



**ROGERS**  
Public Schools  
where all belong, all learn, and all succeed

**REGULATORY BASIS FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**

**with**

**INDEPENDENT AUDITOR'S REPORT**

**HQJ**  
CPAs & Advisors PLLC

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Rogers School District No. 30  
Rogers, Arkansas

### **Opinions**

We have audited the accompanying financial statements of each major governmental fund, and the aggregate remaining fund information of the Rogers School District No. 30 (the "District"), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective regulatory basis 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 provision of Arkansas Code Ann. § 10-4-413(c) provided in Act 2201 of 2005 as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, 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, 2022, or the changes in financial position of the District 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.

### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, to meet the financial reporting requirements of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Arkansas Code 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 determined, are presumed to be material and pervasive.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting practices prescribed by Arkansas Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Board of Education  
Page Three

## **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 state assistance, schedule of statues required by Arkansas Department of Education and 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*, are presented for purposes of additional analysis and are not a required part of the regulatory basis financial statements. Such information is 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. The 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 state assistance, schedule of statues required by Arkansas Department of Education and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

The schedule of capital assets and supplemental data sheet as required by Arkansas Department of Health and 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 March 22, 2023 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

HCT CPAs & Advisors, PLLC

Little Rock, Arkansas  
March 22, 2023

**FINANCIAL STATEMENTS**

**ROGERS SCHOOL DISTRICT NO. 30****BALANCE SHEET - REGULATORY BASIS****JUNE 30, 2022**

	<b>Governmental Funds</b>			
	<b>Major</b>			<b>Fiduciary Fund Types</b>
	<b>General Funds</b>	<b>Special Revenue Funds</b>	<b>Other Governmental Funds</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,896,708	\$ 4,910,905	\$ 48,872,254	\$ 1,175,163
Assets Held with Fiscal Agent	-	-	6,259,493	-
Investments	-	-	9,914,250	-
Accounts Receivable	34,810	2,644,095	-	-
Due from Other Funds	2,022,083	-	-	-
Total Assets	<u>\$ 19,953,601</u>	<u>\$ 7,555,000</u>	<u>\$ 65,045,997</u>	<u>\$ 1,175,163</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,014	\$ 289,208	\$ 3,051,773	\$ -
Accrued Expenses	847,373	-	-	-
Due to Other Funds	-	2,022,083	-	-
Due to Student Groups	-	-	-	1,175,163
Total Liabilities	848,387	2,311,291	3,051,773	1,175,163
<b>Fund Balances:</b>				
Restricted:				
Federal Programs	-	5,243,709	-	-
Capital Projects	-	-	1,070,118	-
Debt Service	-	-	6,259,493	-
State Programs	4,785,418	-	-	-
Other	69,470	-	-	-
Assigned:				
Capital Projects	-	-	54,664,613	-
Unassigned	14,250,326	-	-	-
Total Fund Balances	<u>19,105,214</u>	<u>5,243,709</u>	<u>61,994,224</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 19,953,601</u>	<u>\$ 7,555,000</u>	<u>\$ 65,045,997</u>	<u>\$ 1,175,163</u>

See accompanying notes.

# ROGERS SCHOOL DISTRICT NO. 30

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

YEAR ENDED JUNE 30, 2022

	Major		
	General Funds	Special Revenue Funds	Other Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 90,190,466	\$ -	\$ 6,696,701
Interest	213,418	78	-
State Revenues	67,062,601	58,534	-
Federal Revenues	-	32,012,563	-
Food Services	-	289,516	-
Other	362,289	428	171,685
	<u>157,828,774</u>	<u>32,361,119</u>	<u>6,868,386</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction and Instructional-Related Services	87,460,865	5,642,029	8,458
Support Services	48,009,037	9,638,584	5,196,004
Non-Instructional Services	-	9,650,831	1,441,026
Student Activities	15,161	-	-
Other	520,502	-	-
<b>Debt Service:</b>			
Principal Retirement	-	-	9,610,000
Interest and Fiscal Charges	-	-	5,372,345
Paying Agent's Fees	-	-	10,419
<b>Capital Outlay</b>	<u>109,069</u>	<u>3,318,703</u>	<u>8,822,320</u>
	<u>136,114,634</u>	<u>28,250,147</u>	<u>30,460,572</u>
<b>Excess of Revenues Over Expenditures</b>	21,714,140	4,110,972	(23,592,186)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers, Net	(12,277,032)	-	12,277,032
Good Faith Deposit for Future Bond Issuance	-	-	341,500
Total Other Financing Sources (Uses)	<u>(12,277,032)</u>	<u>-</u>	<u>12,618,532</u>
<b>Net Change in Fund Balances</b>	9,437,108	4,110,972	(10,973,654)
<b>Fund Balance - Beginning</b>	<u>9,668,106</u>	<u>1,132,737</u>	<u>72,967,878</u>
<b>Fund Balance - Ending</b>	<u>\$ 19,105,214</u>	<u>\$ 5,243,709</u>	<u>\$ 61,994,224</u>

