

**FORREST CITY SCHOOL DISTRICT NO. 7
St. Francis County, Arkansas**

**Regulatory Basis Financial Statements
and Other Reports
JUNE 30, 2024**

**MEYER & WARD, P.A.
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FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, AR

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INDEPENDENT AUDITOR'S REPORT

Forrest City School District No 7
School Board Members

Report on the audit of the financial statements

Opinions

We have audited the accompanying financial statements of each major governmental fund and the remaining fund information of the Forrest City School District No. 7 (the District), as of and for the year ended June 30, 2024, 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, 2024 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 paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2024, 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. 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 the Note 1 to the financial statements, to meet the financial reporting of the State of Arkansas, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ark. Code Ann. 10-4-413(c) as provided in Act 2201 of 2005, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1, and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Ark. Code Ann10-4-413(c), 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 School 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 generally accepted 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, 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 School 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 School 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.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial

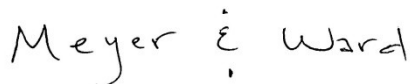
statements. Such information has been subjected to the auditing procedures applied in the audit of regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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 auditors 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 other 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 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 our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, 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 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.



Meyer & Ward, P.A.
Certified Public Accountants
Wynne, Arkansas 72396

March 27, 2025

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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

Forrest City School District No. 7 and School Board Members
Forrest City, AR

We have audited, 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, the financial statements of each major governmental fund and the aggregate remaining fund information of the Forrest City School District No. 7 (the District) as of and for the year ended June 30, 2024, 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 27, 2025. 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, 2024, and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 over financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (# 24-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

District's Responses to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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

Meyer & Ward

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March 27, 2025

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

Forrest City School District No. 7 and School Board Members
Forrest City, AR

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Forrest City School District No. 7 (the District) compliance with the types of compliance requirements identified 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, 2024. The District's major 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, 2024.

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 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 requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain a reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to 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 judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major program as a whole.

In performing and audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgement 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 consider 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 support 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 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 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 the 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.

Meyer & Ward

Meyer & Ward, P. A.

Certified Public Accountants

Wynne, Arkansas

March 27, 2025

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

The Members of the School Board
Forrest City School District No. 7
St. Francis County, Arkansas

We have examined management's assertions that the Forrest City School District No. 7 ("the District") 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, 2024. 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 made in accordance with attestation standards established by the American Institutes of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examinations provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In Our opinion, the Forrest City School District No. 7 complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2024. This report is intended solely for the information and use of the School Board, and the Arkansas Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

Meyer & Ward

Meyer & Ward, P. A.
Certified Public Accountants
Wynne, Arkansas
March 27, 2025

FORREST CITY SCHOOL DISTRICT NO.7
ST. FRANCIS COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2024

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Funds in Aggregate	
ASSETS				
Cash	\$ 3,279,495	\$ 181,950	\$ 3,114,483	\$ 42,512
Deposits with Paying Agents			92,461	
Investments				
Interfund Receivables		99,916		
Accounts Receivable	581	813,490		
TOTAL ASSETS	<u>\$ 3,280,076</u>	<u>\$ 1,095,356</u>	<u>\$ 3,206,944</u>	<u>\$ 42,512</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 219,074	\$ 290,493		
Due to Other funds	99,916			
Due to student groups				\$ 42,512
Total Liabilities	<u>318,990</u>	<u>\$290,493</u>	<u>-</u>	<u>42,512</u>
FUND BALANCES				
Restricted	462,836	804,863	92,461	
Committed				
Assigned	309,543		3,114,483	
Unassigned	2,188,707			
Total Fund Balances	<u>2,961,086</u>	<u>804,863</u>	<u>3,206,944</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,280,076</u>	<u>\$ 1,095,356</u>	<u>\$ 3,206,944</u>	<u>\$ 42,512</u>

