

# **Little Rock School District**

**Pulaski County, Arkansas**

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

**June 30, 2021**



LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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

Little Rock School District 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 Little Rock School District (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 *Governmental 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 March 30, 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  
March 30, 2022  
EDSD32121

# Arkansas

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



**Rep. Richard Womack**  
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## 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

Little Rock School District 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 Little Rock School District (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 March 30, 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*.

We noted a certain matter that we reported to management of the District in a separate letter dated March 30, 2022.

**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



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 30, 2022

# Arkansas

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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

Little Rock School District and School Board Members  
Legislative Joint Auditing Committee

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

We have audited the Little Rock School District'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  
March 30, 2022



# Arkansas

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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

Little Rock School District and School Board Members  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

As previously disclosed in the audit reports for the three fiscal years ended June 30, 2020, management stated that a law enforcement agency was investigating certain financial transactions of the District and the case is pending submission to a grand jury. The District conducted an internal review and discovered \$230,636 in unauthorized charges for purchases made using two Procurement Cards (P-cards). On February 9, 2022, Karen James, Director of Childhood Education/Elementary Literacy, pled guilty in federal court to the unauthorized use of District issued P-cards assigned to her.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Handwritten signature of Matt Fink in cursive.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 30, 2022

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2021

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 28,956,396		\$ 1,273,719	\$ 1,582,003
Investments				2,361,259
Accounts receivable	491,382	\$ 8,691,467		
Due from other funds	1,853,631			
Deposit with paying agent			2,070,444	
<b>TOTAL ASSETS</b>	<b>\$ 31,301,409</b>	<b>\$ 8,691,467</b>	<b>\$ 3,344,163</b>	<b>\$ 3,943,262</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 11,387,178	\$ 1,271,721	\$ 1,433,027	
Due student groups				\$ 9,160
Due to other funds		1,853,631		
<b>Total Liabilities</b>	<b>11,387,178</b>	<b>3,125,352</b>	<b>1,433,027</b>	<b>9,160</b>
<b>Fund Balances:</b>				
Nonspendable				2,361,259
Restricted	5,864,615	5,566,115	2,070,544	1,572,843
Assigned	2,166,793			
Unassigned	11,882,823		(159,408)	
<b>Total Fund Balances</b>	<b>19,914,231</b>	<b>5,566,115</b>	<b>1,911,136</b>	<b>3,934,102</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 31,301,409</b>	<b>\$ 8,691,467</b>	<b>\$ 3,344,163</b>	<b>\$ 3,943,262</b>

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

LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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 Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 175,526,611		\$ 7,733,081
State assistance	83,272,302	\$ 59,047	
Federal assistance		58,548,209	
Activity revenues	2,085,132		
Meal sales		261,832	
Investment income	101,162	237	75,572
Other revenues	4,304,769	26,425	907,240
<b>TOTAL REVENUES</b>	<b>265,289,976</b>	<b>58,895,750</b>	<b>8,715,893</b>
EXPENDITURES			
Regular programs	94,264,028	9,967,484	1,303,611
Special education	20,849,585	4,819,610	
Career education programs	5,046,024	216,464	
Adult/continuing education program	578,016	283,792	
Compensatory education programs	3,922,701	7,606,787	
Other instructional programs	11,940,255	604,779	698,142
Student support services	11,694,605	3,525,954	
Instructional staff support services	16,781,933	15,457,210	147,244
General administration support services	3,376,516	812,738	
School administration support services	13,191,769	1,590,298	928,866
Central services support services	6,729,346	1,364,348	3,843,779
Operation and maintenance of plant services	24,655,048	1,586,164	4,183,145
Student transportation services	11,497,388	392,784	
Other support services	95,867		
Food services operations		8,544,473	
Community services operations	18,131	859,567	
Facilities acquisition and construction services	2,076,863	12,396	11,858,336
Non-programmed costs		1,370,740	
Activity expenditures	2,249,005		
Debt Service:			
Principal retirement	893,829		15,110,692
Interest and fiscal charges	291,358		6,900,206
<b>TOTAL EXPENDITURES</b>	<b>230,152,267</b>	<b>59,015,588</b>	<b>44,974,021</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>35,137,709</b>	<b>(119,838)</b>	<b>(36,258,128)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in			36,276,678
Transfers out	(36,276,678)		
Refund to grantor	(15,407)	(17,353)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(36,292,085)</b>	<b>(17,353)</b>	<b>36,276,678</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(1,154,376)</b>	<b>(137,191)</b>	<b>18,550</b>
FUND BALANCES - JULY 1	21,068,607	5,703,306	1,892,586
FUND BALANCES - JUNE 30	<u>\$ 19,914,231</u>	<u>\$ 5,566,115</u>	<u>\$ 1,911,136</u>

