

# **Lincoln Consolidated School District No. 48**

**Washington County, Arkansas**

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

**June 30, 2025**



LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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

Lincoln Consolidated School District No. 48 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 Lincoln Consolidated School District No. 48 (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 February 24, 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  
February 24, 2026  
EDSD39025

# 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

Lincoln Consolidated School District No. 48 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 Lincoln Consolidated School District No. 48 (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 February 24, 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 regulatory basis financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

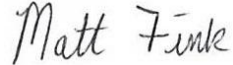
#### **Report on Compliance and Other Matters**

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*.

## 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

A handwritten signature in black ink that reads "Matt Fink". The signature is written in a cursive, slightly slanted style.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 24, 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

Lincoln Consolidated School District No. 48 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 Lincoln Consolidated School District No. 48'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  
February 24, 2026

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2025

Exhibit A

	Governmental Funds			
	Major			Fiduciary Fund Types
	General	Special Revenue	Other Aggregate	
<b>ASSETS</b>				
Cash	\$ 1,593,620	\$ 42,106	\$ 1,100,760	\$ 48,058
Investments			1,125,922	
Accounts receivable	28,502	244,118		
Due from other funds	59,496			
Deposit with paying agent			5,719,813	
	\$ 1,681,618	\$ 286,224	\$ 7,946,495	\$ 48,058
<b>TOTAL ASSETS</b>				
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 83,121	\$ 41,036		
Due to other funds		59,496		
Total Liabilities	83,121	100,532		
<b>Fund Balances:</b>				
Nonspendable			\$ 21,830	
Restricted	413,439	203,982	5,697,983	\$ 48,058
Assigned	290,481		2,226,682	
Unassigned	894,577	(18,290)		
Total Fund Balances	1,598,497	185,692	7,946,495	48,058
	\$ 1,681,618	\$ 286,224	\$ 7,946,495	\$ 48,058
<b>TOTAL LIABILITIES AND FUND BALANCES</b>				

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

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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	
<b>REVENUES</b>			
Property taxes (including property tax relief trust distribution)	\$ 4,963,009		
State assistance	7,674,352	\$ 16,039	
Federal assistance	838	1,840,848	\$ 179,628
Activity revenues	605,307		
Meal sales		76,898	
Investment income	75,155		298,323
Other revenues	163,459	41,138	
<b>TOTAL REVENUES</b>	<b>13,482,120</b>	<b>1,974,923</b>	<b>477,951</b>
<b>EXPENDITURES</b>			
Regular programs	4,392,244	58,046	33,915
Special education	1,079,210	209,760	
Career education programs	569,595		
Compensatory education programs	90,497	351,077	
Other instructional programs	419,100		
Student support services	498,827	184,252	
Instructional staff support services	746,466	120,601	
General administration support services	288,816	61,193	325
School administration support services	752,378		
Central services support services	342,899		
Operation and maintenance of plant services	1,642,400	92,794	153,040
Student transportation services	737,553	10,575	
Other support services	25,739		
Food services operations	15,567	1,057,798	
Other enterprise operations		2,167	
Community services operations	29,653		
Facilities acquisition and construction services	80,844		52,113
Activity expenditures	573,163		
Debt Service:			
Principal retirement	86,484		340,000
Interest and fiscal charges	8,131		451,478
<b>TOTAL EXPENDITURES</b>	<b>12,379,566</b>	<b>2,148,263</b>	<b>1,030,871</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,102,554</b>	<b>(173,340)</b>	<b>(552,920)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			1,040,619
Transfers out	(1,040,619)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,040,619)</b>		<b>1,040,619</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>61,935</b>	<b>(173,340)</b>	<b>487,699</b>
<b>FUND BALANCES - JULY 1</b>	<b>1,536,562</b>	<b>359,032</b>	<b>7,458,796</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,598,497</b>	<b>\$ 185,692</b>	<b>\$ 7,946,495</b>

