

**NORTH LITTLE ROCK SCHOOL
DISTRICT NO. 1
NORTH LITTLE ROCK, ARKANSAS**

**REGULATORY BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2021

with

**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

HQ
CPAs & Advisors PLLC

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Education
North Little Rock School District No. 1
North Little Rock, 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 North Little Rock School District No. 1 (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 basic 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 financial reporting practices prescribed or permitted by the Arkansas Code Ann. § 10-4-413(c) as provided in Act 867 of 2019, which is described in Note 1. 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 an opinion 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 entity'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 entity'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 more fully in Note 1, the District has prepared the financial statements using financial reporting practices prescribed or permitted by Arkansas Code Ann. § 10-4-413(c) as provided in Act 867 of 2019, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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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 determined, 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" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or the changes in its financial position for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and budgetary results 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 867 of 2019 as described in Note 1.

Other Matters

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 capital assets, 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 Rewards*, schedule of state assistance and the supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of state assistance are the responsibility of management and were derived from and relate 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 and schedule of state assistance are fairly stated in all material respects in relation to the regulatory basis financial statements as a whole.

To the Board of Education
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The schedule of capital assets and supplemental data sheet as required by Arkansas Department of Human Services Audit Guidelines 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 February 7, 2022 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

HCT CPAs & Advisors, PLLC

Little Rock, Arkansas
February 7, 2022

FINANCIAL STATEMENTS

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1**BALANCE SHEET - REGULATORY BASIS****JUNE 30, 2021**

	Governmental Funds			
	Major			Fiduciary Fund Types
	General Fund	Special Revenue Fund	Other Governmental Funds	
ASSETS				
Cash and Cash Equivalents	\$ 5,330,481	\$ 2,631,594	\$ 20,429,900	\$ 407,493
Due from Other Governments	41,458	9,745,291	-	-
Due from Other Funds	8,006,211	-	-	-
	<u>\$ 13,378,150</u>	<u>\$ 12,376,885</u>	<u>\$ 20,429,900</u>	<u>\$ 407,493</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 254,917	\$ 1,010,653	\$ 13,744	\$ 1,226
Accrued Expenses	443	-	-	-
Due to Other Funds	-	8,006,211	-	-
Due to Student Groups	-	-	-	406,267
Total Liabilities	<u>255,360</u>	<u>9,016,864</u>	<u>13,744</u>	<u>407,493</u>
Fund Balances:				
Restricted:				
State Programs	577,585	-	-	-
Federal Programs	-	3,360,021	-	-
Assigned:				
Capital Projects	-	-	20,416,156	-
Unassigned	<u>12,545,205</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>13,122,790</u>	<u>3,360,021</u>	<u>20,416,156</u>	<u>-</u>
	<u>\$ 13,378,150</u>	<u>\$ 12,376,885</u>	<u>\$ 20,429,900</u>	<u>\$ 407,493</u>

See accompanying notes.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
YEAR ENDED JUNE 30, 2021

	Major		
	General Fund	Special Revenue Fund	Other Governmental Funds
REVENUES			
Property Taxes	\$ 38,792,239	\$ -	\$ -
Interest	117,105	1,796	102,984
State Revenues	50,027,513	26,895	-
Federal Revenues	-	24,128,604	-
Food Services	-	188,370	-
Other	974,109	-	-
	<u>89,910,966</u>	<u>24,345,665</u>	<u>102,984</u>
EXPENDITURES			
Current:			
Instruction and Instructional - Related Services	44,654,283	9,355,222	172,661
Support Services	27,707,629	7,519,671	301,575
Non-Instructional Services	883	4,363,155	-
Other	5,067	470,094	-
Debt Service:			
Principal Retirement	-	-	5,430,000
Interest and Fiscal Charges	-	-	7,350,125
Paying Agent's Fees	-	-	2,975
Capital Outlay	<u>617,734</u>	<u>1,557,991</u>	<u>955,371</u>
	<u>72,985,596</u>	<u>23,266,133</u>	<u>14,212,707</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>16,925,370</u>	<u>1,079,532</u>	<u>(14,109,723)</u>
OTHER FINANCING (USES) SOURCES			
Transfers, Net	(16,658,373)	-	16,658,373
Proceeds from Bond Issue	-	-	175,094,683
Payment to Refunding Agent	-	-	(171,290,000)
Bond Issuance Cost	-	-	(2,634,194)
Refunding Interest	-	-	(1,167,442)
Payments to Other LEA's	(231)	-	-
Compensation for Disposals of Capital Assets	6,024	-	-
Total Other Financing (Uses) Sources	<u>(16,652,580)</u>	<u>-</u>	<u>16,661,420</u>
Net Change in Fund Balances	<u>272,790</u>	<u>1,079,532</u>	<u>2,551,697</u>
Fund Balance - Beginning	<u>12,850,000</u>	<u>2,280,489</u>	<u>17,864,459</u>
Fund Balance - Ending	<u>\$ 13,122,790</u>	<u>\$ 3,360,021</u>	<u>\$ 20,416,156</u>