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

LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 166,250,917	\$ 175,526,611	\$ 9,275,694			
State assistance	81,468,047	83,272,302	1,804,255	\$ 73,206	\$ 59,047	\$ (14,159)
Federal assistance				48,744,021	58,548,209	9,804,188
Activity revenues	4,822,848	2,085,132	(2,737,716)			
Meal sales				963,500	261,832	(701,668)
Investment income	509,610	101,162	(408,448)	5,000	237	(4,763)
Other revenues	2,376,417	4,304,769	1,928,352	25,000	26,425	1,425
<b>TOTAL REVENUES</b>	<b>255,427,839</b>	<b>265,289,976</b>	<b>9,862,137</b>	<b>49,810,727</b>	<b>58,895,750</b>	<b>9,085,023</b>
<b>EXPENDITURES</b>						
Regular programs	96,336,843	94,264,028	2,072,815	5,088,453	9,967,484	(4,879,031)
Special education	21,843,892	20,849,585	994,307	4,718,474	4,819,610	(101,136)
Career education programs	5,292,327	5,046,024	246,303		216,464	(216,464)
Adult/continuing education program	613,849	578,016	35,833	275,246	283,792	(8,546)
Compensatory education programs	4,083,933	3,922,701	161,232	6,469,703	7,606,787	(1,137,084)
Other instructional programs	13,147,432	11,940,255	1,207,177	347,943	604,779	(256,836)
Student support services	11,837,608	11,694,605	143,003	3,872,668	3,525,954	346,714
Instructional staff support services	17,839,519	16,781,933	1,057,586	18,339,264	15,457,210	2,882,054
General administration support services	4,313,528	3,376,516	937,012	826,460	812,738	13,722
School administration support services	14,260,135	13,191,769	1,068,366		1,590,298	(1,590,298)
Central services support services	5,948,657	6,729,346	(780,689)	1,118,881	1,364,348	(245,467)
Operation and maintenance of plant services	24,724,713	24,655,048	69,665	1,035,774	1,586,164	(550,390)
Student transportation services	13,712,412	11,497,388	2,215,024	118,533	392,784	(274,251)
Other support services	38,000	95,867	(57,867)			
Food services operations	350,000		350,000	8,754,289	8,544,473	209,816
Community services operations		18,131	(18,131)	1,567,572	859,567	708,005
Facilities acquisition and construction services		2,076,863	(2,076,863)	20,755	12,396	8,359
Non-programmed costs				529,313	1,370,740	(841,427)
Activity expenditures	3,681,930	2,249,005	1,432,925			
Debt Service:						
Principal retirement	899,207	893,829	5,378			
Interest and fiscal charges	287,355	291,358	(4,003)			
<b>TOTAL EXPENDITURES</b>	<b>239,211,340</b>	<b>230,152,267</b>	<b>9,059,073</b>	<b>53,083,328</b>	<b>59,015,588</b>	<b>(5,932,260)</b>

LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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	\$ 16,216,499	\$ 35,137,709	\$ 18,921,210	\$ (3,272,601)	\$ (119,838)	\$ 3,152,763
OTHER FINANCING SOURCES (USES)						
Transfers in	319,401,311		(319,401,311)			
Transfers out	(340,254,683)	(36,276,678)	303,978,005	(71,210)		71,210
Refund to grantor		(15,407)	(15,407)		(17,353)	(17,353)
TOTAL OTHER FINANCING SOURCES (USES)	(20,853,372)	(36,292,085)	(15,438,713)	(71,210)	(17,353)	53,857
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(4,636,873)	(1,154,376)	3,482,497	(3,343,811)	(137,191)	3,206,620
FUND BALANCES - JULY 1	26,900,459	21,068,607	(5,831,852)	6,354,469	5,703,306	(651,163)
FUND BALANCES - JUNE 30	<u>\$ 22,263,586</u>	<u>\$ 19,914,231</u>	<u>\$ (2,349,355)</u>	<u>\$ 3,010,658</u>	<u>\$ 5,566,115</u>	<u>\$ 2,555,457</u>

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

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

On January 28, 2015, the Arkansas Division of Elementary and Secondary Education (Division) assumed control of the Little Rock School District (District) and dissolved the local school board. On December 12, 2019, the State Board of Education (State Board) approved the reinstatement by and following the election of a nine-member school board (Local Board) during the general election of November 2020. During such time as the District remains under Level 5 intensive support, the Local Board shall exercise all day-to-day authority of the District, subject to the following three limitations which require State Board approval: the Local Board cannot make any change to the superintendent of the District; the Local Board cannot make any manner of selection of the Personnel Policy Committee or its status with respect to the District, nor recognize any employee bargaining agent; and the Local Board cannot institute any litigation, other than routine contract litigation against vendors or contractors. On July 8, 2021, the State Board voted to remove the District from Level 5 intensive support and move the District to Level 4 directed support for one year, with monitoring by the Division and quarterly reporting to the State Board, and lift the limitations that the State Board placed upon the District's Local Board. 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.

Fiduciary Fund types include the following:

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

Private-purpose Funds – Private-purpose funds are used to report all other arrangements under which principal and income benefit individuals, private organizations, or other governments.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

**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.

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 \$1,000 for capitalizing equipment. Library holdings are not capitalized.

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

Asset Class	Estimated Useful Life in Years
Buildings and improvements	10-50
Equipment	5-20

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

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.

G. Interfund Receivables and Payables

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

H. Fund Balance Classifications

1. Nonspendable fund balance – represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. 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.
4. 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.

I. 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.



LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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

I. Budget and Budgetary Accounting (Continued)

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.

J. 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.

K. Minimum Fund Balance Policies

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

L. 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.

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.

M. 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)	\$ 30,679,569	\$ 30,679,869
Collateralized:		
Collateral held by the District's agent, pledging bank or pledging bank's trust department or agent in the District's name	1,132,349	8,617,406
Total Deposits	\$ 31,811,918	\$ 39,297,275

The above total deposits do not include cash on hand of \$200.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**3. INVESTMENTS**

At June 30, 2021, the District's investments consisted of Chevron Corporation common stock with a fair value of \$2,361,259. The earnings from this stock are to be used for scholarships. The value of the stock is reported as nonspendable within the fiduciary fund types.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer. All investments reported in the District's fiduciary fund types consist of Chevron Corporation stock, a gift from Winthrop Rockefeller.

Fair value of investments - Fair value measurements are based on the fair value hierarchy as follows:

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Significant other observable inputs

Level 3 - Significant unobservable inputs

The above investments are classified in Level 1. There are no investments classified in Levels 2 or 3.