See accompanying notes.



**ROGERS SCHOOL DISTRICT NO. 30****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS -  
REGULATORY BASIS****YEAR ENDED JUNE 30, 2022**

	<b>General Funds</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>			
Property Taxes	\$ 89,605,819	\$ 90,190,466	\$ 584,647
Interest	-	213,418	213,418
State Revenues	69,924,112	67,062,601	(2,861,511)
Federal Revenues	-	-	-
Food Services	-	-	-
Other	1,108,111	362,289	(745,822)
	160,638,042	157,828,774	(2,809,268)
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction and Instructional-Related Services	87,371,387	87,460,865	(89,478)
Support Services	57,622,817	48,009,037	9,613,780
Non-Instructional Services	-	-	-
Student Activities	-	15,161	(15,161)
Other	-	520,502	(520,502)
<b>Capital Outlay</b>	1,221,000	109,069	1,111,931
	146,215,204	136,114,634	10,100,570
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	14,422,838	21,714,140	7,291,302
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers, Net	(15,640,750)	(12,277,032)	3,363,718
Total Other Financing Sources (Uses)	(15,640,750)	(12,277,032)	3,363,718
<b>Net Change in Fund Balances</b>	\$ (1,217,912)	\$ 9,437,108	\$ 10,655,020

See accompanying notes.

**Special Revenue Funds**

<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
\$ -	\$ -	\$ -
-	78	78
50,000	58,534	8,534
14,563,607	32,012,563	17,448,956
9,705,000	289,516	(9,415,484)
-	428	428
<u>24,318,607</u>	<u>32,361,119</u>	<u>8,042,512</u>
5,742,211	5,642,029	100,182
9,015,401	9,638,584	(623,183)
9,716,218	9,650,831	65,387
-	-	-
-	-	-
<u>891,207</u>	<u>3,318,703</u>	<u>(2,427,496)</u>
<u>25,365,037</u>	<u>28,250,147</u>	<u>(2,885,110)</u>
(1,046,430)	4,110,972	5,157,402
-	-	-
-	-	-
<u>\$ (1,046,430)</u>	<u>\$ 4,110,972</u>	<u>\$ 5,157,402</u>

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**Reporting Entity**

The Rogers School District No. 30 (the "District") operates schools for students in grades Pre-Kindergarten through twelve in Rogers, Arkansas. The District operates under current standards prescribed by the Arkansas Department of Education in accordance with the provision of the School Laws of Arkansas. 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 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 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:

**Private Purpose Trust Fund** - Private Purpose Trust Fund accounts for activities that are not District programs, but are programs sponsored by private districts or other governments. Although the District serves as fiscal agent, the funds received and held under these programs are not available to support the District's activities and programs but are received and held for the benefit of individuals, private districts or other governments participating in the sponsored programs. The programs accounted for within this are expendable trust funds. The District does not have any private purpose accounts at year end.

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

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 2201 of 2005 and as amended by 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.

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, if any, 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 subtitle on 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.

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/Infrastructure	20
Buildings	50
Machinery and Equipment	5 - 20

**Property Taxes**

Property taxes are levied in November based on property assessments 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.

