

# **Hope School District No. 1-A**

**Hempstead County, Arkansas**

## **Regulatory Basis Financial Statements and Other Reports**

**June 30, 2021**



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HEMPSTEAD COUNTY, ARKANSAS  
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# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
House Chair  
**Rep. Nelda Speaks**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

### **INDEPENDENT AUDITOR'S REPORT**

Hope School District No. 1-A and School Board Members  
Legislative Joint Auditing Committee

#### **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 Hope School District No. 1-A (the "District"), as of and for the year ended June 30, 2021, 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 Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, as described in Note 1, to meet the requirements of the State of Arkansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of 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.

### ***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 the District as of June 30, 2021, or the changes in financial position for the year then ended.

### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, 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.

### ***Emphasis of Matter***

As discussed in Note 1C to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement no. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Supplementary and Other 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*, the Schedule of Capital Assets, and the Schedule of Selected Information for the Last Five Years – Regulatory Basis 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 of 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 and the Schedule of Selected Information for the Last Five Years – Regulatory Basis have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
April 6, 2022  
EDSD15321

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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*

### INDEPENDENT AUDITOR'S REPORT

Hope School District No. 1-A and School Board Members  
Legislative Joint Auditing Committee

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 Hope School District No. 1-A (the "District"), as of and for the year ended June 30, 2021, 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 6, 2022. 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. 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, 2021, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

### **Internal Control Over Financial Reporting**

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

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

**Purpose of this Report**

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 6, 2022

# Arkansas

**Sen. Ronald Caldwell**  
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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Hope School District No. 1-A and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Hope School District No. 1-A's (the "District") 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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of 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, 2021.

#### **Report on Internal Control Over Compliance**

Management of the District 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 a 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.

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
April 6, 2022



HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2021

Exhibit A

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
ASSETS			
Cash	\$ 4,428,297	\$ 944,578	\$ 1,771,272
Accounts receivable	2,190	516,408	71,896
 TOTAL ASSETS	 \$ 4,430,487	 \$ 1,460,986	 \$ 1,843,168
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 178,450	\$ 68,519	
Fund Balances:			
Restricted	543,308	1,392,467	\$ 833,948
Assigned	201,819		1,009,220
Unassigned	3,506,910		
Total Fund Balances	4,252,037	1,392,467	1,843,168
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 4,430,487	 \$ 1,460,986	 \$ 1,843,168

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

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 6,700,998		
State assistance	14,412,827	\$ 10,350	\$ 71,896
Federal assistance	500	6,726,205	
Activity revenues	134,189		
Meal sales		48,231	
Investment income	7,905		
Other revenues	371,202	10,626	
TOTAL REVENUES	21,627,621	6,795,412	71,896
EXPENDITURES			
Regular programs	8,175,006	1,485,206	
Special education	1,190,583	210,766	
Career education programs	509,741		
Compensatory education programs	788,161	1,176,529	
Other instructional programs	886,420	104,346	
Student support services	828,809	457,236	
Instructional staff support services	798,407	278,178	
General administration support services	424,387	248,455	
School administration support services	1,132,634	60,684	
Central services support services	489,578	283,981	
Operation and maintenance of plant services	2,565,584	263,275	
Student transportation services	805,755	93,199	
Other support services	43,841		
Food services operations		1,382,858	
Community services operations	80,499	51,653	
Facilities acquisition and construction services			907,344
Non-programmed costs		62,141	
Activity expenditures	114,943		
Debt Service:			
Principal retirement			535,000
Interest and fiscal charges			422,360
Net debt issuance costs			168,981
TOTAL EXPENDITURES	18,834,348	6,158,507	2,033,685
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,793,273	636,905	(1,961,789)
OTHER FINANCING SOURCES (USES)			
Transfers in			1,974,324
Transfers out	(1,974,324)		
Proceeds from refunding bond issue			5,225,000
Payment to refunding bond escrow agent			(5,099,051)
Proceeds from construction bond issue			1,550,000
TOTAL OTHER FINANCING SOURCES (USES)	(1,974,324)		3,650,273

