

Westside School District No. 40

Johnson County, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

June 30, 2025



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JOHNSON COUNTY, ARKANSAS
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Arkansas

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Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Westside School District No. 40 and School Board Members
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Westside School District No. 40 (the "District"), as of and for the year ended June 30, 2025, 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 Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying 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, 2025, 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.

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 accompanying 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, 2025, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 of the financial statements, 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, to meet the requirements of the State of Arkansas. 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 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 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.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 GAAS 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 GAAS 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. Such information 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. 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 GAAS. 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years – Regulatory Basis but does not include the regulatory basis financial statements, supplementary information, and our auditor’s report thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the regulatory basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026 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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
March 5, 2026
EDSD20025

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

INDEPENDENT AUDITOR'S REPORT

Westside School District No. 40 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 (*Government Auditing Standards*), the financial statements of each major governmental fund and the aggregate remaining fund information of the Westside School District No. 40 (the "District"), as of and for the year ended June 30, 2025, 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 5, 2026. 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 and pervasive. 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, 2025, 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.

Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency.

Report on 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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and 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 the regulatory basis financial statements and, accordingly, we express no opinion on the response.

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 entity'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.

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 5, 2026

Arkansas

Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



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Kevin William White, CPA, JD
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

Westside School District No. 40 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Westside School District No. 40's (the "District") compliance with the 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, 2025. 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 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, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 of 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 for the Audit of 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 GAAS, *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 GAAS, *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.

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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 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 5, 2026

WESTSIDE SCHOOL DISTRICT NO. 40
 JOHNSON COUNTY, ARKANSAS
 BALANCE SHEET - REGULATORY BASIS
 JUNE 30, 2025

Exhibit A

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
ASSETS			
Cash	\$ 1,068,875	\$ 226,399	\$ 9,944,691
Accounts receivable	445	72,823	
TOTAL ASSETS	\$ 1,069,320	\$ 299,222	\$ 9,944,691
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 61,161	\$ 3,015	\$ 4,713
Fund Balances:			
Restricted	179,018	296,207	7,614,894
Assigned	118,045		2,325,084
Unassigned	711,096		
Total Fund Balances	1,008,159	296,207	9,939,978
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,069,320	\$ 299,222	\$ 9,944,691

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

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 2,105,344		
State assistance	4,909,688	\$ 8,201	
Federal assistance	2,996	1,459,535	
Activity revenues	215,221		
Meal sales		103,128	
Investment income	37,529		
Other revenues	696		
TOTAL REVENUES	7,271,474	1,570,864	
EXPENDITURES			
Regular programs	2,961,047	65,453	
Special education	338,615	145,893	
Career education programs	237,938		
Compensatory education programs	220	355,656	
Other instructional programs	112,994		
Student support services	262,421	140,741	
Instructional staff support services	439,260	197,389	
General administration support services	143,168		
School administration support services	281,044		
Central services support services	233,841	246	
Operation and maintenance of plant services	904,895	48,468	
Student transportation services	206,278		
Other support services	56,928		
Food services operations	93,540	638,117	
Community services operations		665	
Facilities acquisition and construction services	214,349		\$ 1,655,734
Non-programmed costs		9,391	
Activity expenditures	234,556		
Debt Service:			
Principal retirement	18,369		230,000
Interest and fiscal charges	778		314,441
Net debt issuance costs			92,844
TOTAL EXPENDITURES	6,740,241	1,602,019	2,293,019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	531,233	(31,155)	(2,293,019)
OTHER FINANCING SOURCES (USES)			
Transfers in			544,441
Transfers out	(544,441)		
Proceeds from construction bond issue			3,310,000
TOTAL OTHER FINANCING SOURCES (USES)	(544,441)		3,854,441
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(13,208)	(31,155)	1,561,422
FUND BALANCES - JULY 1	1,021,367	327,362	8,378,556
FUND BALANCES - JUNE 30	\$ 1,008,159	\$ 296,207	\$ 9,939,978

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

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON 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, 2025