**4: ACCOUNTS RECEIVABLE**

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 455,852	
Federal assistance		\$ 8,691,467
Other	35,530	
Totals	\$ 491,382	\$ 8,691,467

**5: COMMITMENTS**

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

A. Construction Contract

Project Name	Completion Date	Contract Balance
Southwest High School	January 2022	\$ 55,045

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

General description of lease and leasing arrangements:

274 copiers for the term of 48 months with monthly rental payments based on copier usage at a rate of \$.0112908 per black and white copy, commencing July 1, 2014. The lease was extended for three more years until June 30, 2021 with an additional six copiers.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**5: COMMITMENTS (Continued)**

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

Rental payments for the operating lease described above were approximately \$749,945 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:

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2021	Maturities To June 30, 2021
<b>Bonds</b>					
7/28/05	7/28/21		\$ 2,212,252	\$ 2,212,252	
12/1/15	2/1/33	3 - 3.5%	126,740,000	94,890,000	\$ 31,850,000
12/15/15	2/1/33	2 - 3.25%	17,995,000	14,025,000	3,970,000
9/21/17	2/1/33	1.1 - 3.32%	92,055,000	71,415,000	20,640,000
6/26/19	2/1/33	3%	33,770,000	30,775,000	2,995,000
Total Bonds			<u>272,772,252</u>	<u>213,317,252</u>	<u>59,455,000</u>
<b>Direct Borrowings</b>					
10/30/15	12/1/21	1.74%	518,000	76,694	441,306
10/21/16	12/1/22	1.65%	536,460	157,337	379,123
4/7/17	1/15/33	2.50%	12,861,672	10,389,692	2,471,980
6/1/19	6/1/23		776,150	310,460	465,690
7/10/19	7/10/22		1,362,565	681,282	681,283
10/1/19	10/1/23		299,104	179,462	119,642
Total Direct Borrowings			<u>16,353,951</u>	<u>11,794,927</u>	<u>4,559,024</u>
Total Long-Term Debt			<u>\$ 289,126,203</u>	<u>\$ 225,112,179</u>	<u>\$ 64,014,024</u>

Changes in Long-term Debt

	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
Bonds payable	\$ 227,872,252		\$ 14,555,000	\$ 213,317,252
<b>Direct Borrowings</b>				
Capital leases	1,175,621		451,667 *	723,954
Installment contracts	12,074,205		1,003,232	11,070,973
Total Direct Borrowings	<u>13,249,826</u>		<u>1,454,899</u>	<u>11,794,927</u>
Total Long-Term Debt	<u>\$ 241,122,078</u>	<u>\$ 0</u>	<u>\$ 16,009,899</u>	<u>\$ 225,112,179</u>

\* Includes \$5,378 disposition of asset

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**5: COMMITMENTS (Continued)**

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

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 17,142,252	\$ 6,467,144	\$ 23,609,396	\$ 1,418,013	\$ 266,708	\$ 1,684,721
2023	15,425,000	6,029,344	21,454,344	1,389,624	246,168	1,635,792
2024	15,830,000	5,575,819	21,405,819	855,621	225,762	1,081,383
2025	16,260,000	5,108,757	21,368,757	815,925	205,637	1,021,562
2026	16,715,000	4,626,307	21,341,307	836,559	185,004	1,021,563
2027-2031	91,280,000	15,268,584	106,548,584	4,511,028	596,786	5,107,814
2032-2033	40,665,000	1,989,338	42,654,338	1,968,157	74,967	2,043,124
Totals	<u>\$213,317,252</u>	<u>\$ 45,065,293</u>	<u>\$258,382,545</u>	<u>\$ 11,794,927</u>	<u>\$ 1,801,032</u>	<u>\$ 13,595,959</u>

Capital Leases

Capital assets acquired through capital leases consisted of the following at June 30, 2021:

Class of Property	Cost	Accumulated Depreciation	Net Value
Equipment-Buses	\$ 518,000	\$ 302,167	\$ 215,833
Equipment-Buses	536,460	250,348	286,112
Equipment-Technology	776,150	155,230	620,920
Equipment-Technology	299,104	30,533	268,571
Total	<u>\$ 2,129,714</u>	<u>\$ 738,278</u>	<u>\$ 1,391,436</u>