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

	Major		Other
	General	Special Revenue	Aggregate
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 818,949	\$ 636,905	\$ 1,688,484
FUND BALANCES - JULY 1 RESTATED	3,433,088	755,562	154,684
FUND BALANCES - JUNE 30	<u>\$ 4,252,037</u>	<u>\$ 1,392,467</u>	<u>\$ 1,843,168</u>

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

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 6,621,000	\$ 6,700,998	\$ 79,998			
State assistance	14,139,764	14,412,827	273,063	\$ 10,000	\$ 10,350	\$ 350
Federal assistance		500	500	5,469,808	6,726,205	1,256,397
Activity revenues		134,189	134,189			
Meal sales				63,000	48,231	(14,769)
Investment income	6,000	7,905	1,905			
Other revenues	470,000	371,202	(98,798)		10,626	10,626
<b>TOTAL REVENUES</b>	<b>21,236,764</b>	<b>21,627,621</b>	<b>390,857</b>	<b>5,542,808</b>	<b>6,795,412</b>	<b>1,252,604</b>
EXPENDITURES						
Regular programs	8,177,499	8,175,006	2,493	23,911	1,485,206	(1,461,295)
Special education	1,273,774	1,190,583	83,191	236,881	210,766	26,115
Career education programs	528,153	509,741	18,412			
Compensatory education programs	1,140,598	788,161	352,437	1,117,070	1,176,529	(59,459)
Other instructional programs	925,580	886,420	39,160	158,095	104,346	53,749
Student support services	782,202	828,809	(46,607)	548,426	457,236	91,190
Instructional staff support services	948,019	798,407	149,612	558,454	278,178	280,276
General administration support services	428,903	424,387	4,516	187,332	248,455	(61,123)
School administration support services	1,133,593	1,132,634	959		60,684	(60,684)
Central services support services	486,044	489,578	(3,534)	88,129	283,981	(195,852)
Operation and maintenance of plant services	2,796,842	2,565,584	231,258		263,275	(263,275)
Student transportation services	999,449	805,755	193,694		93,199	(93,199)
Other support services	70,000	43,841	26,159			
Food services operations				671,142	1,382,858	(711,716)
Community services operations	85,396	80,499	4,897	50,157	51,653	(1,496)
Non-programmed costs				29,587	62,141	(32,554)
Activity expenditures		114,943	(114,943)			
<b>TOTAL EXPENDITURES</b>	<b>19,776,052</b>	<b>18,834,348</b>	<b>941,704</b>	<b>3,669,184</b>	<b>6,158,507</b>	<b>(2,489,323)</b>

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,460,712	\$ 2,793,273	\$ 1,332,561	\$ 1,873,624	\$ 636,905	\$ (1,236,719)
OTHER FINANCING SOURCES (USES)						
Transfers in	25,439,847		(25,439,847)	100,012		(100,012)
Transfers out	(26,565,670)	(1,974,324)	24,591,346	(100,012)		100,012
TOTAL OTHER FINANCING SOURCES (USES)	(1,125,823)	(1,974,324)	(848,501)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	334,889	818,949	484,060	1,873,624	636,905	(1,236,719)
FUND BALANCES - JULY 1 RESTATED	3,567,331	3,433,088	(134,243)	740,637	755,562	14,925
FUND BALANCES - JUNE 30	\$ 3,902,220	\$ 4,252,037	\$ 349,817	\$ 2,614,261	\$ 1,392,467	\$ (1,221,794)

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

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c) and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to 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 require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

**D. Revenue Recognition Policies**

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

**E. Capital Assets**

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of \$1,500 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:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	20
Buildings	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.

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. Ark. Code Ann. § 26-80-101 provides the uniform rate of tax (URT) shall be assessed and collected in the same manner as other school property taxes, but the net revenues from the URT shall be remitted to the State Treasurer and distributed by the State to the county treasurer of each county for distribution to the school districts in that county. For reporting purposes, URT revenues are considered property taxes.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Fund Balance Classifications**

1. 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.
2. 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.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**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 the school 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 at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result in the budgetary comparison of the revenues and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

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

**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 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.



HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Fund Balance Classification Policies and Procedures (Continued)**

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.