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$ 1,930,000	\$ 2,105,344	\$ 175,344			
State assistance	4,812,916	4,909,688	96,772	\$ 2,000	\$ 8,201	\$ 6,201
Federal assistance	8,600	2,996	(5,604)	1,542,314	1,459,535	(82,779)
Activity revenues		215,221	215,221			
Meal sales				56,540	103,128	46,588
Investment income	22,000	37,529	15,529			
Other revenues	3,500	696	(2,804)			
TOTAL REVENUES	6,777,016	7,271,474	494,458	1,600,854	1,570,864	(29,990)
EXPENDITURES						
Regular programs	3,079,260	2,961,047	118,213	77,050	65,453	11,597
Special education	338,203	338,615	(412)	154,669	145,893	8,776
Career education programs	243,242	237,938	5,304			
Compensatory education programs	1,000	220	780	461,313	355,656	105,657
Other instructional programs	125,946	112,994	12,952			
Student support services	302,334	262,421	39,913	144,149	140,741	3,408
Instructional staff support services	526,673	439,260	87,413	230,980	197,389	33,591
General administration support services	158,709	143,168	15,541			
School administration support services	286,361	281,044	5,317			
Central services support services	262,012	233,841	28,171	250	246	4
Operation and maintenance of plant services	1,145,331	904,895	240,436	36,000	48,468	(12,468)
Student transportation services	330,736	206,278	124,458	100		100
Other support services	37,580	56,928	(19,348)			
Food services operations	46,540	93,540	(47,000)	640,280	638,117	2,163
Community services operations				5,526	665	4,861
Facilities acquisition and construction services	124,672	214,349	(89,677)			
Non-programmed costs				15,253	9,391	5,862
Activity expenditures		234,556	(234,556)			
Debt Service:						
Principal retirement	18,400	18,369	31			
Interest and fiscal charges	1,000	778	222			
TOTAL EXPENDITURES	7,027,999	6,740,241	287,758	1,765,570	1,602,019	163,551

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON 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, 2025

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (250,983)	\$ 531,233	\$ 782,216	\$ (164,716)	\$ (31,155)	\$ 133,561
OTHER FINANCING SOURCES (USES)						
Transfers in	8,112,177		(8,112,177)	57,817		(57,817)
Transfers out	(8,608,187)	(544,441)	8,063,746	(75,457)		75,457
TOTAL OTHER FINANCING SOURCES (USES)	(496,010)	(544,441)	(48,431)	(17,640)		17,640
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(746,993)	(13,208)	733,785	(182,356)	(31,155)	151,201
FUND BALANCES - JULY 1	1,068,248	1,021,367	(46,881)	316,293	327,362	11,069
FUND BALANCES - JUNE 30	\$ 321,255	\$ 1,008,159	\$ 686,904	\$ 133,937	\$ 296,207	\$ 162,270

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

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a five 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 Westside School District (District). There are no component units.

B. Description of Funds

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types and other requirements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets, leases, and debt in the financial statements, inclusion of compensated absences and 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.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Major governmental funds are defined as general and special revenue, and such funds are presented separately in the financial statements. All other governmental funds are presented in the aggregate. Fiduciary fund types are presented in a separate column in the Balance Sheet – Regulatory Basis. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and financed purchases 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
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Property Taxes

Property taxes are levied (tax rates are established) in November of each year based on property assessment (real and personal) that occurred within a specific period of time beginning January 1 of the same year. Property taxes are collectible beginning the first business day of March of the year following the levy date and are considered delinquent after October 15 of the same calendar year.

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

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance Classifications

1. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes but are neither restricted nor committed.
3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

H. 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.

I. Stabilization Arrangements

The District's Board of Education has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

J. Minimum Fund Balance Policies

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

K. 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.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash deposits are carried at cost. The District's cash deposits at June 30, 2025, were as follows:

	Bank Balance
Insured (FDIC)	\$ 250,000
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the District's name	11,562,974
Total Deposits	\$ 11,812,974

The above total deposits do not include cash of \$4,909 which was held in the Johnson County Treasury.