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

ST. FRANCIS COUNTY, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

GOVERNMENTAL FUNDS -REGULATORY BASIS

JUNE 30, 2024

	Major		
	General	Special Revenue	Other Funds in Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	\$ 7,736,433		
State Assistance	14,495,404	\$ 10,010	
Federal Assistance		7,911,768	
Activity Revenues	94,210		
Meal Sales		33,365	
Investment Income	16,372		
Other Revenues	364,429	11,747	
Total Revenues	<u>\$ 22,706,848</u>	<u>\$ 7,966,890</u>	<u>\$ -</u>

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

ST. FRANCIS COUNTY, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS -REGULATORY BASIS (Cont'd)
JUNE 30, 2024

	Major		Other Funds in Aggregate
	General	Special Revenue	
EXPENDITURES			
Regular Programs	\$ 8,543,672	\$ 101,120	
Special education	1,576,819	702,573	
Career education programs	400,946	41,014	
Compensatory education programs	3,913	1,745,316	
Other instructional programs	498,056		
Student support services	886,624	234,695	
Instructional staff support services	849,687	1,748,202	
General administration support services	673,863	144,840	
School administration support services	1,396,040		
Central services support services	857,400	44,590	
Operation and Maintenance of plant services	3,775,944	278,068	
Student transportation services	739,476		
Other support services	85,706		
Food services operations	15,165	2,267,079	
Community services operations		3,766	
Architecture and Engineering Consultant	7,000		56,875
Facilities acquisition and construction services	31,400	436,547	62,952
Non-programmed costs	22,287	152,440	
Activity expenditures	89,955		
Debt service:			
Principle retirement			640,000
Interest and fiscal charges			205,514
TOTAL EXPENDITURES	<u>20,453,953</u>	<u>7,900,250</u>	<u>965,341</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,252,895</u>	<u>66,640</u>	<u>(965,341)</u>
OTHER FINANCING SOURCES (USES)			
Insurance Proceeds - Loss of Fixed Assets	210,000		
Transfers In			2,538,975
Transfers Out	(2,538,975)		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,328,975)</u>	<u>-</u>	<u>2,538,975</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(76,080)</u>	<u>66,640</u>	<u>1,573,634</u>
FUND BALANCE - JULY 1	<u>3,037,166</u>	<u>738,223</u>	<u>1,633,310</u>
FUND BALANCE - JUNE 30	<u>\$ 2,961,086</u>	<u>\$ 804,863</u>	<u>\$ 3,206,944</u>

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

FORREST CITY SCHOOL DISTRICT NO. 7
 ST. FRANCIS COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL -GENERAL AND SPECIAL REVENUE FUNDS -REGULATORY BASIS
 JUNE 30, 2024

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	\$7,273,567	\$7,736,433	\$462,866		\$ -	\$ -
State Assistance	13,700,104	14,495,404	795,300	\$ 9,000	10,010	1,010
Federal Assistance		-	-	12,356,639	7,911,768	(4,444,871)
Activity Revenues		94,210	94,210		-	-
Meal Sales		-	-	93,387	33,365	(60,022)
Investment Income		16,372	16,372		-	-
Other Revenues	10,953	364,429	353,476		11,747	11,747
Total Revenues	20,984,624	22,706,848	1,722,224	12,459,026	7,966,890	(4,492,136)
EXPENDITURES						
Regular Programs	8,877,302	8,543,672	333,630	10,000	101,120	(91,120)
Special education	1,788,601	1,576,819	211,782	732,405	702,573	29,832
Career education programs	408,469	400,946	7,523	53,320	41,014	12,306
Compensatory education programs	8,460	3,913	4,547	2,451,744	1,745,316	706,428
Other instructional programs	525,023	498,056	26,967	2,500	-	2,500
Student support services	942,894	886,624	56,270	302,060	234,695	67,365
Instructional staff support services	865,979	849,687	16,292	2,186,120	1,748,202	437,918
General administration support services	698,151	673,863	24,288	169,434	144,840	24,594
School administration support services	1,454,026	1,396,040	57,986		-	-
Central services support services	936,253	857,400	78,853	156,325	44,590	111,735
Operation and Maintenance of plant services	3,859,482	3,775,944	83,538	352,479	278,068	74,411
Student transportation services	775,075	739,476	35,599		-	-
Other support services	71,179	85,706	(14,527)		-	-
Food services operations	19,387	15,165	4,222	1,787,385	2,267,079	(479,694)
Community services operations	26,000	-	26,000	39,254	3,766	35,488
Architecture and Engineering	7,000	7,000	-		-	-
Facilities acquisition and construction services	2,000	31,400	(29,400)	3,799,762	436,547	3,363,215
Non-programmed costs		22,287	(22,287)	204,334	152,440	51,894
Activity expenditures		89,955	(89,955)			-
TOTAL EXPENDITURES	21,265,281	20,453,953	811,328	12,247,122	7,900,250	4,346,872

