.

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, 2020

Revenues	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Meal sales	\$ 435,000	\$ 343,509	\$ (91,491)
State assistance	10,000	9,228	(772)
Restricted federal aid	3,598,202	3,472,436	(125,766)
Total Revenues	4,043,202	3,825,173	(218,029)
Expenditures			
Current:			
Regular programs	309,816	318,350	(8,534)
Special education	657,988	474,136	183,852
Vocational education	27,600	28,151	(551)
Compensatory education	723,665	709,750	13,915
Support services	792,804	555,485	237,319
Food service	1,665,578	1,612,851	52,727
Community services	100	-	100
Capital outlay	25,000	9,475	15,525
Total Expenditures	4,202,551	3,708,198	494,353
Excess of Revenues Over (Under) Expenditures	(159,349)	116,975	276,324
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(159,349)	116,975	276,324
Fund Balance, Beginning of Year	157,117	157,117	-
Fund Balance, End of Year	\$ (2,232)	\$ 274,092	\$ 276,324

See accompanying notes and independent auditors' report.

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies

a. Financial Reporting Entity

The Alma School District No. 30 (the District) is a political subdivision of the Arkansas Department of Education, governed by an elected seven-member school board. The statements reflect all funds and accounts directly under the control of the District. Using the criteria of financial accountability, there are no component units that should be included in the District's reporting entity.

b. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an Other Comprehensive Basis of Accounting (OCBOA). This basis of accounting is prescribed by Arkansas Code Annotated 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to the financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

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

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

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

c. Description of Funds

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

General Fund - The General Fund is the general operating fund and is used to account for all financial resources except those required to be reported in another fund.

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

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

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

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

Fiduciary Funds types include the following:

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

d. Assets, Liabilities and Fund Balance

Deposits and investments

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

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

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Fund Balance (continued)

Deposits and investments (continued)

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

Accounts Receivable

Accounts receivable in governmental funds and governmental activities include grant/contract reimbursements from federal and state agencies. The District believes that these receivables are fully collectible; therefore, no allowance for doubtful accounts has been provided.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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 recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District capitalizes all capital assets.

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

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

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Fund Balance (continued)

Compensated Absences

Employees of the District earn personal, sick and business leave days in varying amounts during the year. Unused business leave days may rollover into the following year into sick leave. Unused personal and sick leave days may rollover into the following year up to a maximum of 30 and 90 days, respectively. Upon employee retirement only, half of the employee's unused accumulated sick leave is paid. A liability for compensated absences is not reported in the government funds since the fund liability is not incurred under the regulatory basis of accounting.

Fund Balance Classifications

Fund balances are categorized as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District does not have any nonspendable fund balance at year-end.

Restricted Fund Balance - represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can be used only for the specific purposes determined by formal action of the District's highest level of decision making authority (the Board of Education). The District does not have any committed fund balance at year-end.

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 reported in any other classification. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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, 2020

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.

Arkansas Code Annotated 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of the 2019 calendar year taxes collected by June 30, 2020, and 4% of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option to accrue property taxes was not applicable because the amount of property taxes collected by June 30, 2020, equaled or exceeded the 4% calculation.

Amendment No. 74 to the Arkansas Constitution established a uniform minimum property tax millage rate of 25 mills for maintenance and operation of public schools. Arkansas Code Annotated 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

Non-monetary transactions

Non-monetary transactions are reflected in these financial statements at their fair value. During the fiscal year ended June 30, 2020, commodities were received by the District in the amount of \$104,341. These items are included in total revenues and total expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds - Regulatory Basis.

Budgetary Information

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the 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.

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Fund Balance (continued)

Budgetary Information (continued)

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.

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 Arkansas Department 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, 2020

2. Deposits and Temporary Investments

Custodial credit risk is the risk that in the event of a bank failure, a District's deposits may not be recovered. The District follows the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S Treasury, U.S. agencies or instrumentalities or the state of Arkansas.