The present value of the net minimum lease payments is as follows at June 30, 2021:

Total Minimum Lease Payments	\$ 729,246
Less: Amount Representing Interest	<u>5,292</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 723,954</u>

Qualified Zone Academy Bond (QZAB)

On July 28, 2005, the District obtained funding of \$2,212,252 through the Qualified Zone Academy Bond (QZAB) program, a debt financial arrangement authorized under the Taxpayer Relief Act of 1997. The District will deposit \$102,286 annually into a sinking fund for 16 years for a total of \$1,636,576. This amount plus interest earned will be used to retire the debt when due.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**5: COMMITMENTS (Continued)**

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.

**6: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 1,399,729	\$ 1,254,368	\$ 1,433,027
Payroll withholdings and matching	9,980,225		
Due to grantors	7,224	17,353	
Totals	\$ 11,387,178	\$ 1,271,721	\$ 1,433,027

**7: INTERFUND TRANSFERS**

The District transferred \$36,276,678 from the general fund to the other aggregate funds for debt service payments of \$21,455,206 and construction expenditures of \$14,821,472.

**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.artrs.gov](http://www.artrs.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 \$25,089,697, equal to the required contributions.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**8: RETIREMENT PLANS (Continued)**

Arkansas Teacher Retirement System (Continued)

Funding Policy (Continued)

Additionally, the Division of Elementary and Secondary Education (DESE) paid retirement contributions to ATRS for certain employees of the District's Metropolitan Vocational Center, a secondary area center for career and technical education. DESE's contribution for the year ended June 30, 2021 was \$216,067, 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 \$311,020,376.

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 \$9,565, 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 \$131,448.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**9: CHANGES IN PRIVATE-PURPOSE FUNDS**

ADDITIONS	
Donations	\$ 1,192
Interest	107
Dividends	117,454
Unrealized gain in fair market value of investments	349,657
TOTAL ADDITIONS	468,410
DEDUCTIONS	
Scholarships	8,091
TOTAL DEDUCTIONS	8,091
CHANGE IN FUND BALANCE	460,319
FUND BALANCE - JULY 1	3,473,783
FUND BALANCE - JUNE 30	\$ 3,934,102

**10: DEFICIT FUND BALANCE**

The deficit unassigned fund balance of \$159,408 in the other aggregate funds, as displayed in the table at Note 15 below, is from the capital projects fund. The temporary deficit was caused by the recognition of accounts payable at year-end.

**11: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$272,772,252 issued from July 28, 2005 through June 26, 2019. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$258,382,545, payable through February 1, 2033. Principal and interest paid for the current year and total property taxes pledged for debt service were \$21,448,894 and \$48,974,573, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 43.80 percent.

**12: 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 maintains a self-insurance, risk management account within the General Fund to account for and finance its uninsured risks of loss. Under this self-insurance program, the District is responsible for individual losses up to maximum limits, which range from \$0 to \$250,000 based on the nature of the loss. The District purchases commercial insurance for claims in excess of amounts paid from the risk management account and for other risks of loss.

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.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**12: RISK MANAGEMENT (Continued)**

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.

**13: 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 \$5,493,591 for the year ended June 30, 2021.



LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**14: 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	\$ 2,662,021		
Enhanced student achievement match grant	590,446		
English-language learners Grants	520,932		
Capital projects			\$ 100
Child nutrition programs		\$ 4,164,713	
Debt service			2,070,444
Medical services		915,325	
Arkansas school recognition program	82,907		
Juvenile detention center	58,809		
Workforce center operations	868,662		
Education cooperative technology grants	228,986		
Special education programs	624,034		
Title I programs		15,628	
Education stabilization fund (COVID-19)		2,125	
Child care development block grant		457,074	
Verizon innovative learning project	99,549		
Other purposes	73,025	11,250	
Total Restricted	<u>5,864,615</u>	<u>5,566,115</u>	<u>2,070,544</u>
Assigned to:			
Student activities	2,077,163		
Self-insurance claims	89,630		
Total Assigned	<u>2,166,793</u>		
Unassigned	<u>11,882,823</u>		<u>(159,408)</u>
Totals	<u>\$ 19,914,231</u>	<u>\$ 5,566,115</u>	<u>\$ 1,911,136</u>