**Fund Balance Classifications**

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 balance 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 Restricted for Federal Programs balances reflect amounts restricted for specific state and federal programs as mandated by respective state and federal grant or funding agreements. The Restricted for Capital Projects balance reflects unspent bond proceeds that are intended for construction projects. The Restricted for Debt Service balance reflects payments made to sinking funds to service future bond payments. The Restricted for Other balance reflects unspent private grant funds for specific purposes.
- 3. Committed Fund Balance** - includes amounts that can be used only for the 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 balance 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 Assigned for Capital Projects balance reflects amounts that are assigned for construction or other capital outlay projects.

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

- 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.

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.

**Interfund Receivables and Payables**

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

**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 at the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Regulatory Basis.

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 not formally adopted a minimum fund balance policy.

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Encumbrances**

The District does not utilize encumbrance accounting.

**Subsequent Events**

The District has evaluated all subsequent events for potential recognition and disclosure through March 22, 2023, the date these financial statements were available to be issued.

**Note 2: Assets Held with Fiscal Agent**

Assets held with fiscal agent include funds held in escrow with banks totaling \$6,259,493 at June 30, 2022. The balance includes sinking fund deposits that are required to be used for future principal payments or interest payments on some of the District's long-term debt.

**Note 3: 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><b>Carrying Amount</b></u>	<u><b>Bank Balance</b></u>
Insured (FDIC)	\$ 53,651,844	\$ 53,651,955
Collateralized - held by pledging bank or pledging bank trust department in the District's name	<u>19,203,186</u>	<u>11,138,725</u>
Total deposits	<u>\$ 72,855,030</u>	<u>\$ 64,790,569</u>

**Note 4: Investments**

At June 30, 2022, the District's investments consisted of the following debt securities and money market investments reported at market value:

U.S. Treasury Bonds	\$ 9,914,250
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**Interest Rate Risk**

The District does not have a formal investment policy addressing interest rate risk. At June 30, 2022, all investments in debt securities had maturity dates of less than five years with the average time to maturity being 0.46 years.

**Credit Risk**

The District does not have a formal investment policy addressing credit risk. At June 30, 2022, all debt securities held had AAA ratings. The United States government guarantees the U.S. Treasuries and U.S. Treasury Bonds.

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Concentration of Credit Risk**

The District does not have a formal investment policy addressing concentration of credit risk. At June 30, 2022, 100% of the District's investments were held in U.S. Treasuries and U.S. Treasury Bonds.

**Fair Value of Investments**

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

- Level 1 - Quoted prices on active markets for identical assets
- Level 2 - Significant other observable inputs
- Level 3 - Significant unobservable inputs

All the above investments are classified in Level 1.

**Note 5: Accounts Receivable**

The accounts receivable balance consists of the following at June 30, 2022:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Federal Assistance	\$ -	\$ 2,644,095	\$ 2,644,095
Other	34,810	-	34,810
Total Accounts Receivable	<u>\$ 34,810</u>	<u>\$ 2,644,095</u>	<u>\$ 2,678,905</u>

**Note 6: Accounts Payable and Accrued Expenses**

The accounts payable balance of \$3,341,995 is fully comprised of vendor payables at June 30, 2022. Accrued expenses totaling \$847,373 include insurance and payroll benefits payable at June 30, 2022.

**Note 7: Commitments**

**Construction Commitments**

At June 30, 2022, the District was contractually obligated for one construction contract related to a construction and renovation project within the District, with a remaining contract balance of approximately \$14,800,000. This project is estimated to be completed in August 2023.



**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Long-Term Debt Issued and Outstanding**

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

<b>Date of Issue</b>	<b>Date of Final Maturity</b>	<b>Rate of Interest</b>	<b>Amount Authorized and Issued</b>	<b>Debt Outstanding June 30, 2022</b>	<b>Maturities to June 30, 2022</b>
Bonds payable:					
12/21/2010	12/1/2029	5.50%	\$ 10,880,000	\$ 10,880,000	\$ -
8/1/2017	2/1/2033	3.00 - 3.375%	38,275,000	30,015,000	8,260,000
8/1/2017	2/1/2038	2.00 - 3.25%	17,925,000	15,155,000	2,770,000
6/1/2019	2/1/2033	3.00 - 5.00%	55,055,000	47,710,000	7,345,000
10/1/2019	2/1/2033	2.50 - 5.00%	14,855,000	12,620,000	2,235,000
10/1/2019	2/1/2038	2.00 - 5.00%	59,050,000	54,180,000	4,870,000
Totals			<u>\$ 196,040,000</u>	<u>\$ 170,560,000</u>	<u>\$ 25,480,000</u>