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	\$ 250,000	\$ 250,000
Collateralized - held by pledging bank or pledging bank's trust department in the District's name	3,149,396	3,041,968
Total cash and temporary investments	\$ 3,399,396	\$ 3,291,968

3. Cash Held with Fiscal Agent

On July 21, 2010, the District obtained funding of \$3,000,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District deposits a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due. The balance of the sinking fund at June 30, 2020 was \$1,767,139. The balance is held at a financial institution in Arkansas and the invested in U.S Treasury Bills which are secured by the U.S. government.

4. Interfund Transfers

The District has one interfund balance as of June 30, 2020;

	Due To	Due From	Amount
	General	Federal Grants	\$ 113,534
Due to/from other funds	Fund	Fund	

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

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

	Transfers In	Transfers Out	Net Transfers
General Fund	\$ 70,000	\$ -	\$ 70,000
Other Aggregate	-	70,000	(70,000)
Total	\$ 70,000	\$ 70,000	\$ -

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. Commitments

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

On July 21, 2010, the District obtained funding of \$3,000,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

On August 22, 2019, the District issued Refunding Bonds in the amount of \$24,215,000 with interest at 3%. The bonds were issued to refund the October 1, 2014 Refunding Bonds that had a balance of \$24,550,000. The District defeased these bonds by placing the proceeds of the new bond in an irrevocable trust to provide for all future debt service payments on the old bonds. The advance refunding represents both legal and in-substance defeasance. Cash flow savings as a result of this bond issue and corresponding debt defeasement is \$875,562.

The District leases computers under a capital lease. These assets are not included in the separate Schedule of Capital Assets as they were individually below the District's capitalization policy.

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

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Balance</u>	<u>Due Within One Year</u>
Qualified School Construction Bonds					
7/21/2010	\$ 3,000,000	5.40%	2027	\$ 3,000,000	\$ -
General Obligation Refunding Bonds					
4/1/2013	\$ 9,360,000	1.00% - 2.95%	2040	\$ 7,220,000	\$ 385,000
12/1/2015	\$ 3,625,000	1.00% - 2.875%	2032	\$ 2,940,000	\$ 195,000
12/15/2015	\$ 960,000	1.50% - 3.75%	2039	\$ 845,000	\$ 35,000
6/21/2016	\$ 5,995,000	1.00% - 3.00%	2039	\$ 5,510,000	\$ 230,000
10/4/2016	\$ 3,735,000	1.00% - 2.00%	2032	\$ 3,205,000	\$ 220,000
8/22/2019	\$ 24,215,000	3.00%	2038	\$ 24,215,000	\$ 235,000
Capital Leases					
8/3/2017	\$ 229,907	3.85%	2022	\$ 93,626	\$ 49,582

The District also has an unused line of credit available in the amount of \$1,200,000 that expires July 29, 2021.

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. Commitments (continued)

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

	Balance July 1, 2019	Debt Additions	Debt Retirements	Balance June 30, 2020
Bond issue dated:				
Qualified School Construction Bonds				
July 21, 2010	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
General Obligation Refunding Bonds				
April 1, 2013	7,630,000	-	410,000	7,220,000
October 1, 2014	25,450,000	-	25,450,000	-
December 1, 2015	3,135,000	-	195,000	2,940,000
December 15, 2015	880,000	-	35,000	845,000
June 21, 2016	5,735,000	-	225,000	5,510,000
October 4, 2016	3,425,000	-	220,000	3,205,000
August 22, 2019	-	24,215,000	-	24,215,000
Total Bonds	49,255,000	24,215,000	26,535,000	46,935,000
Direct Borrowings:				
Capital leases payable	137,809	-	44,183	93,626
Total Long-Term Debt	\$ 49,392,809	\$ 24,215,000	\$ 26,579,183	\$ 47,028,626

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

Year ended June 30,	Principal	Interest	Total
2021	\$ 1,300,000	\$ 1,326,985	\$ 2,626,985
2022	2,100,000	1,293,293	3,393,293
2023	2,150,000	1,245,602	3,395,602
2024	2,195,000	1,195,255	3,390,255
2025	2,250,000	1,142,568	3,392,568
2026-2030	15,230,000	4,335,292	19,565,292
2031-2035	12,810,000	2,256,594	15,066,594
2036-2040	8,900,000	541,712	9,441,712
	\$ 46,935,000	\$ 13,337,301	\$ 60,272,301

Annual debt service requirements of the capital leases are as follows:

Year ended June 30,	Principal	Interest	Total
2021	\$ 45,914	\$ 3,668	\$ 49,582
2022	47,712	1,870	49,582
	\$ 93,626	\$ 5,538	\$ 99,164

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

5. Commitments (continued)

The Districts' outstanding notes from direct borrowings and direct placements contain provisions that in an event of default, outstanding principal and interest become immediately due and payable.