**15: SUBSEQUENT EVENT**

On December 28, 2021, the District issued refunding and construction bonds of \$315,940,000 to refund the District's December 1, 2015 and December 15, 2015 bond issues, and for the purpose of financing capital improvements for the public schools of the District.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

Schedule 1

	Balance June 30, 2021
Nondepreciable capital assets:	
Land	\$ 21,095,194
Construction in progress	108,648,667
Total nondepreciable capital assets	129,743,861
Depreciable capital assets:	
Buildings and improvements/infrastructure	352,753,228
Equipment	68,651,113
Total depreciable capital assets	421,404,341
Less accumulated depreciation for:	
Buildings and improvements/infrastructure	211,102,039
Equipment	56,046,745
Total accumulated depreciation	267,148,784
Total depreciable capital assets, net	154,255,557
Capital assets, net	\$ 283,999,418

LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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	6001		\$ 1,649,380
National School Lunch Program (Note 3)	10.555			183,532
Arkansas Department of Education - National School Lunch Program	10.555	6001		3,842,951
Arkansas Department of Human Services - National School Lunch Program (Note 4)	10.555	6001000		870,853
Total for National School Lunch Program				<u>4,897,336</u>
Arkansas Department of Education - Child Nutrition Discretionary Grants Limited Availability	10.579	6001		26,160
Total U. S. Department of Agriculture				<u>6,572,876</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>6,572,876</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	6001		5,281,625
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	6001		248,426
Total U. S. Department of Education				<u>5,530,051</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u>5,530,051</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Agriculture - Specialty Crop Block Grant Program - Farm Bill	10.170	6001		500
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	6001		107,302
Total U. S. Department of Agriculture				<u>107,802</u>
<u>U. S. Department of Defense</u>				
ROTC (Note 5)	12.AR060012			132,243
Total U. S. Department of Defense				<u>132,243</u>
<u>U. S. Department of the Interior</u>				
Historic Preservation Fund Grants - In-Aid	15.904			485,858
Total U. S. Department of the Interior				<u>485,858</u>
<u>U.S. Department of the Treasury</u>				
Arkansas Department of Education - COVID-19 - Coronavirus Relief Fund	21.019	6001		227,941
Total U.S. Department of the Treasury				<u>227,941</u>
<u>National Endowment for the Arts</u>				
Arkansas Department of Parks, Heritage and Tourism - Arkansas Arts Council - Promotion of the Arts - Partnership Agreements	45.025	6001		12,306
Total National Endowment for the Arts				<u>12,306</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	6001		22,099,755
Total Education Stabilization Fund				<u>22,099,755</u>

LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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 Career Education - Adult Education - Basic Grants to States	84.002A	6001		\$ 176,228
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	6001		10,931,215
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	6001		263,591
Arkansas Department of Education - Education for Homeless Children and Youth	84.196A	6001		16,592
Arkansas Department of Education - Twenty-First Century Community Learning Centers	84.287C	6001		574,307
Great Rivers Education Service Cooperative - Special Education - State Personnel Development	84.323B	6001000		18,163
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	6001		146,117
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	6001		1,127,062
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	6001		1,049,173
Arkansas Department of Education - School Improvement Grants	84.377A	6001		394
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	6001		1,288,617
Total U. S. Department of Education				<u>37,691,214</u>
 <u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education - Temporary Assistance for Needy Families	93.558	6001		4,900,000
Arkansas Department of Career Education - Temporary Assistance for Needy Families	93.558	6001		47,431
Arkansas Department of Commerce - Division of Workforce Services - Temporary Assistance for Needy Families	93.558	6001		81,257
Total for Temporary Assistance for Needy Families				<u>5,028,688</u>
Total U. S. Department of Health and Human Services				<u>5,028,688</u>
TOTAL OTHER PROGRAMS				<u>43,686,052</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 55,788,979</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 Little Rock School District (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 \$238,637 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI 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:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**FEDERAL AWARDS**