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

ST. FRANCIS COUNTY, ARKANSAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -GENERAL AND SPECIAL REVENUE FUNDS -REGULATORY BASIS (Cont'd)

JUNE 30, 2024

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(280,657)</u>	<u>2,252,895</u>	<u>2,533,552</u>	<u>211,904</u>	<u>66,640</u>	<u>(145,264)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	23,612,396	-	(23,612,396)			-
Insurance Proceeds - Loss of Fixed Assets		210,000	210,000			
Transfers Out	<u>(24,320,246)</u>	<u>(2,538,975)</u>	<u>21,781,271</u>			-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(707,850)</u>	<u>(2,328,975)</u>	<u>(1,621,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(988,507)</u>	<u>(76,080)</u>	<u>912,427</u>	<u>211,904</u>	<u>66,640</u>	<u>(145,264)</u>
FUND BALANCE - JULY 1	3,037,166	3,037,166	-	738,223	738,223	-
FUND BALANCE - JUNE 30	<u>\$ 2,048,659</u>	<u>\$ 2,961,086</u>	<u>\$ 912,427</u>	<u>\$ 950,127</u>	<u>\$ 804,863</u>	<u>\$ (145,264)</u>

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

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Board of Education, a seven-member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Forrest City 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 expenditures 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 service 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 Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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

Fiduciary Fund types include the following:

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

C. Measurement Focus and Basis of Accounting

The financial statements are presented in accordance with the regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. 10-4-413 (c), as provided in Act 2201 of 2005, 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 balance; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to the 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.

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Cont'd)

The Regulatory Basis of Accounting 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, inclusion of net pension liability in the financial statements, specific procedures for identification of major governmental funds, and applicable note disclosures. The Regulatory Basis of Accounting does not require government- wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to the financial statements.

D. Revenue Recognition Policies

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

E. Capital Assets

Information on capital assets and accumulated depreciation is reported on Schedule 1. Capital Assets are capitalized at historical cost or estimated historical cost, if actual cost 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	10- 50
Buildings	10- 50
Equipment	5-20

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies

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.

Ark. Code Ann. 6-20-401 allows, but does not mandate, the District to accrue the difference between the amount of 2023 calendar taxes collected June 30, 2024 and 20 percent of the proceeds of the local taxes that are not pledged to secure bonded indebtedness. The District elected not to accrue property taxes or the option was not applicable because the amount of property taxes collected by June 30, 2024 equaled or exceeded the 20 percent calculation.

Amendment no. 74 to the Arkansas Constitution established a uniform property millage rate of 25 mills for maintenance and operation of public schools. Ark. Code 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 district in that county. For reporting purposes, URT revenues are considered property taxes.

G. Fund Balance Classifications

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 and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance -represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s Board of Education.

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.

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 the specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

H. Budget and Budgetary Accounting

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education’s regulations allow for the cash basis or the modified accrual basis. However, the majority of 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 in the Statement of Revenues, Expenditures, and Changes in Fund Balances, - Governmental Funds- Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund. Significant variances may result

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies

H. Budget and Budgetary Accounting (Cont'd)

in the budgetary comparison of the revenue and expenditures of the special revenue fund because of the reclassification of those federal programs primarily utilized for capital projects to the other aggregate funds for reporting purposes.

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

K. Fund Balance Classification Policies and Procedures

The District's highest level of decision making authority is its Board of Education. The establishment of amounts classified as committed fund balances and subsequent modifications to such balances are the result of formal action taken by the District's Board of Education through a resolution or adoption of board policy.