Changes in long-term debt as follows:

<b>Description</b>	<b>Balance July 1, 2021</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2022</b>
Bonds payable	<u>\$ 180,170,000</u>	<u>\$ -</u>	<u>\$ 9,610,000</u>	<u>\$ 170,560,000</u>

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

<b>Year ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Sinking Fund</b>	<b>Total</b>
2023	\$ 10,030,000	5,038,513	572,632	15,641,145
2024	10,470,000	4,598,513	572,632	15,641,145
2025	11,120,000	4,138,513	572,632	15,831,145
2026	11,585,000	3,687,213	572,632	15,844,845
2027	12,020,000	3,246,713	572,632	15,839,345
2028 - 2032	76,200,000	11,080,931	(2,863,160)	84,417,771
2032 - 2037	33,865,000	3,129,838	-	36,994,838
2038	<u>5,270,000</u>	<u>161,097</u>	<u>-</u>	<u>5,431,097</u>
	<u>\$ 170,560,000</u>	<u>\$ 35,081,331</u>	<u>\$ -</u>	<u>\$ 205,641,331</u>

**Operating Leases**

The District leases copiers and internet cables under non-cancelable operating leases with terms up to 5 years which will be charged to expense over the lease term as it becomes payable. Lease expense totaled approximately \$509,000 for the year ending June 30, 2022.

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

At June 30, 2022, the minimum rental commitments for noncancelable operating leases are as follows:

2023	\$ 448,601
2024	448,601
2025	448,601
2026	<u>87,260</u>
	<u>\$ 1,433,063</u>

**Note 8: Interfund Transfers**

The following details the transfers between governmental and fiduciary funds for operating purposes:

	<u><b>General Fund</b></u>	<u><b>Capital Projects Fund</b></u>	<u><b>Debt Service Fund</b></u>	<u><b>Total</b></u>
Transfers in	\$ 3,288,364	\$ -	\$ 15,565,396	\$ 18,853,760
Transfers out	<u>(15,565,396)</u>	<u>(3,288,364)</u>	<u>-</u>	<u>(18,853,760)</u>
	<u>\$ (12,277,032)</u>	<u>\$ (3,288,364)</u>	<u>\$ 15,565,396</u>	<u>\$ -</u>

**Note 9: 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 nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-501-682-1517.

Funding policy: ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6.75% 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 14.75%.

The District's contributions to ATRS for non-federally funded employees for the years ended June 30, 2022, 2020 and 2019 were \$14,059,211, \$13,444,055, and \$12,989,144, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2022, 2021 and 2020 were \$1,125,725, \$828,341, and \$701,622, respectively, equal to the required contributions for each year.

**Net Pension Liability**

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement No. 68 would be limited to disclosure of the District's proportionate share of the collective net pension liability. The District's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$84,218,361.

**ROGERS SCHOOL DISTRICT NO. 30**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 10: 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 11: 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 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.

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.

**Note 12: On-Behalf Payments**

During the year ending June 30, 2022, health insurance premiums of \$2,846,739 were paid by the Arkansas Department of Education to the Arkansas Employee Benefits Division on behalf of District Employees.

**Note 13: Subsequent Events**

On July 7, 2022, the District issued a construction bond for \$16,500,000 with interest rates of 4.0% to 5.0% to finance erecting and equipping new school facilities and making additions and improvements to existing facilities.

## **OTHER REPORTS AND SUPPLEMENTARY INFORMATION**

**ROGERS SCHOOL DISTRICT NO. 30**

**SCHEDULE OF CAPITAL ASSETS**

**YEAR ENDED JUNE 30, 2022**

**(Unaudited)**

**Nondepreciable Capital Assets:**

Land	\$ 11,653,572
Construction in Progress	51,919,559
Total Nondepreciable Capital Assets	<u>63,573,131</u>

**Depreciable Capital Assets:**

Buildings	240,389,380
Site Improvements	9,586,991
Machinery and Equipment	23,461,711
Total Depreciable Capital Assets	<u>273,438,082</u>