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

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 4,920,547	\$ 4,963,009	\$ 42,462			
State assistance	7,447,527	7,674,352	226,825	\$ 14,125	\$ 16,039	\$ 1,914
Federal assistance		838	838	1,855,785	1,840,848	(14,937)
Activity revenues		605,307	605,307			
Meal sales				94,160	76,898	(17,262)
Investment income		75,155	75,155			
Other revenues	120,364	163,459	43,095	25,000	41,138	16,138
<b>TOTAL REVENUES</b>	<b>12,488,438</b>	<b>13,482,120</b>	<b>993,682</b>	<b>1,989,070</b>	<b>1,974,923</b>	<b>(14,147)</b>
<b>EXPENDITURES</b>						
Regular programs	4,270,675	4,392,244	(121,569)	89,194	58,046	31,148
Special education	1,062,618	1,079,210	(16,592)	197,524	209,760	(12,236)
Career education programs	546,074	569,595	(23,521)	12,825		12,825
Compensatory education programs	61,946	90,497	(28,551)	381,832	351,077	30,755
Other instructional programs	432,050	419,100	12,950			
Student support services	492,692	498,827	(6,135)	178,882	184,252	(5,370)
Instructional staff support services	676,416	746,466	(70,050)	205,158	120,601	84,557
General administration support services	282,811	288,816	(6,005)	66,836	61,193	5,643
School administration support services	719,813	752,378	(32,565)			
Central services support services	342,860	342,899	(39)	800		800
Operation and maintenance of plant services	1,457,004	1,642,400	(185,396)	80,655	92,794	(12,139)
Student transportation services	674,792	737,553	(62,761)		10,575	(10,575)
Other support services	27,964	25,739	2,225			
Food services operations	10,417	15,567	(5,150)	883,748	1,057,798	(174,050)
Other enterprise operations	31,712		31,712		2,167	(2,167)
Community services operations		29,653	(29,653)	4,585		4,585
Facilities acquisition and construction services		80,844	(80,844)			
Activity expenditures		573,163	(573,163)			
Debt Service:						
Principal retirement	80,758	86,484	(5,726)			
Interest and fiscal charges	13,857	8,131	5,726			
<b>TOTAL EXPENDITURES</b>	<b>11,184,459</b>	<b>12,379,566</b>	<b>(1,195,107)</b>	<b>2,102,039</b>	<b>2,148,263</b>	<b>(46,224)</b>

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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	\$ 1,303,979	\$ 1,102,554	\$ (201,425)	\$ (112,969)	\$ (173,340)	\$ (60,371)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,843,873		(8,843,873)	74,606		(74,606)
Transfers out	(9,707,952)	(1,040,619)	8,667,333	(74,606)		74,606
TOTAL OTHER FINANCING SOURCES (USES)	(864,079)	(1,040,619)	(176,540)	0		0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	439,899	61,935	(377,964)	(112,969)	(173,340)	(60,371)
FUND BALANCES - JULY 1	1,658,053	1,536,562	(121,491)	348,336	359,032	10,696
FUND BALANCES - JUNE 30	<u>\$ 2,097,952</u>	<u>\$ 1,598,497</u>	<u>\$ (499,455)</u>	<u>\$ 235,367</u>	<u>\$ 185,692</u>	<u>\$ (49,675)</u>

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

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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 Lincoln Consolidated 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.

Fiduciary Fund types include the following:

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

**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.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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 \$2,500 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.

**G. Interfund Receivables and Payables**

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

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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

H. Fund Balance Classifications

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

I. 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.

J. Stabilization Arrangements

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

K. Minimum Fund Balance Policies

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

L. 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.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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

L. Budget and Budgetary Accounting (Continued)

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.

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.

M. 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	2,923,567
Total Deposits	\$ 3,173,567

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

**3: INVESTMENTS**

On June 30, 2025, the District's investments consisted of \$1,125,922 invested in US Treasury securities measured at fair value reported in Other Aggregate Funds.

Interest rate risk – The District does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Significant other observable inputs

Level 3 - Significant unobservable inputs

The \$1,125,922 of US Treasury securities are classified in Level 1. There are no investments classified in Level 2 or 3.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**4: ACCOUNTS RECEIVABLE**

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
State assistance	\$ 3,267	\$ 718
Federal assistance		243,283
Activity fund accounts	4,500	
Other	20,735	117
Totals	\$ 28,502	\$ 244,118

**5: ACCOUNTS PAYABLE**

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

Description	Governmental Funds	
	Major	
	General	Special Revenue
Vendor payables	\$ 83,121	\$ 41,036

**6: COMMITMENTS**

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

A. Construction Contract

Project Name	Completion Date	Contract Balance
Greenhouse	September 19, 2025	\$ 1,024

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**6: COMMITMENTS (Continued)**

B. Leases (leases of nonfinancial assets with initial noncancelable lease terms in excess of one year)

General description of leases and leasing arrangements:

On March 8, 2023, the District entered into a lease with Xerox Financial Services, LLC for the lease of fifteen copiers. The lease is for a period of five years beginning March 8, 2023, through February 8, 2028. Payments of \$4,733 are due monthly.