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 balances, restricted resources are considered spent before unrestricted. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

L. Encumbrances-The District does not utilize encumbrance accounting.

2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

The district's policy is for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation Insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 2024. The categories of risk are described as follows:

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS (Cont'd)

Category 1 - Insured or collateralized by the entity or by the entity of its agent in the entity's name.

Category 2 – Collateralized with securities held by the pledging financial institutions trust department or by its agent in the entity's name.

Category 3 - Uncollateralized

At June 30, 2024, Deposits are categorized as follows:

	Carrying Amount
Insured (FDIC)	\$ 560,649
Collateralized:	6,057,791
Total Deposits	\$ 6,618,440

3. ACCOUNTS RECEIVABLE

Accounts Receivable as of June 30, 2024 were comprised of the following:

	Governmental Funds	
	Major	
Description	General	Special Revenue
Other	\$ 581	
Federal Assistance		\$ 813,490
	\$ 581	\$ 813,490

4. COMMITMENTS

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

	Date of Final	Rate of	Amount	Debt Outstanding	Maturities to
Date of Issue	Maturity	Interest	Authorized and Issued	6/30/2024	6/30/2024
Bonds Payable					
2/1/2006	2/1/2027	3.75%	\$ 785,000	\$ 155,000	\$ 630,000
8/6/2020	2/1/2039	1.75%	4,290,000	3,770,000	520,000
2/22/2022	2/1/2039	2.39%	7,185,000	6,740,000	445,000
			\$ 12,260,000	\$ 10,665,000	\$ 1,595,000
Total Commitments					

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

4. COMMITMENTS – Cont'd

Changes in Long -Term Debt

	Balance 06/30/2023	Issued	Retired	Balance 06/30/2024
Bonds Payable	\$ 11,305,000	\$ -	\$ 640,000	\$ 10,665,000
	<u>\$ 11,305,000</u>	<u>\$ -</u>	<u>\$ 640,000</u>	<u>\$ 10,665,000</u>

Future Principal and interest Payments

		Principal	Interest	Total
	2025	675,000	181,858	856,858
	2026	690,000	158,278	848,278
	2027	710,000	150,002	860,002
	2028	660,000	141,155	801,155
	2029	655,000	133,670	788,670
2030	2034	3,490,000	530,206	4,020,206
2035	2039	3,785,000	217,225	4,002,225
		<u>\$ 10,665,000</u>	<u>\$ 1,512,394</u>	<u>\$ 12,177,394</u>

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2024 consists of the following:

Description	Governmental Funds		Other Aggregate
	Major		
	General	Special Revenue	
Vendor Payables	\$ 219,074	\$ 290,493	-

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

6. INTERFUND TRANSFERS

The District transferred \$937,975 from the general fund to the other aggregate funds for debt related payments of \$ 937,975. The district also transferred \$1,601,000 from the general fund to the building fund.

7. RETIREMENT PLANS

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost sharing multiple-employer defined benefit pension plan that covers employees of schools and education related agencies, except certain non-teaching school employees. ATRS, administered by the 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 ATRS issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

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 districts contributions to ATRS for the year ended June 30, 2024 were \$ 2,026,499 which equals the required contributions.

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 the 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 (the actuarial valuation date and measurement date) was \$ 15,635,396.

Arkansas Public Employees Retirement System

Plan Description

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

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

7. RETIREMENT PLANS (Cont'd)

Funding Policy

APERS has contributory and noncontributory plans. Contributory members are required by State Law to contribute 4% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate for school districts is 4% of covered salaries. The District's contribution to APERS for the year ended June 30, 2024 were \$ 5,572 equal to the required contributions.

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, 2024 (the actuarial valuation date and measurement date) was \$ 39,835.

8. PLEDGED REVENUES

The District has pledged a portion of property taxes to retire bonds of \$ 10,665,000 issued from February 1, 2006 through February 22, 2022. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$ 12,177,394, payable through February 1, 2039. Principal and interest paid for the current year and total property taxes pledged for debt service were \$ 640,000 and \$ 203,733 respectively. The percentage of property taxes pledged for the current year principal and interest payments was 46.89 percent.