**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	Bank Balance
Insured (FDIC)	\$ 250,000	\$ 259,134
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	6,894,147	7,495,616
Total Deposits	<u>\$ 7,144,147</u>	<u>\$ 7,754,750</u>

**3: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 were comprised of the following:

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
State assistance			\$ 71,896
Federal assistance		\$ 516,408	
Other	\$ 2,190		
Totals	<u>\$ 2,190</u>	<u>\$ 516,408</u>	<u>\$ 71,896</u>

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS**

The District was contractually obligated for the following at June 30, 2021:

A. Construction Contracts

<u>Project Name</u>	<u>Estimated Completion Date</u>	<u>Contract Balance</u>
Solar Energy Project	June 30, 2022	\$ 3,237,062
Garland Roof Project	November 30, 2021	40,800

B. Operating Leases (noncapital leases with initial noncancellable lease terms in excess of one year)

General description of leases and leasing arrangements: Leasing agreements with Datamax Corporation for copiers at various schools within the District.

1. Future minimum rental payments (aggregate) at June 30, 2021: \$171,903

2. Future minimum rental payments for the succeeding years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 63,198
2023	63,198
2024	36,657
2025	8,850
Total	<u>\$ 171,903</u>

Rental payments for the operating leases described above were approximately \$103,209 for the year ended June 30, 2021.

C. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2021</u>	<u>Maturities To June 30, 2021</u>
<u>Bonds</u>					
7/1/12	6/1/22	.75 - .2%	\$ 655,000	\$ 70,000	\$ 585,000
10/4/16	6/30/33	1 - 2.25%	7,820,000	6,240,000	1,580,000
6/21/17	6/1/41	3 - 3.4%	8,075,000	8,075,000	
9/3/20	6/1/46	.9 - 1.75%	5,225,000	5,225,000	
4/6/21	6/1/41	.4 - 1.5%	1,550,000	1,550,000	
Total Long-Term Debt			<u>\$ 23,325,000</u>	<u>\$ 21,160,000</u>	<u>\$ 2,165,000</u>

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**4: COMMITMENTS (Continued)**

C. Long-term Debt Issued and Outstanding (Continued)

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	\$ 19,935,000	\$ 6,775,000	\$ 5,550,000 *	\$ 21,160,000

\* Includes \$5,015,000 early retirement of debt – See Note 6.

Future Principal and Interest Payments

Year Ended June 30,	Bonds		
	Principal	Interest	Total
2022	\$ 615,000	\$ 452,914	\$ 1,067,914
2023	545,000	443,140	988,140
2024	560,000	436,923	996,923
2025	650,000	430,000	1,080,000
2026	710,000	420,125	1,130,125
2027-2031	4,890,000	1,877,980	6,767,980
2032-2036	5,405,000	1,380,625	6,785,625
2037-2041	6,120,000	666,241	6,786,241
2042-2046	1,665,000	87,850	1,752,850
Totals	\$ 21,160,000	\$ 6,195,798	\$ 27,355,798

Security for Debt Payments

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

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**5: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2021 were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 178,450	\$ 68,519

**6: DEBT REFUNDING**

On September 3, 2020, the District issued refunding bonds of \$5,225,000 with interest rates of 0.90 to 1.75 percent to refund \$5,015,000 of outstanding bonds dated December 1, 2015. The interest rates of the bonds refunded were 1.1 to 3.75 percent. Net bond proceeds of \$5,099,051 were remitted to an escrow agent to provide all future debt service payments for the bonds refunded. These bonds were called on December 1, 2020. The remaining proceeds of \$1,572 (after payment of \$124,377 net bond issuance costs) will be utilized for subsequent debt payments. The issuance of these bonds will result in a savings of \$1,266,074 to the District over the life of the bonds.