On February 26, 2025, the District entered into a three-year lease for six buses. The contract stipulated six semi-annual payments of \$56,327 beginning February 26, 2025, and a final payment of \$259,862.

Future minimum lease payments for the succeeding years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ 169,442
2027	169,442
2028	<u>354,048</u>
Total	<u>\$ 692,932</u>

Lease payments were approximately \$196,665 for the year ended June 30, 2025.

C. Long-term Debt Issued and Outstanding

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

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2025</u>	<u>Maturities To June 30, 2025</u>
<b><u>Bonds</u></b>					
8/26/10	8/1/27	5.25%	\$ 5,585,000	\$ 5,585,000	
7/28/11	7/1/27	4.72%	925,000	925,000	
5/1/12	8/1/34	1.25% - 3.125%	685,000	350,000	\$ 335,000
7/1/20	2/1/37	1.20% - 1.65%	4,345,000	4,345,000	
12/1/20	2/1/34	.4% - 1.3%	2,795,000	1,930,000	865,000
12/3/20	2/1/37	.45% - 1.4%	1,590,000	1,245,000	345,000
Total Bonds			<u>15,925,000</u>	<u>14,380,000</u>	<u>1,545,000</u>
<b><u>Direct Borrowings</u></b>					
7/24/17	7/15/27	3.43%	800,000	189,977	610,023
Total Long-Term Debt			<u>\$ 16,725,000</u>	<u>\$ 14,569,977</u>	<u>\$ 2,155,023</u>

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**6: COMMITMENTS (Continued)**

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

Changes in Long-term Debt

	<u>Balance July 1, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
Bonds payable	\$ 14,720,000		\$ 340,000	\$ 14,380,000
<u>Direct Borrowings</u>				
Installment contract	276,461		86,484	189,977
<b>Total Long-Term Debt</b>	<b>\$ 14,996,461</b>	<b>\$ 0</b>	<b>\$ 426,484</b>	<b>\$ 14,569,977</b>

Future Principal and Interest Payments

Year Ended June 30,	<u>Bonds</u>			<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 335,000	\$ 446,075	\$ 781,075	\$ 89,498	\$ 5,118	\$ 94,616
2027	340,000	442,815	782,815	92,616	1,999	94,615
2028	6,855,000	270,543	7,125,543	7,863	22	7,885
2029	590,000	97,913	687,913			
2030	760,000	90,581	850,581			
2031-2035	4,010,000	350,413	4,360,413			
2036-2037	1,490,000	70,125	1,560,125			
<b>Totals</b>	<b>\$ 14,380,000</b>	<b>\$ 1,768,465</b>	<b>\$ 16,148,465</b>	<b>\$ 189,977</b>	<b>\$ 7,139</b>	<b>\$ 197,116</b>

Qualified School Construction Bonds

On August 26, 2010, the District obtained funding of \$5,585,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 17 years. This amount plus interest earned will be used to retire the debt when due.

On July 28, 2011, the District obtained funding of \$925,000 from Qualified School Construction Bonds, a debt financial arrangement authorized by the American Recovery and Reinvestment Act of 2009. The District will deposit a specified amount annually into a sinking fund for 16 years. This amount plus interest earned will be used to retire the debt when due.

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.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**7: PLEDGED REVENUES**

The District has pledged a portion of its property taxes to retire bonds of \$15,925,000 issued from August 26, 2010 to December 3, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$16,148,465, payable through February 1, 2037. Principal and interest paid for the current year and total property taxes pledged for debt service were \$789,020 and \$2,036,707, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 38.74 percent.

**8: INTERFUND TRANSFERS**

The District transferred \$1,040,619 from the General Fund to the other aggregate funds for debt related payments of \$574,611 and future capital expenditures of \$466,008.

**9: 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](http://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 \$1,209,174 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 \$9,134,279.