9. RISK MANAGEMENT

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

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

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 reinsurance coverage for those claims that exceed standard policy limits, in its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member districts. The District pays an annual premium for its coverage of buildings, contents and vehicles.

The District participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$ 300,000 with a \$ 2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

10. ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Arkansas Department of Education paid to the Employee Benefits Division, on behalf of the District's employees, totaled \$ 448,599 for the year ended June 30, 2024.

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**11. DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS
DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds		
	Major		Other Aggregate
	General	Special Revenue	
Fund Balances:			
Restricted for:			
Alternative Learning	\$ (125)		
Enhanced Student Achievement	199,808		
English language learners	11,346		
Professional development	(6,495)		
Child nutrition program		551,415	
Title I program		7,820	
DHS Childcare		150,528	
Rehabilitation Services		34,206	
Special education programs	220,499		
Debt Service			\$ 92,461
other purposes	37,803	60,894	
Total Restricted	<u>462,836</u>	<u>804,863</u>	<u>92,461</u>
Assigned to:			
Capital Projects			3,114,483
Student activities	268,137		
Other purposes	41,406		
Total Assigned	<u>309,543</u>	-	<u>3,114,483</u>
Unassigned	2,188,707		
Total	<u>\$ 2,961,086</u>	<u>\$ 804,863</u>	<u>\$ 3,206,944</u>

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report, no events were noted which would require disclosure.

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 1

	Balance June 30, 2024
Nondepreciable capital assets:	
Land	\$ 650,070
Depreciable capital assets:	
Buildings	31,269,123
Improvements/infrastructure	7,972,663
Equipment	12,580,106
Total depreciable capital assets	51,821,892
Less accumulated depreciation for:	
Buildings	13,432,655
Improvements/infrastructure	2,720,542
Equipment	7,849,634
Total accumulated depreciation	24,002,831
Net Depreciable Capital Assets	27,819,061
Capital Assets, Net	\$ 28,469,131

**FORREST CITY SCHOOL DISTRICT NO. 7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster-Cluster</i>		
<u>United States Department of Agriculture</u>		
Passed through Arkansas Department of Education		
School Breakfast Program	10.553	734,416
National School Lunch Program	10.555	1,398,118
Fresh Fruit and Vegetable Program	10.582	66,632
<i>Total Sate Department of Education</i>		2,199,166
Passed through Arkansas Department of Human Services		
National School Lunch Program (Note 3)	10.555	65,259
Fresh Fruit and Vegetable Program (Note 3)	10.582	69,995
<i>Total Sate Department Human Services</i>		135,254
<i>Total Child Nutrition Cluster-Cluster</i>		2,334,420
<i>Special Education Cluster (IDEA)-Cluster</i>		
<u>U.S. Department of Education</u>		
Passed through Arkansas Department of Education		
Special Education Grants to States	84.027	764,678
Special Education Grants to States	84.027	2,955
Special Education Preschool Grants	84.173	43,892
<i>Total Special Education Cluster (IDEA)-Cluster</i>		811,525
<i>Other Programs</i>		
<u>U.S. Department of Education</u>		
Education		
Title I Grants to Local Educational Agencies		
Title I Grants to Local Educational Agencies	84.010	3,217,967
Rural Education	84.358	61,117
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	166,956
Student Support and Academic Enrichment Program	84.424	169,118
Education Stabilization Fund	84.425	634,793
Education Stabilization Fund	84.425	790
<i>Total State Department of Education</i>		4,250,741