See accompanying notes.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS -
REGULATORY BASIS****YEAR ENDED JUNE 30, 2021**

	General Fund		
	Budget	Actual	Variance
REVENUES			
Property Taxes	\$ 34,860,000	\$ 38,792,239	\$ 3,932,239
Interest	116,000	117,105	1,105
State Revenues	48,878,733	50,027,513	1,148,780
Federal Revenues	-	-	-
Food Services	-	-	-
Other	879,166	974,109	94,943
	<u>84,733,899</u>	<u>89,910,966</u>	<u>5,177,067</u>
EXPENDITURES			
Current:			
Instruction and Instructional-Related Services	43,942,336	44,654,283	(711,947)
Support Services	29,401,855	27,707,629	1,694,226
Non-Instructional Services	-	883	(883)
Other	21,833	5,067	16,766
Capital Outlay	<u>863,611</u>	<u>617,734</u>	<u>245,877</u>
	<u>74,229,635</u>	<u>72,985,596</u>	<u>1,244,039</u>
Excess (Deficiency) of Revenues Over Expenditures	10,504,264	16,925,370	6,421,106
OTHER FINANCING (USES) SOURCES			
Transfers, Net	(12,780,125)	(16,658,373)	(3,878,248)
Payments to Other LEA's	-	(231)	(231)
Compensation for Disposals of Capital Assets	-	6,024	6,024
Total Other Financing (Uses) Sources	<u>(12,780,125)</u>	<u>(16,652,580)</u>	<u>(3,872,455)</u>
Net Change in Fund Balances	<u>\$ (2,275,861)</u>	<u>\$ 272,790</u>	<u>\$ 2,548,651</u>

See accompanying notes.

Special Revenue Fund

Budget	Actual	Variance
\$ -	\$ -	\$ -
10,000	1,796	(8,204)
31,591	26,895	(4,696)
15,291,863	24,128,604	8,836,741
124,500	188,370	63,870
-	-	-
<u>15,457,954</u>	<u>24,345,665</u>	<u>8,887,711</u>
5,529,474	9,355,222	(3,825,748)
5,985,902	7,519,671	(1,533,769)
4,588,792	4,363,155	225,637
354,132	470,094	(115,962)
526,417	1,557,991	(1,031,574)
<u>16,984,717</u>	<u>23,266,133</u>	<u>(6,281,416)</u>
(1,526,763)	1,079,532	2,606,295
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (1,526,763)</u>	<u>\$ 1,079,532</u>	<u>\$ 2,606,295</u>

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The Board of Education, a seven (7) 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 North Little Rock School District No. 1 (the "District"). There are no component units.

Fund Accounting

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 required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

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

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

Fiduciary Fund types include the following:

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

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 Ark. Code Ann. 10-4-413 (c), as provided in Act 867 of 2019, 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.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. 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.

Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA, except for property taxes (see "Property Taxes" page 9).

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Buildings and Improvements	30
Furniture and Equipment	4 - 10
Vehicles and Buses	4 - 10

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Property Taxes

Property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on 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.

Interfund Receivables and Payables

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

Fund Balance Classifications

Under the RBA, fund balance is reported under the following five classifications:

1. **Nonspendable Fund Balance** - includes amounts that are not in a spendable form or are required to be maintained intact. The District does not have any nonspendable fund balances at year end.
2. **Restricted Fund Balance** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. The Restricted for State Programs and Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements.
3. **Committed Fund Balance** - includes amounts that can be used only for specific purposes determined by a formal action of the District's highest level of decision-making authority (the Board of Education) and does not lapse at year-end. The District does not have any committed fund balances at year-end.
4. **Assigned Fund Balance** - includes amounts intended for a specific purpose by the Board of Education or by a District official that has been delegated authority to assign amounts. The District has capital projects assigned at year-end for construction or other capital outlay projects.
5. **Unassigned Fund Balance** - includes any remaining fund balance 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.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 common for an individual source of funds to contain restricted and unrestricted (committed, assigned or unassigned) funds. The District has 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. The District's policy is to have expenditures spent from restricted amounts first at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District has 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 fund balance (if any) is reduced first, followed by assigned fund balance, and lastly unassigned fund balance.