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.

6. Pledged Revenues

The District has pledged a portion of its property taxes to retire the 2013, 2015, 2016 and 2019 bond issues. The bonds were issued for various bond refundings and capital projects. Total principal and interest remaining on the bonds is \$46,255,000 and \$13,913,255, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 40%.

7. 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 all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. The report may be obtained by writing to ATRS, 1400 West Third Street, Little Rock, AR 72201 or by calling (800) 666-2877, or by visiting the ATRS website at www.artts.gov.

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by State law to contribute 6.25% 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 14.25% of covered salaries. The District's contributions to ATRS for the years ended June 30, 2020, 2019 and 2018 were \$2,711,211, \$2,570,892, and \$2,474,241, respectively.

Net pension liability: The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2019 (actuarial valuation date and measurement date) was \$24,889,783.

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

8. Details of Governmental Fund Balance Classifications

As of June 30, 2020	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Restricted for:			
Capital projects	\$ -	\$ -	\$ 1,581,870
Debt service	-	-	1,767,139
Child nutrition programs	-	87,178	-
Medical services	-	142,651	-
Work based learning programs	-	52,707	-
Other purposes	-	(8,444)	-
Assigned to:			
Student activities	133,391	-	-
Unassigned	409,521	-	-
Total Fund Balance	\$ 542,912	\$ 274,092	\$ 3,349,009

9. Insurance Recoveries

The District received \$930,283 in insurance recoveries during the year ended June 30, 2020. A majority of this amount was from a broken water meter that caused flooding in the high school arena and several classrooms.

10. On-Behalf Payments

The allocation of the health insurance premiums paid by the Arkansas Department of education to the Employee benefits Division, on behalf of the District's employees, total \$575,705 for the year ended June 30, 2020.

11. 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 \$153,931 for the year ended June 30, 2020.

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

12. Risk Management

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

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

13. COVID

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

The District did not see any significant negative impact on its financial operations for the fiscal year ended June 30, 2020. There was no reduction of State Foundation Funding Aid nor state categorical funding from the state. Likewise, there was no reduction in the 2019-2020 allocation of federal funds. There were waivers exercised by the District to produce "grab and go" meals, free to students, during these AMI days.

The Governor delayed the start of the 2020-2021 school year to August 24, 2020, for all public schools to allow more time for districts to establish virtual learning environments for students who did not wish to return to school campuses.

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

Arkansas public school districts received federal funds from the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act) available in the summer of 2020 for all of the 2020-2021 school year. The District's CARES Act allocation is \$535,112. CARES Act funding is available to reimburse the District for the cost of sanitizing and cleaning schools, technology for remote learning, and a variety of other qualifying expenditures.

Two separate CARES Act funding allocations were released by the state CARES Act steering committee to public school districts. One allocation, limited to \$20 million statewide, will reimburse the District for the cost of absences due to COVID-19. A second allocation of \$57,571 was awarded to the District in October 2020. Both CARES Act allocations have expenditure and reimbursement deadlines in December 2020.

ALMA SCHOOL DISTRICT NO. 30

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

13. COVID (continued)

Through the date of the financial statements, there have been no staffing shortages or school closures. K-12 enrollment held steady compared to the previous year. Students and parents have a virtual school option throughout the District with 15% of students learning virtually.

14. Subsequent Events

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2020 through February 5, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ALMA SCHOOL DISTRICT NO. 30

SCHEDULE OF CAPITAL ASSETS (UNAUDITED)

AS OF JUNE 30, 2020

Nondepreciable Capital Assets:

Land	\$	1,830,526
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Depreciable Capital Assets:

Buildings	70,556,822
Improvements other than buildings	6,303,293
Machinery and equipment	7,269,257
Vehicles	3,369,668

Total Depreciable Capital Assets	87,499,040
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Total Capital Assets	89,329,566
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Less Accumulated Depreciation for:

Buildings	30,103,645
Improvements other than buildings	3,787,162
Machinery and equipment	6,393,794
Vehicles	2,677,851

Total Accumulated Depreciation	42,962,452
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Capital Assets, net	\$ 46,367,114
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See independent auditors' report.