**Less Accumulated Depreciation for:**

Buildings	76,481,413
Site Improvements	802,349
Machinery and Equipment	15,585,126
Total Accumulated Depreciation	<u>92,868,888</u>

Total Depreciable Capital Assets, Net	<u>180,569,194</u>
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<b>Capital Assets, Net</b>	<u><b>\$ 244,142,325</b></u>
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**ROGERS SCHOOL DISTRICT NO. 30**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

<b>Federal Grant/Pass-Through Grantor/Program Title</b>	<b>Pass Through Entity Identifying Number</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
<b>CHILD NUTRITION CLUSTER</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed through Arkansas Department of Education:</b>			
School Breakfast Program - Cash Assistance	0405	10.553	\$ 2,787,437
National School Lunch Program - Cash Assistance	0405	10.555	5,437,940
COVID-19 Emergency Operational Costs	0405	10.555	644,874
Total Arkansas Department of Education			8,870,251
<b>Passed through Arkansas Department of Human Services:</b>			
National School Lunch Program - Non-Cash Assistance	0405	10.555	711,217
Total Child Nutrition Cluster			9,581,468
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>			
<b><u>U.S. Department of Education</u></b>			
<b>Passed through Arkansas Department of Education:</b>			
Title VI - Part B - Special Education Grants to States	0405	84.027	3,321,284
Title VI - Special Education - Preschool Grants	0405	84.173	81,990
COVID-19 ARP Title VI - Special Education - Preschool Grants	0405	84.173X	82,807
Total Special Education Cluster			3,486,081
<b>OTHER PROGRAMS:</b>			
<b><u>U.S. Department of Agriculture</u></b>			
<b>Passed through Arkansas Department of Human Services:</b>			
Child and Adult Care Food Program	0405	10.558	24,463
<b><u>U.S. Department of Education</u></b>			
<b>Passed through Arkansas Department of Education:</b>			
Title I, Part A - Grants to Local Education Agencies	0405	84.010	2,755,707
Title I, Part C - Migrant Education	0405	84.011	67,231
Title III, Part A - English Language Acquisition	0405	84.365	419,587
Title II, Part A - Supporting Effective Instruction State Grant	0405	84.367	375,531
SSI/SSDI Outreach, Access, and Recovery Grant	0405	84.371	81,138
Title IV, Part A - Student Support and Academic Enrichment	0405	84.424	207,466
COVID-19 Education Stabilization Fund - ESSER I	0405	84.425D	208,439
COVID-19 Education Stabilization Fund - ESSER II	0405	84.425D	3,782,419
COVID-19 Education Stabilization Fund - ESSER II Supplemental	0405	84.425D	151,248
COVID-19 Education Stabilization Fund - ESSER III	0405	84.425U	6,624,095
Total Arkansas Department of Education			14,672,861
<b>Passed through Arkansas Department of Career Education:</b>			
Career and Technical Education - Basic Grants to States	0405	84.048	160,429
Total U.S. Department of Education			14,833,290
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Passed through Arkansas Department of Human Services:</b>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	0405	93.243	7,271
Child Care and Development Block Grant	0405	93.575	51,814
COVID-19 Child Care and Development Block Grant - COVID Child Car	0405	93.575	29,404
COVID-19 American Rescue Plan Act - Child Care Stabilization	0405	93.575	184,177
Total U.S. Department of Health and Human Services			272,666
Total expenditures of federal awards			\$ 28,197,968

**ROGERS SCHOOL DISTRICT NO. 30**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

**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.
2. The District did not elect to use the 10% de minimus indirect cost rate.
3. Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.
4. Medicaid reimbursements are defined as contracts for services and not federal awards, therefore, such reimbursements totaling \$604,222 are not covered by the reporting requirements of the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Rogers School District No. 30  
Rogers, 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 Rogers School District No. 30 (the "District"), as of and for the year ended June 30, 2022, 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 22, 2023.