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.

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

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the 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 formally adopted a minimum fund balance policy that the District shall maintain a fiscal year end net legal balance of at least nine percent not to exceed twenty percent of net legal revenues.

Encumbrances

The District does not utilize encumbrance accounting.

Subsequent Events

The District has evaluated all subsequent events for potential recognition and disclosure through February 7, 2022, the date these financials statements were available to be issued.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021****Note 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:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 500,000	\$ 500,000
Collateralized - held by pledging bank or pledging bank trust department in the District's name	<u>28,299,468</u>	<u>33,375,163</u>
Total deposits	<u>\$ 28,799,468</u>	<u>\$ 33,875,163</u>

Note 3: Accounts Payable and Accrued Expenses

The accounts payable balance in the balance sheet consists of the following at June 30, 2021:

<u>Class of Payable</u>	<u>Governmental Funds</u>				<u>Total</u>
	<u>Major</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Fiduciary Fund Types</u>	
	<u>General Fund</u>				
Vendor Payables	\$ 254,917	\$ 1,010,653	\$ 13,744	\$ 1,226	\$ 1,280,540
Benefits Payable	443	-	-	-	443
Totals	<u>\$ 255,360</u>	<u>\$ 1,010,653</u>	<u>\$ 13,744</u>	<u>\$ 1,226</u>	<u>\$ 1,280,983</u>

Note 4: Commitments**Long-Term Debt Issued and Outstanding**

The District is presently paying on the following bonds payable:

<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>
10/01/2012	2/01/2043	1.00 - 3.88%	\$ 10,000,000	\$ -	\$ 10,000,000
07/01/2013	2/01/2043	3.00 - 5.00%	125,000,000	-	125,000,000
02/01/2015	2/01/2043	3.00 - 3.50%	65,465,000	-	65,465,000
11/01/2016	6/01/2036	2.00 - 3.00%	22,340,000	19,340,000	3,000,000
03/01/2021	2/01/2043	2.00 - 5.00%	<u>169,985,000</u>	<u>169,985,000</u>	-
Totals			<u>\$ 392,790,000</u>	<u>\$ 189,325,000</u>	<u>\$ 203,465,000</u>

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2021**

Changes in long-term debt as follows:

Description	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds Payable	\$ 196,060,000	\$ 169,985,000	\$ 176,720,000	\$ 189,325,000

Total long-term debt principal and interest payments are as follows:

Year ended June 30	Principal	Interest	Total
2022	\$ 1,085,000	\$ 3,923,250	\$ 5,008,250
2023	1,115,000	4,206,450	5,321,450
2024	1,145,000	4,173,000	5,318,000
2025	1,180,000	4,138,650	5,318,650
2026	5,155,000	4,103,250	9,258,250
2027 - 2031	42,260,000	17,227,350	59,487,350
2032 - 2036	52,745,000	11,893,550	64,638,550
2037 - 2041	59,110,000	6,152,600	65,262,600
2042 - 2043	25,530,000	768,700	26,298,700
Totals	<u>\$ 189,325,000</u>	<u>\$ 56,586,800</u>	<u>\$ 245,911,800</u>

Note 5: Interfund Transfers

The following details the transfers between governmental funds for operating purposes, debt payments, and supplemental future capital projects:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Transfers in	\$ 98,006,179	\$ -	\$ 12,677,069	\$ 3,981,304	\$ 114,664,552
Transfers out	<u>(114,664,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,664,552)</u>
Totals	<u>\$ (16,658,373)</u>	<u>\$ -</u>	<u>\$ 12,677,069</u>	<u>\$ 3,981,304</u>	<u>\$ -</u>

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 6: 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 all Arkansas public school employees, except certain non-teachers 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. 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.artrs.gov.

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.50% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 14.50%.

The District made contributions to the Arkansas Teacher Retirement System of \$8,703,716, \$8,295,323, and \$7,874,883 for the years ended June 30, 2021, 2020, and 2019, respectively, equal to the required contributions of each year. The \$8,703,716 contribution in the current year is made up of \$7,520,993 for non-federally funded employees and \$1,182,723 for federally funded employees.