ALMA SCHOOL DISTRICT NO. 30

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Program Title	Agency or Pass-Through Entity	Federal CFDA Number	Federal Expen- ditures
U.S. Department of Education			
Special Education - Grants to States	AR Department of Education	84.027	\$ 636,969
Title I Grants to Local Education Agencies	AR Department of Education	84.010	721,070
Title I, Migrant Education	AR Department of Education	84.011	14,012
Rehabilitation Services - Vocational Rehabilitation Grants to States	AR Department of Career Education	84.126	28,750
Safe and Drug-Free Schools and Communities: State Grants	AR Department of Education	84.186	48,241
Improving Teacher Quality State Grants State Fiscal Stabilization Fund	AR Department of Education	84.367	118,739
Elementary and Secondary School Emergency Relief Fund	AR Department of Education	84.425	298,024
Total U.S. Department of Education			1,865,805
U.S. Department of Agriculture			
Child Nutrition Cluster School Breakfast Program - Cash Assistance	AR Department of Education	10.553	412,341
National School Lunch Program - Cash Assistance	AR Department of Education	10.555	750,197
National School Lunch Program - Non-Cash Assistance	AR Department of Human Services	10.555	104,341
Total U.S. Department of Agriculture			1,266,879
U.S. Department of Army			
ROTC	Received directly	12.001	72,595
Total U.S. Department of Army			72,595
Total Federal Awards			\$ 3,205,279

See independent auditors' report.

ALMA SCHOOL DISTRICT NO. 30

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 #30 does not charge indirect cost rates and charges 100% of their costs directly.

Note C - Subrecipient Awards

Of the federal expenditures presented in this schedule, 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

Note D - Supplemental Disclosure of Governmental Assistance Information

Title XIX - Medicaid	
Medical Assistance Program (MEDICAID CATASTROPHIC)	\$ <u>110,428</u>
Total Medicaid	\$ <u><u>110,428</u></u>

See independent auditors' report.

ADDITIONAL REQUIRED REPORTS



**Independent Auditors' Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With *Government Auditing Standards***

To the School Board
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 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated February 5, 2021. We issued an adverse opinion because the District prepared the financial statements on the basis of the financial reporting provisions of the Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis of accounting financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2020, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's regulatory basis financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 5, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the **Alma School District #30's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Alma School District #30 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.

Fort Smith, Arkansas

February 5, 2021

ALMA SCHOOL DISTRICT NO. 30

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Types of auditor's report issued:

GAAP basis of reporting - adverse
Regulatory basis opinion units - unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?

yes no

Identification of major programs:

CFDA Number(s)
84.010

Name of Federal Program or Cluster
Title I Grants to Local Education Agencies

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

\$750,000

Auditee qualified as a low-risk auditee?

yes no

Section II - Financial Statement Findings - Current Year

Material Weaknesses/Significant Deficiencies

None

Material Weaknesses/Significant Deficiencies - Prior Year

None

Section III - Federal Award Findings and Questioned Costs

Material Weaknesses/Significant Deficiencies

None

Material Weaknesses/Significant Deficiencies - Prior Year

None

See independent auditors' report.



Independent Auditors' Report On Compliance With Arkansas State Requirements

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, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

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

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

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

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
February 5, 2021

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, 2020

DESCRIPTION	STATUTES
Bidding & Purchasing Commodities	6-21-301 - 6-21-305
Ethical Guidelines and Prohibitions	6-13-628; 6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
District Finances	6-20-402
• 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
◦ Warrant/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.
Salary increases 5% or more (certified & classified)	6-13-635
School Elections	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
Teachers and Employees	
• 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 amounts of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District employees.
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
Arkansas Procurement Law	19-11-201 et. Seq.
Fiscal Accountability	6-20-1901, et. Seq.
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210
Cares Act (COVID-19) Education Funding	Commissioner's Memo LS-20-089