Internal control over major federal programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  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)?  yes  no

Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
84.367A	Supporting Effective Instruction State Grants
84.425D	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 1,673,669

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



**LITTLE ROCK**  
SCHOOL DISTRICT

Schedule 4

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

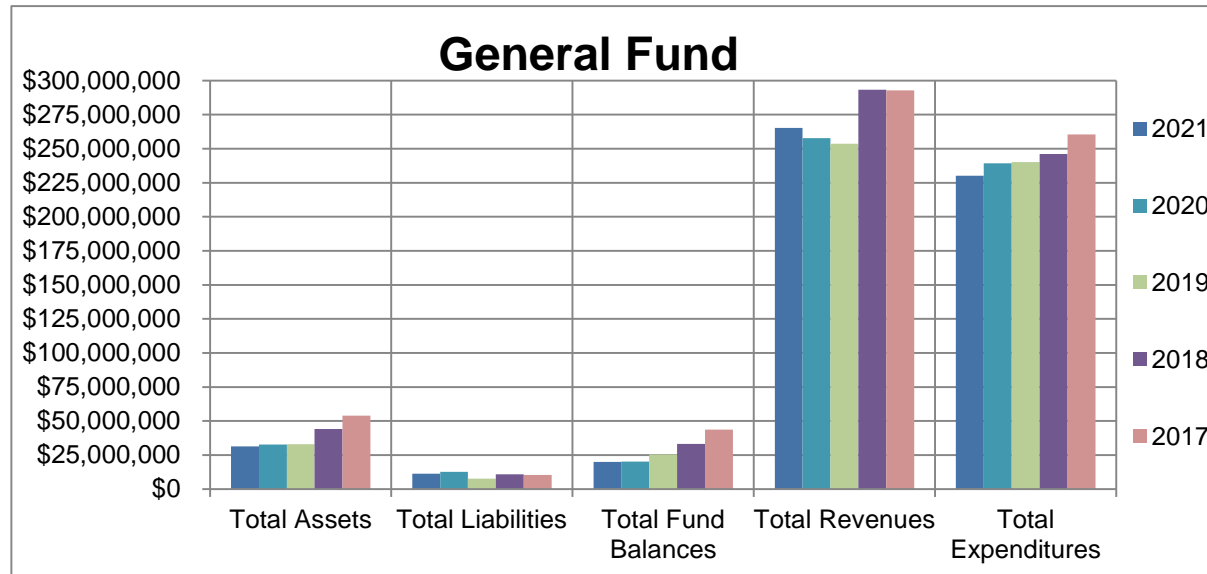
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

LITTLE ROCK SCHOOL DISTRICT  
PULASKI COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)