Net Pension Liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability of ATRS at June 30, 2020 (actuarial valuation date and measurement date) was \$105,613,867.

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 nonteaching Arkansas public school employees hired before July 1, 1989. APERS 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 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, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding policy: APERS has contributory and non-contributory plans. Contributory members are required by law to contribute 5% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current statutory employer rate is 4% of annual covered payroll. The District's contributions to APERS for the years ended June 30, 2021, 2020, and 2019 were \$1,874; \$1,995; and \$3,448, respectively, equal to the required contributions for each year.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Net Pension liability

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability of APERS at June 30, 2020 (actuarial valuation date and measurement date) was \$18,551.

Note 7: On-Behalf Payments

During the year ended June 30, 2021, health insurance premiums of \$1,993,279 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of District Employees.

Note 8: Litigation and Contingencies

The District is subject to claims and lawsuits that arise primarily in the ordinary course of business. Neither the ultimate outcome nor an estimated range of potential loss can be determined. Management and legal counsel are of the opinion that the likelihood of a financially material outcome is small and, thus, no provision has been made in the financial statements for any potential liabilities.

The District participates in federally assisted grant programs. This District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

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.

Note 9: Risk Management

The District is exposed to various risks of loss from torts; 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 is a member of the Arkansas School Board Association Self-Insurance Program, a public-entity risk pool currently operating a common risk management and insurance program for its members. The fund was created by members to formulate, develop and administer a program of self-funding for its membership, obtain lower Workmen's Compensation coverage and develop a comprehensive loss control program. The District pays an annual premium to the fund for its Workmen's Compensation Coverage. The Pool's governing agreement specifies that the Pool will be self-sustaining through the member premiums and will reissue through commercial carriers for claims in excess of specified stop loss amounts.

Note 10: Subsequent Events

Subsequent to year-end, the District issued refunding bonds of \$18,830,000 dated December 1, 2021 with interest rates of 2.0% to 5.0% and maturing 2/1/2036, which refunded the 11/1/2016 Series Bonds with an outstanding principal balance of \$19,340,000 as of June 30, 2021.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

SCHEDULE OF CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

(UNAUDITED)

Nondepreciable Capital Assets:

Land	\$ 4,031,696
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Depreciable Capital Assets:

Buildings and Improvements	315,145,608
Improvements other than Buildings	1,007,677
Furniture, Equipment, Vehicles and Buses	31,977,828
Total Depreciable Capital Assets	<u>348,131,113</u>

Less Accumulated Depreciation for:

Buildings and Improvements	87,592,826
Improvements other than Buildings	1,074,183
Furniture, Equipment, Vehicles and Buses	25,899,710
Total Accumulated Depreciation	<u>114,566,719</u>

Total Depreciable Capital Assets, Net	<u>233,564,394</u>
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Capital Assets, Net	<u><u>\$ 237,596,090</u></u>
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OTHER REPORTS AND SUPPLEMENTARY INFORMATION

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 Board of Education
North Little Rock School District No. 1
North Little Rock, 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 North Little Rock School District No. 1 (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 February 7, 2022.

We issued an adverse opinion because the District prepared the financial statements in conformity with accounting practices prescribed by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position thereof, and the budgetary results for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control over Financial Reporting

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

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

To the Board of Education
Page Two

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 laws, 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.

HCS CPAs & Advisors, PLLC

HCS CPAs & Advisors, PLLC
Little Rock, Arkansas
February 7, 2022

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

To the Board of Education
North Little Rock School District No. 1
North Little Rock, Arkansas

Report on Compliance for Each Major Federal Program

We have audited North Little Rock School District No. 1'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.

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 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 major federal programs. However, our audit does not provide a legal determination on 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 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.