**7: INTERFUND TRANSFERS**

The District transferred \$1,974,324 from the general fund to the other aggregate funds for debt related payments of \$955,788 and \$1,018,536 for future capital projects.

**8: 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 a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at [www.arts.gov](http://www.arts.gov).

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.50% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.50% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2021 were \$1,946,521, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2020 (actuarial valuation date and measurement date) was \$23,299,211.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**8: RETIREMENT PLANS (Continued)**

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 pension plan that covers certain non-teaching school employees. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or by visiting the APERS website at [www.apers.org](http://www.apers.org).

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 contributions to APERS for the year ended June 30, 2021 were \$4,982, equal to the required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement no. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2020 (actuarial valuation date and measurement date) was \$42,792.

**9: PRIOR YEAR RESTATEMENT**

The general fund beginning fund balance was increased by \$64,663 due to the reclassification of custodial fund activity accounts previously reported as fiduciary fund types.

**10: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$23,325,000 issued from July 1, 2012 to April 6, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$27,355,798, payable through June 1, 2046. Principal and interest paid for the current year and total property taxes pledged for debt service were \$955,410 and \$1,873,190, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 51.00 percent.

**11: RISK MANAGEMENT**

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

The District carries commercial insurance for board liability and student accidents.

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 obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**11: RISK MANAGEMENT (Continued)**

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

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

**12: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$434,759 for the year ended June 30, 2021.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**13: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Enhanced student achievement funding	\$ 327,659		
Professional development	91,541		
Capital projects			\$ 833,948
Child nutrition programs		\$1,192,063	
Medical services		164,308	
Special education programs	45,681		
Education stabilization fund (COVID-19)		5,926	
Other purposes	78,427	30,170	
Total Restricted	<u>543,308</u>	<u>1,392,467</u>	<u>833,948</u>
Assigned to:			
Capital projects			1,009,220
Student activities	201,819		
Total Assigned	<u>201,819</u>		<u>1,009,220</u>
Unassigned	<u>3,506,910</u>		
Totals	<u>\$4,252,037</u>	<u>\$1,392,467</u>	<u>\$1,843,168</u>

**14: SUBSEQUENT EVENT**

On January 3, 2022, the District entered into a contract for the Hope Gym Locker Room Remodel #21024 project in the amount of \$1,030,575.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 446,945
Depreciable capital assets:	
Buildings	33,432,875
Improvements/infrastructure	2,706,077
Equipment	4,959,969
Total depreciable capital assets	<u>41,098,921</u>
Less accumulated depreciation for:	
Buildings	13,026,821
Improvements/infrastructure	1,809,888
Equipment	3,872,075
Total accumulated depreciation	<u>18,708,784</u>
Total depreciable capital assets, net	<u>22,390,137</u>
Capital assets, net	<u><u>\$ 22,837,082</u></u>



HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	2903		\$ 525,249
National School Lunch Program (Note 3)	10.555			60,000
Arkansas Department of Education - National School Lunch Program	10.555	2903		519,279
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	2903000		55,329
Total for National School Lunch Program				634,608
Total U. S. Department of Agriculture				1,159,857
<b>TOTAL CHILD NUTRITION CLUSTER</b>				1,159,857
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	2903		555,821
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	2903		38,131
Total U. S. Department of Education				593,952
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				593,952
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Agriculture - Specialty Crop Block Grant Program - Farm Bill	10.170	2903		500
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	2903		53,511
Total U. S. Department of Agriculture				54,011
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR20101			50,569
Total U. S. Department of Defense				50,569
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	2903		377,982
Total U.S. Department of the Treasury				377,982
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	2903		2,205,626
Total Education Stabilization Fund				2,205,626
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	2903		1,225,808
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	2903		24,059
Arkansas Department of Education - Education for Homeless Children and Youth	84.196A	2903		36,828
Arkansas Department of Education - Rural Education	84.358B	2903		20,522
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	2903		61,566
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	2903		94,177

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	2903		\$ 73,400
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	2903		100,012
Total U. S. Department of Education				<u>3,841,998</u>
TOTAL OTHER PROGRAMS				<u>4,324,560</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 6,078,369</u>

The accompanying notes are an integral part of this schedule.