FORREST CITY SCHOOL DISTRICT NO. 7 (Cont'd)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<u>U.S. Department of Education</u>		
Passed through Arkansas Rehabilitation Services		
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	15,300
Total Arkansas Rehabilitation Services		<u>15,300</u>
Total Department of Education		<u>4,266,041</u>
<u>U.S. Department of Agriculture</u>		
Passed through Arkansas Department of Education		
Child and Adult Care Food Program	10.558	87,446
Total Other Programs		<u>4,353,487</u>
CCDF Cluster-Cluster		
<u>Department of Health and Human Services</u>		
Passed through Arkansas Department of Human Services		
Child Care and Development Block Grant	93.575	\$ 87,350
Total CCDF Cluster-Cluster		<u>87,350</u>
Medicaid Cluster-Cluster		
<u>Department of Health and Human Services</u>		
Passed through Arkansas Dept. of Education		
Medical Assistance Program	93.778	324,986
Total Medicaid Cluster-Cluster		<u>324,986</u>
Total Expenditures of Federal Awards		<u><u>\$ 7,911,768</u></u>

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

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 grant activity of Forrest City School District No. 7 (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

Note 2 – Summary of Significant Accounting Policies-

Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3- Nonmonetary Assistance

Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Service.

Note 4 – Indirect Cost

The District has elected not to use the 10 per cent de minimis indirect cost rate allowed under the Uniform Guidance.

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION 1 SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

Types of auditor’s reports issued : GAAP basis of reporting – adverse
Regulatory basis of accounting – unmodified

Internal Control over financial reporting:

Material weaknesses identified ?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency identified ?	<input checked="" type="checkbox"/>	yes	<input type="checkbox"/>	no
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

FEDERAL AWARDS

Internal Control over financial reporting:

Material weaknesses identified ?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency identified ?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Type of auditors report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
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Identification of major federal programs:

Title I Cluster – CFDA # 84.010,
Child Nutrition Cluster – CFDA # 10.553; 10.555; 10.582

Dollar Threshold used to distinguish between Type A and Type B Programs - \$ 750,000

Auditee qualified as low risk auditee? No

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section II Findings- Financial Statements

24-001 Segregation of Duties

CONDITION: The Forrest City School District No. 7 does not have enough employees for the appropriate segregation of duties necessary for effective internal controls.

CRITERIA: Segregation of duties provides for independent review and approval of all transactions at various stages of the financial reporting process. Adequate segregation of duties is an essential part of an effective internal control structure.

EFFECT: Inadequate segregation of duties reduces the District's internal control over financial reporting, processing of transactions, and safeguarding of assets.

RECOMMENDATION: The District's management should review all transactions, accounting records, and reconciliations in order to compensate for the limited number of employees. Such a review should be performed at least monthly and documented.

RESPONSE: Additional employees for the purpose of improving internal controls would not be cost beneficial. Currently, all employees are supervised by management, and financial records and reports are reviewed monthly by the Superintendent and School Board. In addition the district uses a CPA to review and approve reconciliations and monthly reports.

Section III Federal Awards:

NONE

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Prior year finding # 23 -Segregation of Duties

This finding has been repeated for the fiscal year 2024 audit.

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2024

General Fund	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 3,280,076	\$ 3,314,246	\$ 3,861,329	\$ 3,581,719	\$ 3,058,765
Total Liabilities	318,990	277,080	254,774	164,180	119,765
Total Fund Balances	2,961,086	3,037,166	3,606,555	3,417,539	2,939,000
Total Revenues	22,706,848	21,356,406	21,534,058	21,434,713	20,961,074
Total Expenditures	20,453,953	20,513,059	18,710,893	17,831,320	19,153,232
Total Other Financing Sources (Uses)	(2,328,975)	(1,412,736)	(2,669,791)	(3,124,854)	(1,481,573)

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2024

Special Revenue Fund	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 1,095,356	\$ 869,446	\$ 2,325,652	\$ 824,271	\$ 402,739
Total Liabilities	290,493	131,223	1,096,365	751,227	7,203
Total Fund Balances	804,863	738,223	1,229,197	73,044	395,536
Total Revenues	7,966,890	17,584,168	16,800,405	7,595,431	5,695,455
Total Expenditures	7,900,250	18,075,142	15,654,440	7,886,645	5,862,880
Total Other Financing Sources (Uses)	-	-	(572)	(31,278)	-

FORREST CITY SCHOOL DISTRICT NO. 7
ST. FRANCIS COUNTY, ARKANSAS

SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS (Unaudited)
FOR THE YEAR ENDED JUNE 30, 2024