HCI CPAs & Advisors, PLLC

HCI CPAs & Advisors, PLLC
Little Rock, Arkansas
February 7, 2022

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grant/Pass-Through Grantor/Program Title	Pass Through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
SPECIAL EDUCATION CLUSTER (IDEA)			
<u>U.S. Department of Education</u>			
Passed through Arkansas Department of Education:			
Title VI, Special Education - Grants to States (IDEA, Part B)	6002	84.027	\$ 1,942,312
Special Education - Preschool Grants (IDEA Preschool)	6002	84.173	91,594
Total Special Education Cluster (IDEA)			2,033,906
CHILD NUTRITION CLUSTER			
<u>U.S. Department of Agriculture</u>			
Passed through Arkansas Department of Education:			
School Breakfast Program (SBP) - Cash Assistance	6002	10.553	982,435
National School Lunch Program (NSLP) - Cash Assistance	6002	10.555	2,361,517
Passed through Arkansas Department of Human Services:			
National School Lunch Program (NSLP) - Non-Cash Assistance	6002	10.555	232,837
Total Child Nutrition Cluster			3,576,789
CCDF CLUSTER:			
<u>U.S. Department of Health and Human Services</u>			
Passed through Arkansas Department of Human Services:			
Child Care and Development Block Grant	6002	93.575	37,449
COVID-19 Child Care and Development Block Grant	6002	93.575	18,117
COVID-19 Child Care Development Fund - COVID CARES Enhancement - Emergency Food Assistance Program	6002	93.575	67,819
COVID-19 Child Care Development Fund - COVID - Low Income Supplement	6002	93.575	3,709
Total CCDF Cluster			127,094
OTHER PROGRAMS:			
<u>U.S. Department of Education</u>			
Passed through Arkansas Department of Education:			
Title I - School Improvement Grants	6002	84.010	257,763
Title I - School Improvement Implementation Grant	6002	84.010	92,764
Title I, Part A - Grants to Local Educational Agencies	6002	84.010	3,621,579
Career and Technical Education - Basic Grants to States (Perkins IV)	6002	84.048	206,417
Education for Homeless Children and Youth	6002	84.196	34,585
Title III, English Language Acquisition State Grants	6002	84.365	75,081
Title II - Part A - Improving Teacher Quality State Grants	6002	84.367	483,335
COVID-19 Education Stabilization Fund - COVID Emergency Leave	6002	84.425D	213,033
COVID-19 Education Stabilization Fund - ESSER I	6002	84.425D	3,069,627
COVID-19 Education Stabilization Fund - ESSER II	6002	84.425D	7,518,378
COVID-19 Education Stabilization Fund - SPED Digital Learning	6002	84.425D	2,675
Comprehensive Literacy Development	6002	84.371	129,885
Student Support and Academic Enrichment Program	6002	84.424	245,124
Total Passed Through Arkansas Department of Education			15,950,246
<u>U.S. Department of Health and Human Services</u>			
Passed through Arkansas Department of Education:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	6002	93.243	16
<u>U.S. Department of the Treasury</u>			
Passed through Arkansas Department of Education:			
COVID-19 Coronavirus Relief Fund - School Meals Program	6002	21.019	175,193
COVID-19 Coronavirus Relief Fund - COVID Emergency Leave	6002	21.019	293,593
Total Department of the Treasury			468,786
<u>U.S. Department of Agriculture</u>			
Passed through Arkansas Department of Human Services:			
Child and Adult Care Food Program (CACFP) - Cash Assistance	6002	10.558	35,389
Passed through Arkansas Department of Education:			
Fresh Fruit and Vegetable Program	6002	10.582	45,456
Total U.S. Department of Agriculture			80,845
Total Other Programs			16,499,893
Total Expenditures of Federal Awards			\$ 22,237,682

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule includes the federal awards activity of the District and is presented on the regulatory basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District did not elect to use the 10% de minimis indirect cost rate.
2. Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
3. Medicaid reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling \$1,068,753 are not covered by the reporting requirements of the Uniform Guidance.
4. Reserve Officers' Training Corps reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling \$62,426 are not covered by the reporting requirements of the Uniform Guidance.

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

SCHEDULE OF STATE ASSISTANCE

YEAR ENDED JUNE 30, 2021

Arkansas Department of Education

State Foundation Funding	\$	36,650,945
98% Uniform Rate of Tax Actual Collection Adjustment		162,105
Eisenhower Math and Science		770,503
GT Advanced Placement		11,450
Bonded Debt Assistance		122,751
Professional Development Funding		288,624
Limited English Proficiency Allocation		192,544
Food Service State Matching		26,895
Alternative Learning		1,102,783
National School Lunch Student Funding		6,312,306
Arkansas Better Chance Program		3,112,980
Early Childhood Special Education		211,625
Children with Disabilities - Supervision		40,638
Pathwise Mentoring Grant		43,493
Special Education Catastrophic Loss Funding		279,770
Secondary Workforce Center		39,000
Declining Enrollment		241,349
NBCT Teacher Bonus		366,451
Early Intervention Day Treatment Centers		75,142
Writing Assessment		3,054
Total State Assistance	\$	<u>50,054,408</u>

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

A. SUMMARY OF AUDITORS' RESULTS

1. Our report expressed an adverse opinion based on generally accepted accounting principles and an unmodified opinion based on regulatory basis of accounting on the basic financial statements of North Little Rock District No. 1.