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 award activity of Hope School District No. 1-A (District) under programs of the federal government for the year ended June 30, 2021. 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 is reported at the approximate value as provided by the U. S. Department of Defense through an agreement with the U. S. Department of Agriculture.
- Note 4: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
- Note 5: The Federal Assistance Listing Number was not available. An alternative identifying number was utilized.
- Note 6: The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- Note 7: During the year ended June 30, 2021, the District received Medicaid funding of \$69,598 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 3

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Types of auditor's reports issued on whether the financial statements audited were prepared in accordance with:

Generally accepted accounting principles (GAAP) - adverse  
Regulatory basis - unmodified

Internal control over financial reporting:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported
Noncompliance material to financial statements noted?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no

**FEDERAL AWARDS**

Internal control over major federal programs:

<input checked="" type="radio"/> Material weakness(es) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
<input checked="" type="radio"/> Significant deficiency(ies) identified?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	none reported

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)?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund
84.425D	COVID-19 - Education Stabilization Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?	<input type="text"/>	yes	<input checked="" type="text" value="X"/>	no
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**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.



Hope School District 1-A  
117 East 2<sup>nd</sup> Street  
Hope, AR 71801

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 4

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

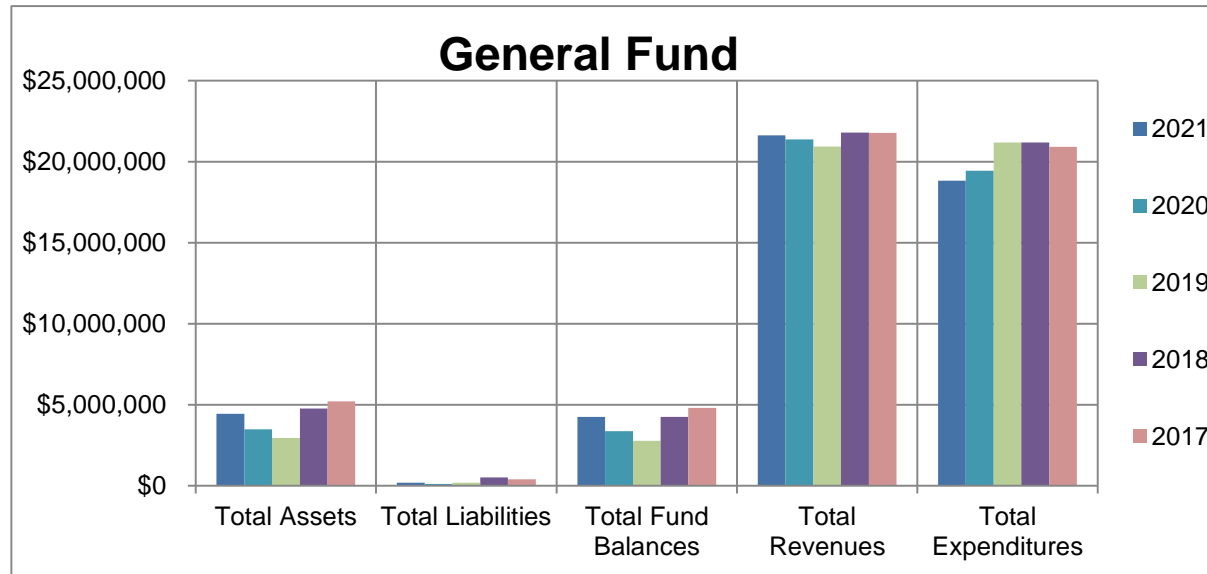
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