We issued an adverse opinion because the District prepared the financial statements in conformity with accounting practices prescribed or permitted by the Arkansas Code §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 these regulatory accounting practices 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 financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

**Report on 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 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 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  
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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, 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 result 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCH CPAs & Advisors, PLLC

HCH CPAs & Advisors, PLLC  
Little Rock, Arkansas  
March 22, 2023

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

To the Board of Education  
Rogers School District No. 30  
Rogers, Arkansas

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

***Opinion on Each Major Federal Program***

We have audited the compliance of the Rogers School District No. 30 (the "District") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

***Auditor's Responsibilities of Management for Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

To the Board of Education

Page Three

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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

HCJ CPAs & Advisors, PLLC

HCJ CPAs & Advisors, PLLC  
Little Rock, Arkansas  
March 22, 2023

**ROGERS SCHOOL DISTRICT NO. 30**  
**SCHEDULE OF STATE ASSISTANCE**  
**YEAR ENDED JUNE 30, 2022**

**Arkansas Department of Education**

State Foundation Funding	\$ 53,758,801
98% Uniform Rate of Tax Funding	468,110
Student Growth Funding	1,490,642
Flood Control Assistance	79,287
Professional Development Funding	551,773
LEP Allocation	1,618,731
National Board Certified Teacher Bonuses	373,320
Food Service State Matching	58,534
Special Education - Catastrophic Occurrences	635,998
Early Childhood Special Education/Medicaid Match	295,612
Preschool Special Education Services	104,964
Alternative Learning	550,324
National School Lunch Student Funding	4,898,656
National School Lunch Student Funding Match	86,591
Gifted and Talented - Advanced Placement	45,039
Arkansas Better Chance Program	1,419,600
HIPPY Program	159,096
Special Extended School Year Services	16,502
Vocational New Program Start-Up	73,902
Arkansas School Recognition Program	375,050
Children w/ Disabilities - Supervision, Extended Year, Foster Care	32,931
Exceptional Child Grant	3,000
Computer Science Program	8,572
	<hr/>
<b>Total State Assistance</b>	<b>\$ 67,105,035</b>

**ROGERS SCHOOL DISTRICT NO. 30**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2022**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. Our report expresses 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 Rogers School District No. 30.

2. The independent auditor's 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 auditor's 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 auditor's 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)
• COVID-19 Education Stabilization Fund	84.425D/84.425U
• Title I, Part A – Grants to Local Education Agencies	84.010
• Special Education Cluster	84.027, 84.173 and 84.173X

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$845,939.

# ROGERS SCHOOL DISTRICT NO. 30

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

### A. SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

9. The Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

☒ Yes

☐ No

### B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None noted

### C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS AUDIT

#### Significant Deficiency

#### **2022-001 COVID-19 Education Stabilization Fund – ESSER I, ESSER II, ESSER II Supplemental, and ESSER III: ALN# 84.425D/84.425U; Year Ended June 30, 2022**

*Statement of Condition:* None of the current year ESSER construction contracts included the Wage Rate Requirement (Davis-Bacon Act) notification to the contractors, nor was weekly certified payroll received from contractors and their subcontractors.

*Criteria:* 29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.326 require the following for construction contracts in excess of \$2,000 financed by federal assistance funds.

- Construction contracts shall include a provision that contractors or subcontractors comply with the provisions of the Wage Rate Requirements (Davis-Bacon Act).
- These provisions include a requirement for the contractor or subcontractor to submit to the District weekly, for each week in which any contract work is performed, a copy of certified payroll.

*Cause of Condition:* District employees involved in the construction contract writing process were unaware of this requirement.

*Effect of condition:* All construction contracts financed by the ESSER program originated during 2022 did not include the Wage Rate Requirements provision.

*Context:* All four applicable contracts were reviewed. This finding was present in all four contracts.

*Recommendation:* To ensure that all construction contracts in excess of \$2,000 that are financed by federal assistance funds include the required Wage Rate Requirements provision, additional training in ESSER requirements should be provided for employees involved in the construction contract writing process. Further, a review process should be put in place for all such contracts written in order to ensure that they comply with all the requirements within the Compliance Supplement.

*Views of responsible officials and planned corrective actions:* The District agrees with the finding and will institute the additional training and review process recommended.

### D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None noted

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

To the Board of Education  
Rogers School District No. 30  
Rogers, Arkansas

We have examined management's assertions that Rogers School District No. 30 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, 2022. 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.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, Rogers School District No. 30 complied with the aforementioned requirements for the year ended June 30, 2022.