2. The independent auditors' report on internal control over financial reporting described:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

4. The independent auditors' report on internal control over compliance with requirements applicable to major federal awards programs described:

Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Material weakness(es) identified? ☐ Yes ☒ No

5. The opinion expressed in the independent auditors' report on compliance with requirements applicable to major federal awards was:

☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance? ☐ Yes ☒ No

7. The Auditee's major programs were:

Cluster/Program	Assistance Listing Number(s)
• Child Nutrition Cluster	10.553 and 10.555
• Education Stabilization	84.425D
• Coronavirus Relief Funding	21.019

8. The threshold used to distinguish between Type A & Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance? ☒ Yes ☐ No

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE NOTED

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

NONE NOTED

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

NONE NOTED

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

To the Board of Education
North Little Rock School District No. 1
North Little Rock, Arkansas

We have examined management's assertions that North Little Rock School District No. 1 substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and the applicable laws and regulations including those listed in the accompanying schedule of statutes required to be addressed by the Arkansas Department of Education during the year ended June 30, 2021. 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 conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, North Little Rock School District No. 1 complied with the aforementioned requirements for the year ended June 30, 2021.

This report is intended solely for the information and use 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.

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC
Little Rock, Arkansas
February 7, 2022

**NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1
SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE
ADDRESSED IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
YEAR ENDED JUNE 30, 2021**

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

- Bonded & Non-bonded Debt, District School Bonds
- Petty Cash
- Changes in Pullback (no deferrals – declining accrual percentages)
- Investment of Fund

6-20-402
6-20-1201 – 6-20-1208; 6-20-1210
6-20-409

6-20-401
19-1-504

Management of Schools

- Board of Directors
- District Treasurer
 - Warrants/checks

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.
6-13-701
6-17-918; 6-17-919; 6-20-403
14-75-101 – 14-75-104

Management Letter for Audit

6-20-412

Nonrecurring Salary Payments

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
- Employment and Assignment
- Teacher's License Requirement
- Contracts
- Certification Requirements
- Fair Dismissal Act
- Sick Leave Policies
- Minimum Wage Act

6-17-201 et seq., 6-17-2301
6-17-301 et seq.
6-17-401 et seq.
6-17-801 et seq.
6-17-309; 6-17-401
6-17-1501 et seq.; 6-17-1701 et seq.
6-17-1201 et seq.; 6-17-1301 et seq.
11-4-213, 11-4-218; 11-4-403; 11-4-405
6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918;
6-17-919

Teacher Salaries and Foundation Funding Aid

Trust Funds (Education Excellence)

6-5-307

Use of Contractors, Improvement Contracts

22-9-201 – 22-9-205

Use of DM&O Millage

26-80-110

On Behalf Payments

The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees

Regulatory Basis of Accounting

10-4-413(c)

Real Estate and Personal Property Tax Appeals

26-35-802

Arkansas Procurement Law

19-11-201 et. Seq.

Fiscal Accountability

6-20-1901 et. seq

Enhanced Student Achievement Funding ESA

6-20-2305(B)(4)(F)(I)

Limitation on Fund Balances

6-20-2210 (waived for 2019 – 2020 only)

CARES Act (COVID-19) Education Funding

Commissioner's Memo LS-20-089

Charter Facilities Funding

6-23-908

NORTH LITTLE ROCK SCHOOL DISTRICT NO. 1
SUPPLEMENTAL DATA SHEET
YEAR ENDED JUNE 30, 2021

The following information is being provided to satisfy the requirements of Arkansas Department of Human Services Audit Guidelines:

1. Entity's Full Name: North Little Rock School District No. 1
2. Entity's Address: 2400 Willow Street
North Little Rock, AR 72114
3. Entity's FEIN: 71-6014124
4. Entity's Telephone Number: (501) 771-8000
5. Name of Director: Mr. Gregory J. Pilewski, Superintendent
6. Name of Contact Person: Mr. Brian Brown, Chief Financial Officer