Other Aggregate Funds	Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	\$ 3,206,944	\$ 1,705,085	\$ 2,425,432	\$ 2,169,398	\$ 788,390
Total Liabilities	-	71,775			
Total Fund Balances	3,206,944	1,633,310	2,425,432	2,169,398	788,390
Total Revenues	-	-	466,160		
Total Expenditures	965,341	2,204,859	2,915,632	1,786,292	1,514,954
Total Other Financing Sources (Uses)	2,538,975	1,412,737	2,705,506	3,167,300	1,481,573



Arkansas Department of Education
STATUTES TO BE ADDRESSED IN AUDIT LETTER
ON STATE COMPLIANCE
FISCAL YEAR 2023-24

<u>DESCRIPTION</u>	<u>STATUTES</u>
Bidding & Purchasing Commodities	6-21-301 – 6-21-305; 6-13-628
Ethical Guidelines and Prohibitions	6-24-101 et seq.
Collateralization & Investment of Funds	6-20-222; 19-1-504
Deposit of Funds	19-8-104; 19-8-106
<u>District Finances</u>	
• School Debt	6-20-402
• District School Bonds	6-20-1201-6-20-1208; 6-20-1210
• Petty Cash	6-20-409
• Investment of Funds	19-1-504
<u>Management of Schools</u>	
• Board of Directors	6-13-608; 6-13-611 – 6-13-613; 6-13-617 – 6-13-620; 6-13-622
• District Treasurer	6-13-701
• Warrants/checks	6-17-918 – 6-17-919; 6-20-403
Management Letter for Audit	14-75-101 – 14-75-104
Nonrecurring Salary Payments	6-20-412
Revolving Loan Fund	6-19-114; 6-20-801 et seq.
Classified Employees	6-17-2201 et seq.; 6-17-2301 et seq.
School Elections	6-13-630; 6-13-634; 6-14-106; 6-14-109; 6-14-118
<u>Teachers and Employees</u>	
• Personnel Policies	6-17-201 et seq., 6-17-2301 et seq.
• Employment and Assignment	6-17-301 et seq.
• Teacher Licensure/Background Checks	6-17-401 et seq.
• Teacher Contracts	6-17-801 et seq.
• Employee Sick Leave	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
Teacher Salaries and Foundation Funding Aid	6-17-803; 6-17-907 – 6-17-908; 6-17-911 – 6-17-913; 6-17-918 – 6-17-919; 6-17-2401 et seq.
Education Excellence Trust Fund	6-5-307
Use of Contractors, Improvement Contracts	22-9-201 – 22-9-205
Use of DM&O Millage	26-80-110
On Behalf Payments	The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on-behalf of District's employees
Regulatory Basis of Accounting	10-4-413(c)
Real Estate and Personal Property Tax Appeals	26-35-802
School District Procurement Law	6-21-301 et seq.
Fiscal Accountability	6-20-1901, et seq.
Enhanced Student Achievement Funding ESA	6-20-2305(B)(4)(F)(I)
Limitation on Fund Balances	6-20-2210
CARES Act (COVID-19) Education Funding	https://dese.ade.arkansas.gov/Offices/Federal-Programs/federal-programs/cares-act-crrsa-act-and-american-rescue-plan-arp-act
Charter Facilities Funding	6-23-908

Pursuant to the Division of Elementary and Secondary Education Rules Governing Publicly Funded Educational Institution Audit Requirements, a private independent audit not conducted by Legislative Audit shall include at a minimum: review, and comments, and findings on substantial compliance with the above-mentioned law.

The Annual Financial Report shall be presented pursuant to all financial statement requirements under state or federal law. The financial statement presentation shall comply with Arkansas Codes §§ 6-1-101 et seq. and 10-4-413(c), with GASB 84, 87, 90, 93, 96, 100, and with Implementation Guides 2019-1 and 2019-2, as applicable.

The financial statement presentation should adhere to the division's Rules Governing the Regulatory Basis of Accounting and Rules Governing Publicly Funded Educational Institution Audit Requirements, as applicable.

Revised: October 21, 2024