This report is intended solely for the information and use of the Board of Education, 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  
March 22, 2023



**ROGERS SCHOOL DISTRICT NO. 30**  
**SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE**  
**ADDRESSED IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**  
**YEAR ENDED JUNE 30, 2022**

<b><u>DESCRIPTION</u></b>	<b><u>STATUTES</u></b>
<b>Bidding and Purchasing Commodities</b>	6-21-301 – 6-21-305
<b>Ethical Guidelines and Prohibitions</b>	6-13-628; 6-24-101 et seq.
<b>Collateralization and Investment of Funds</b>	6-20-222; 19-1-504
<b>Deposit of Funds</b>	19-8-104; 19-8-106
<b>District Finances</b>	
• Bonded and Non-bonded Debt,	6-20-402
District School Bonds	6-20-1201 – 6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Changes in Pullback (no deferrals – declining accrual percentages)	6-20-401
• Investment of Fund	19-1-504
<b>Management of Schools</b>	
• Board of Directors	6-13-604; 6-13-606; 6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-24-101 et seq.
• District Treasurer	6-13-701
◦ Warrants/checks	6-17-918; 6-17-919; 6-20-403
<b>Management Letter for Audit</b>	14-75-101 – 14-75-104
<b>Nonrecurring Salary Payments</b>	6-20-412
<b>Revolving Loan Fund</b>	6-19-114; 6-20-801 et seq.
<b>Salary Laws - Classified</b>	6-17-2201 et seq.; 6-17-2301 et seq.
<b>Salary Increases 5% or more (Certified and Classified)</b>	6-13-635
<b>School Elections</b>	6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118
<b>Teachers and Employees</b>	
• Personnel Policies	6-17-201 et seq.; 6-17-2301
• Employment and Assignment	6-17-301 et seq.
• Teacher's License Requirement	6-17-401 et seq.
• Contracts	6-17-801 et seq.
• Certification Requirements	6-17-309; 6-17-401
• Fair Dismissal Act	6-17-1501 et seq.; 6-17-1701 et seq.
• Sick Leave Policies	6-17-1201 et seq.; 6-17-1301 et seq.
• Minimum Wage Act	11-4-213; 11-4-218; 11-4-403; 11-4-405
<b>Teacher Salaries and Foundation Funding Aid</b>	6-17-803; 6-17-907; 6-17-908; 6-17-911 – 6-17-913; 6-17-918; 6-17-919
<b>Trust Funds (Education Excellence)</b>	6-5-307
<b>Use of Contractors, Improvement Contracts</b>	22-9-201 – 22-9-205

**ROGERS SCHOOL DISTRICT NO. 30**  
**SCHEDULE OF STATUTES REQUIRED BY ARKANSAS DEPARTMENT OF EDUCATION TO BE**  
**ADDRESSED IN INDEPENDENT AUDITORS' REPORT ON COMPLIANCE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

<b>Use of DM&amp;O Millage</b>	26-80-110
<b>On Behalf Payments</b>	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
<b>Regulatory Basis of Accounting</b>	10-4-413(c)
<b>Real Estate and Personal Property Tax Appeals</b>	26-35-802
<b>Arkansas Procurement Law</b>	19-11-201 et. Seq.
<b>Fiscal Accountability</b>	6-20-1901 et. Seq
<b>Enhanced Student Achievement Funding ESA</b>	6-20-2305(B)(4)(F)(I)
<b>Limitation on Fund Balances</b>	6-20-2210
<b>CARES Act (COVID-19) Education Funding</b>	Commissioner's Memo LS-20-089
<b>Charter Facilities Funding</b>	6-23-908

**ROGERS SCHOOL DISTRICT NO. 30  
SUPPLEMENTAL DATA SHEET AS REQUIRED BY ARKANSAS  
DEPARTMENT OF HUMAN SERVICES AUDIT GUIDELINES  
YEAR ENDED JUNE 30, 2022**

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

1. Entity's Full Name: Rogers School District No. 30
2. Entity's Address: 500 W. Walnut  
Rogers, AR 72756
3. Entity's FEIN: 71-6021134
4. Entity's Telephone Number: (479) 636-3910
5. Name of Director: Dr. Jeff Perry, Superintendent
6. Name of Contact Person: Jake Haak, Treasurer