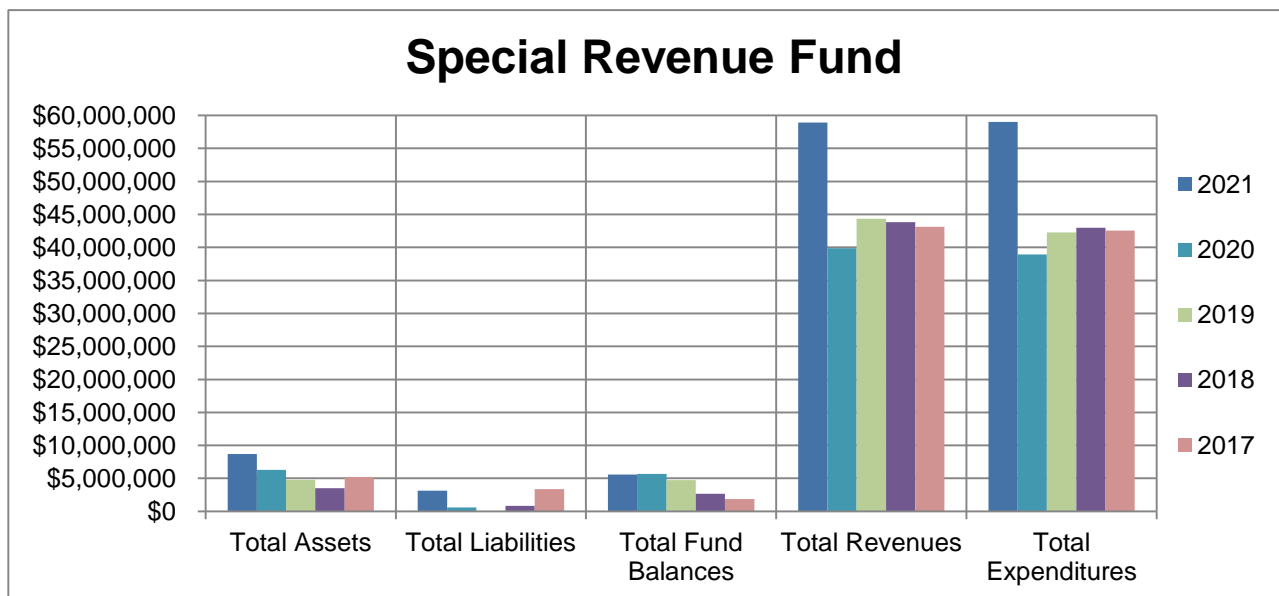
Schedule 5

<u>General Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 31,301,409	\$ 32,830,276	\$ 33,027,965	\$ 44,037,734	\$ 54,001,188
Total Liabilities	11,387,178	12,704,711	7,654,771	10,858,346	10,341,507
Total Fund Balances	19,914,231	20,125,565	25,373,194	33,179,388	43,659,681
Total Revenues	265,289,976	257,803,263	253,632,292	293,321,348	292,829,873
Total Expenditures	230,152,267	239,286,280	240,167,300	246,020,361	260,401,167
Total Other Financing Sources (Uses)	(36,292,085)	(23,764,612)	(21,271,186)	(57,781,280)	(31,700,549)



LITTLE ROCK SCHOOL DISTRICT  
 PULASKI COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Unaudited)

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 8,691,467	\$ 6,282,961	\$ 4,800,735	\$ 3,504,020	\$ 5,225,154
Total Liabilities	3,125,352	579,655	56,992	815,775	3,371,275
Total Fund Balances	5,566,115	5,703,306	4,743,743	2,688,245	1,853,879
Total Revenues	58,895,750	39,867,182	44,339,040	43,835,902	43,115,839
Total Expenditures	59,015,588	38,907,619	42,276,519	42,995,416	42,542,658
Total Other Financing Sources (Uses)	(17,353)		(7,023)	(6,120)	





LITTLE ROCK SCHOOL DISTRICT  
 PULASKI COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2021  
 (Unaudited)

<b><u>Other Aggregate Funds</u></b>	Year Ended June 30,				
	2021	2020	2019	2018	2017
Total Assets	\$ 3,344,163	\$ 7,221,804	\$ 46,380,382	\$ 107,071,657	\$ 5,302,134
Total Liabilities	1,433,027	5,329,218	8,433,632	965,646	2,877,464
Total Fund Balances	1,911,136	1,892,586	37,946,750	106,106,011	2,424,670
Total Revenues	8,715,893	8,353,071	8,402,891	8,340,328	8,090,892
Total Expenditures	44,974,021	69,782,716	98,299,675	54,954,621	56,963,346
Total Other Financing Sources (Uses)	36,276,678	25,375,481	21,737,523	150,295,634	45,514,021