3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2025, were comprised of the following:

Description	Governmental Funds	
	Major	
	General	Special Revenue
Federal assistance		\$ 72,823
Activity fund accounts	\$ 60	
Other	385	
Totals	\$ 445	\$ 72,823

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

4: ACCOUNTS PAYABLE

Accounts payable at June 30, 2025, were comprised of the following:

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Vendor payables	\$ 61,161	\$ 3,015	\$ 4,713

5: COMMITMENTS

The District was contractually obligated for the following at June 30, 2025:

A. Construction Contract

Project Name	Estimated Completion Date	Contract Balance
Primary Addition	June 25, 2026	\$ 11,719,690

B. 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, 2025	Maturities To June 30, 2025
<u>Bonds</u>					
7/1/20	6/1/38	0.65-1.625%	\$ 2,455,000	\$ 1,960,000	\$ 495,000
10/1/20	6/1/38	0.45-1.55%	1,620,000	1,275,000	345,000
9/7/23	2/1/53	4-4.375%	4,500,000	4,500,000	
6/26/25	2/1/53	4-4.625%	3,310,000	3,310,000	
Total Bonds			<u>11,885,000</u>	<u>11,045,000</u>	<u>840,000</u>
<u>Direct Borrowings</u>					
6/29/16	6/29/26	3.28%	<u>81,793</u>	<u>9,427</u>	<u>72,366</u>
Total Long-Term Debt			<u>\$ 11,966,793</u>	<u>\$ 11,054,427</u>	<u>\$ 912,366</u>

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

5: COMMITMENTS (Continued)

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

Changes in Long-term Debt

	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
Bonds payable	\$7,965,000	\$3,310,000	\$230,000	\$ 11,045,000
<u>Direct Borrowings</u>				
Installment contract	27,796		18,369	9,427
Total Long-Term Debt	\$ 7,992,796	\$ 3,310,000	\$ 248,369	\$ 11,054,427

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 355,000	\$ 319,775	\$ 674,775	\$ 9,427	\$ 233	\$9,660
2027	300,000	370,309	670,309			
2028	305,000	365,169	670,169			
2029	315,000	359,838	674,838			
2030	315,000	354,018	669,018			
2031-2035	1,690,000	1,673,793	3,363,793			
2036-2040	1,760,000	1,480,427	3,240,427			
2041-2045	1,930,000	1,152,525	3,082,525			
2046-2050	2,390,000	699,943	3,089,943			
2051-2053	1,685,000	152,668	1,837,668			
Totals	\$ 11,045,000	\$ 6,928,465	\$ 17,973,465	\$ 9,427	\$ 233	\$ 9,660

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: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of \$11,885,000 issued from July 1, 2020 to June 26, 2025. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$17,973,465, payable through February 1, 2053. Principal and interest paid for the current year and total property taxes pledged for debt service were \$542,903 and \$852,163, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 63.71 percent.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

7: INTERFUND TRANSFERS

The District transferred \$544,441 from the general fund to the other aggregate funds for debt related payments.

8: RETIREMENT PLAN

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 501-682-1517, or by visiting the ATRS website at www.artrs.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% 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 15% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2025, were \$661,374, 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, 2024, (actuarial valuation date and measurement date) was \$5,091,850.

9: RISK MANAGEMENT

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

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

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.

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.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

9: RISK MANAGEMENT (Continued)

The District participates in the Arkansas Public School Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop, and administer, on behalf of member districts, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The District pays an annual premium for its coverage of buildings, contents, and vehicles.

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.

10: 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 \$215,740 for the year ended June 30, 2025.

11: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Alternative learning environment	\$ 12,841		
Enhanced student achievement funding	55,637		
English-language learners	18,778		
Professional development	15,182		
Capital projects			\$7,614,894
Child nutrition programs		\$ 116,069	
Medical services		164,789	
Special education programs	76,030		
Other purposes	550	15,349	
Total Restricted	<u>179,018</u>	<u>296,207</u>	<u>7,614,894</u>
Assigned to:			
Capital projects			2,325,084
Student activities	118,045		
Total Assigned	<u>118,045</u>		<u>2,325,084</u>
Unassigned	<u>711,096</u>		
Totals	<u>\$1,008,159</u>	<u>\$ 296,207</u>	<u>\$9,939,978</u>

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 1

	Balance June 30, 2025
Nondepreciable capital assets:	
Land	\$ 159,232
Construction in progress	2,065,159
Total nondepreciable capital assets	2,224,391
Depreciable capital assets:	
Buildings	9,148,735
Improvements/infrastructure	1,835,802
Equipment	2,636,996
Total depreciable capital assets	13,621,533
Less accumulated depreciation for:	
Buildings	3,976,128
Improvements/infrastructure	774,883
Equipment	1,647,887
Total accumulated depreciation	6,398,898
Total depreciable capital assets, net	7,222,635
Capital assets, net	\$ 9,447,026