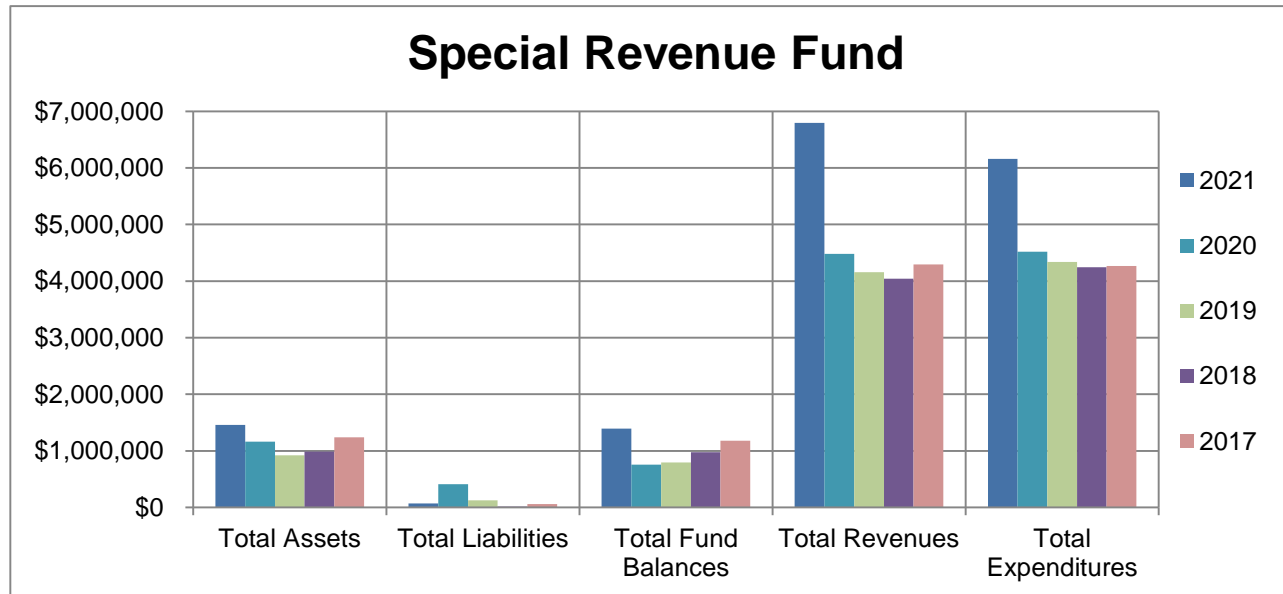
<b>General Fund</b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 4,430,487	\$ 3,484,600	\$ 2,953,330	\$ 4,758,055	\$ 5,206,034
Total Liabilities	178,450	116,175	186,694	514,323	400,418
Total Fund Balances	4,252,037	3,368,425	2,766,636	4,243,732	4,805,616
Total Revenues	21,627,621	21,381,097	20,926,722	21,785,195	21,776,414
Total Expenditures	18,834,348	19,442,263	21,189,315	21,185,503	20,910,150
Total Other Financing Sources (Uses)	(1,974,324)	(1,337,045)	(1,214,503)	(1,161,576)	(1,253,804)



HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

<b><u>Special Revenue Fund</u></b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 1,460,986	\$ 1,163,778	\$ 918,502	\$ 989,064	\$ 1,237,876
Total Liabilities	68,519	408,216	123,893	14,020	57,308
Total Fund Balances	1,392,467	755,562	794,609	975,044	1,180,568
Total Revenues	6,795,412	4,482,331	4,155,800	4,042,151	4,295,874
Total Expenditures	6,158,507	4,521,378	4,336,235	4,243,000	4,269,416
Total Other Financing Sources (Uses)				(4,675)	



HOPE SCHOOL DISTRICT NO. 1-A  
HEMPSTEAD COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 5

<b>Other Aggregate Funds</b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 1,843,168	\$ 154,684	\$ 34,684	\$ 1,046,207	\$ 2,075,252
Total Liabilities					462,120
Total Fund Balances	1,843,168	154,684	34,684	1,046,207	1,613,132
Total Revenues	71,896			547,970	554,742
Total Expenditures	2,033,685	1,217,045	2,226,026	2,276,471	4,666,697
Total Other Financing Sources (Uses)	3,650,273	1,337,045	1,214,503	1,161,576	1,438,725