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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
CHILD NUTRITION CLUSTER				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	3606		\$ 122,705
National School Lunch Program (Note 5)	10.555	Direct		10,000
Arkansas Department of Education - National School Lunch Program	10.555	3606		282,116
Arkansas Department of Education - National School Lunch Program (Note 6)	10.555	3606000		26,340
Total for National School Lunch Program				<u>318,456</u>
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	3606		24,781
Total U. S. Department of Agriculture				<u>465,942</u>
TOTAL CHILD NUTRITION CLUSTER				<u>465,942</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	3606		184,874
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	3606		7,321
Total U. S. Department of Education				<u>192,195</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>192,195</u>
OTHER PROGRAMS				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	3606		344,311
Arkansas Department of Education - Twenty-First Century Community Learning Centers	84.287C	3606		118,892
Arkansas Department of Education - Rural Education	84.358B	3606		22,091
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	3606		40,560
Arkansas Department of Education - Comprehensive Literacy Development	84.371C	3606		979
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	3606		19,330
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3606		55,989
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth Total Education Stabilization Fund	84.425W	3606		492
Total U. S. Department of Education				<u>56,481</u>
TOTAL OTHER PROGRAMS				<u>602,644</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 1,260,781</u>

The accompanying notes are an integral part of this schedule.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 2

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 Westside School District No. 40 (District) under programs of the federal government for the year ended June 30, 2025. 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: The District has elected not to use the 10% de minimis indirect cost rates allowed under the Uniform Guidance.
- Note 4: During the year ended June 30, 2025, the District received Medicaid funding of \$17,193 from the Arkansas Department of Human Services. Such payments are not considered Federal awards expended, and therefore, are not included in the above Schedule.
- Note 5: 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 6: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Education.

WESTSIDE SCHOOL DISTRICT NO. 40
 JOHNSON COUNTY, ARKANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2025

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
84.010A	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 3

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2025-001. Internal Control

Criteria: Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. District management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements.

Condition: A review of District credit card transactions for the period July 1, 2024 through January 31, 2026, revealed \$30,241 in credit card charges that were either not documented or had no documented business purpose at the time payment was issued. Subsequent to our review, the District obtained documentation that supported the business purpose of charges totaling \$20,722.

The remaining credit card charges, totaling \$9,519 and listed below, could not be substantiated with a business purpose. Of this amount, charges totaling \$9,225 were made by the Superintendent.

- \$3,464 charged at local restaurants, \$3,395 of which was purchased using the Superintendent's credit card.
- \$2,235 charged for travel meals and lodging, all of which was purchased using the Superintendent's credit card and \$1,186 of which consisted of undocumented meal purchases. According to the Superintendent, \$1,161 of this amount was used to purchase meals for athletic teams participating in school-related events; however, without supporting documentation, the validity of these purchases could not be determined.
- \$2,023 charged for miscellaneous items, \$1,872 of which was purchased using the Superintendent's credit card.
- \$1,797 charged for fuel, \$50 of which was not documented and \$1,723 of which was purchased using the Superintendent's credit card.

In addition to the items listed above, the District lacked internal controls over credit card purchases as evidenced by the following:

- Employees charged personal items totaling \$1,276 on the District's credit cards. All personal charges were reimbursed to the District in a reasonable period, except \$415 that was reimbursed by the Superintendent when notified by audit staff.
- Numerous items purchased with a District credit card were shipped to employees' personal addresses.

Cause: Lack of proper monitoring of credit card transactions.

Effect or potential effect: Deficiencies in the District's internal control system could hinder the prevention or detection of fraud or errors in the financial accounting records, as well as the ability to safeguard District assets. Such records are utilized in the preparation of the District's financial statements in conformity with the regulatory basis of accounting.

Recommendation: The District should implement proper controls over credit cards transactions.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 3

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Views of responsible officials: Charges for undocumented business purposes:

Fuel: The district will keep a mileage log in the district vehicle that is used for travel and other district business. A starting mileage and ending mileage will be recorded as well as a destination, including trips to the bank, stores, etc. A business purpose will also be provided on the PO with the receipt for fuel.

Meals: All meal purchases will include business documentation and sign in sheet for meeting meals. An agenda, schedule of events(concession), will be provided.

Miscellaneous items: Athletic department purchases, specifically baseball, will be adjusted to be completed the following way: Asst. Coach Michel Rankin will request the purchase and the purchase will be signed off by Assistant Athletic Director and AD/Superintendent. A more detailed description of the purchase will be provided in the "description" section of the purchase order.

Lodging: All lodging receipts will be provided in detail along with a calendar, schedule of events, or agenda for the purpose of the lodging. For example, a one night stay at the Embassy Suites for State basketball will include a detailed receipt from the hotel as well as bracket or schedule of the games and an itinerary.

Lost receipts: Several of the undocumented business purposes revolved around the state baseball tournament and the regional tournament. At some point prior to turning everything in to the business office I (Brad Kent) lost a binder that had both personal and professional (documentation) of all of these purchases.

Items shipped to employees houses and credit card control:

The district is working on changing the way we utilize credit cards purchases with an attempt to create a more streamlined process. We are looking at possible ways to create business accounts with a few cards and one single address provided in the shipping, so nothing is delivered outside of the business. This should eliminate the accidental purchasing of personal items on school cards. The superintendent will also make sure that his card is not saved in any platform on any device to eliminate any personal purchases accidentally using the school card. If this happens, on accident, the superintendent and all employees, will reimburse the district prior to the credit card bill being paid by the district.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



Westside Public Schools- Johnson County

westsiderebels.net

District Office	District Office	High School Grades 6-12	Elementary Grades Pre K-5
Superintendent: Mr. Brad Kent 1535 Rabbit Hill Road Hartman, AR 72840 Phone 479-497-1991 Fax 479-497-9037 bkent@westsiderebels.net	Curriculum & Federal Programs: Ms. Virga Hayes 1535 Rabbit Hill Road Hartman, AR 72840 Phone 479-497-1991 Fax 479-497-9037 vhayes@westsiderebels.net	Principal: Mr. Dennis Fisher 400 N. Hwy. 164 Hartman, AR 72840 Phone 479-497-1171 Fax 479-497-1537 dfisher@westsiderebels.net	Principal: Mr. John Elms 193 School Street Hartman, AR 72840 Phone 479-497-1088 Fax 479-497-1938 jelms@westsiderebels.net

Schedule 4

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2025

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

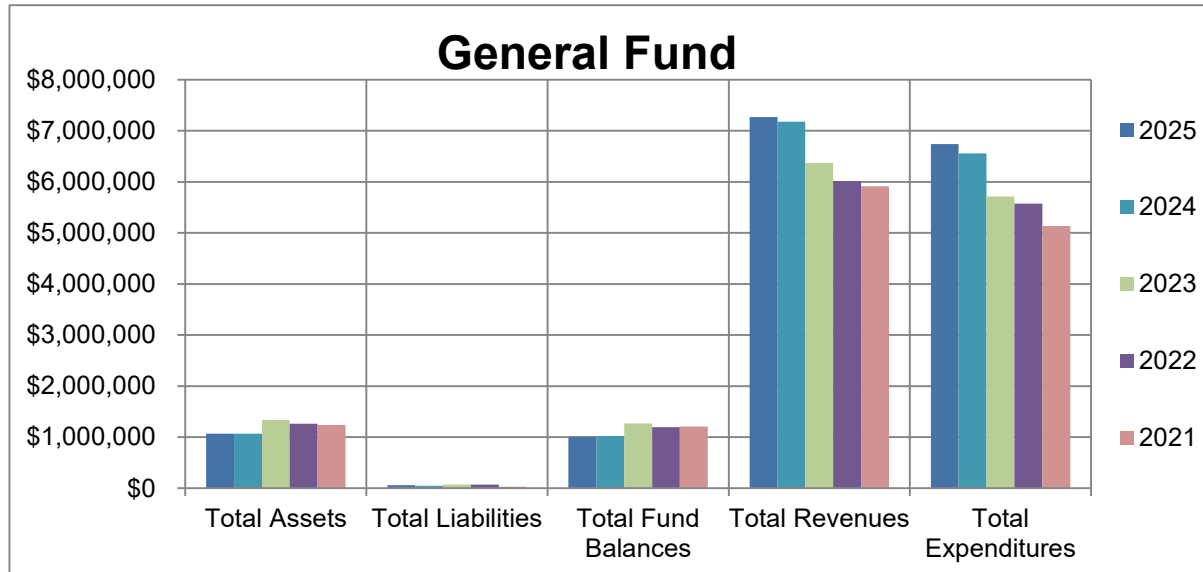
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings in the prior audit.

WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

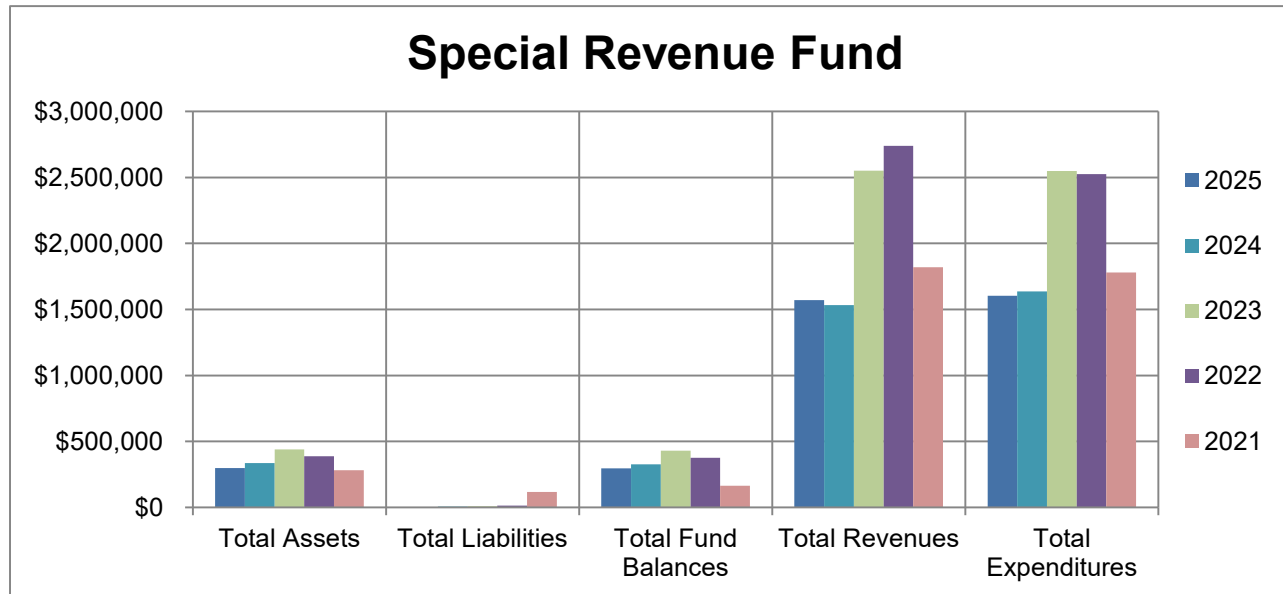
<u>General Fund</u>	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 1,069,320	\$ 1,068,351	\$ 1,337,867	\$ 1,263,812	\$ 1,236,284
Total Liabilities	61,161	46,984	69,829	70,107	29,100
Total Fund Balances	1,008,159	1,021,367	1,268,038	1,193,705	1,207,184
Total Revenues	7,271,474	7,179,700	6,368,155	6,013,639	5,913,385
Total Expenditures	6,740,241	6,558,499	5,711,719	5,571,344	5,135,776
Total Other Financing Sources (Uses)	(544,441)	(867,872)	(582,103)	(455,774)	(1,255,902)



WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Special Revenue Fund	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 299,222	\$ 334,641	\$ 440,054	\$ 388,322	\$ 281,287
Total Liabilities	3,015	7,279	9,068	12,663	118,180
Total Fund Balances	296,207	327,362	430,986	375,659	163,107
Total Revenues	1,570,864	1,533,176	2,550,686	2,738,254	1,820,597
Total Expenditures	1,602,019	1,636,800	2,547,340	2,525,702	1,778,586
Total Other Financing Sources (Uses)			51,981		



WESTSIDE SCHOOL DISTRICT NO. 40
JOHNSON COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Other Aggregate Funds	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 9,944,691	\$ 8,440,155	\$ 3,853,596	\$ 3,628,180	\$ 3,499,155
Total Liabilities	4,713	61,599	27,000	9,009	
Total Fund Balances	9,939,978	8,378,556	3,826,596	3,619,171	3,499,155
Total Revenues					129
Total Expenditures	2,293,019	815,912	374,678	303,725	269,212
Total Other Financing Sources (Uses)	3,854,441	5,367,872	582,103	423,741	1,381,214