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

ADDITIONS	
Donations	\$ 29,825
DEDUCTIONS	
Scholarships	36,271
CHANGE IN FUND BALANCE	(6,446)
FUND BALANCE - JULY 1	54,504
FUND BALANCE - JUNE 30	\$ 48,058

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**11: DEFICIT FUND BALANCE**

The deficit unassigned fund balance of \$18,290 in the special revenue funds, presented at Note 14, pertains to the child nutrition program. The deficit was caused by recognition of minor accounts payable at year end.

**12: RISK MANAGEMENT**

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

The District carries commercial insurance for school board legal liability, business trip accidental death and dismemberment, 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.

Additionally, the District participates in the Arkansas School Boards Association – Risk Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984, pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the 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, mobile equipment, 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.

Settled claims have not exceeded coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

**13: ON-BEHALF PAYMENTS**

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled \$296,877 for the year ended June 30, 2025.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**14: DETAILS OF GOVERNMENTAL FUND BALANCE CLASSIFICATIONS DISPLAYED IN THE AGGREGATE**

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Fund Balances:			
Nonspendable:			
Deposit with paying agent			\$ 21,830
Restricted for:			
Alternative learning environment	\$ 89,802		
Enhanced student achievement funding	230,330		
Debt service			5,697,983
Medical services		\$ 168,652	
Special education programs	21,618	42	
Title I programs		7,852	
Other purposes	71,689	27,436	
Total Restricted	<u>413,439</u>	<u>203,982</u>	<u>5,697,983</u>
Assigned to:			
Capital projects			2,226,682
Student activities	231,742		
Child care development	58,739		
Total Assigned	<u>290,481</u>		<u>2,226,682</u>
Unassigned	894,577	(18,290)	
Totals	<u>\$1,598,497</u>	<u>\$ 185,692</u>	<u>\$7,946,495</u>

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2025  
(Unaudited)

Schedule 1

	Balance June 30, 2025
Nondepreciable capital assets:	
Land	\$ 622,221
Construction in progress	249,355
Total nondepreciable capital assets	871,576
Depreciable capital assets:	
Buildings	28,308,155
Improvements/infrastructure	3,624,286
Equipment	3,652,528
Total depreciable capital assets	35,584,969
Less accumulated depreciation for:	
Buildings	10,772,088
Improvements/infrastructure	1,940,103
Equipment	2,637,759
Total accumulated depreciation	15,349,950
Total depreciable capital assets, net	20,235,019
Capital assets, net	\$ 21,106,595

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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
<b>CHILD NUTRITION CLUSTER</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Education - School Breakfast Program	10.553	7205		\$ 189,667
National School Lunch Program (Note 5)	10.555	Direct		24,000
Arkansas Department of Education - National School Lunch Program	10.555	7205		527,624
Arkansas Department of Education - National School Lunch Program (Note 6)	10.555	7205000		3,868
Total for National School Lunch Program				<u>555,492</u>
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	7205		27,149
Total U. S. Department of Agriculture				<u>772,308</u>
TOTAL CHILD NUTRITION CLUSTER				<u>772,308</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA)</b>				
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Special Education - Grants to States	84.027A	7205		301,146
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	7205		15,141
Total U. S. Department of Education				<u>316,287</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				<u>316,287</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Justice</u>				
Public Safety Partnership and Community Policing Grants	16.710	Direct		18,551
Total U. S. Department of Justice				<u>18,551</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	7205		328,286
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	7205		53,243
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	7205		24,379
Arkansas Department of Education - Stronger Connections Grant	84.424F	7205		46,931
Total for Student Support and Academic Enrichment Program				<u>71,310</u>
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	7205		46,963
Total U. S. Department of Education				<u>499,802</u>
TOTAL OTHER PROGRAMS				<u>518,353</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 1,606,948</u>

The accompanying notes are an integral part of this schedule.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
WASHINGTON 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 Lincoln Consolidated School District No.48 (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% or 15% 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 \$37,545 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.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
 WASHINGTON 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
10.553, 10.555, and 10.582	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?  yes  no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

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

No matters were reported.



# Lincoln Consolidated School District

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**Director** Jana Claybrook  
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[jclaybro@lincolncsd.com](mailto:jclaybro@lincolncsd.com)

## SCHEDULE 4

### SUMMARY SCHEDULE FOR PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2025

#### **FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

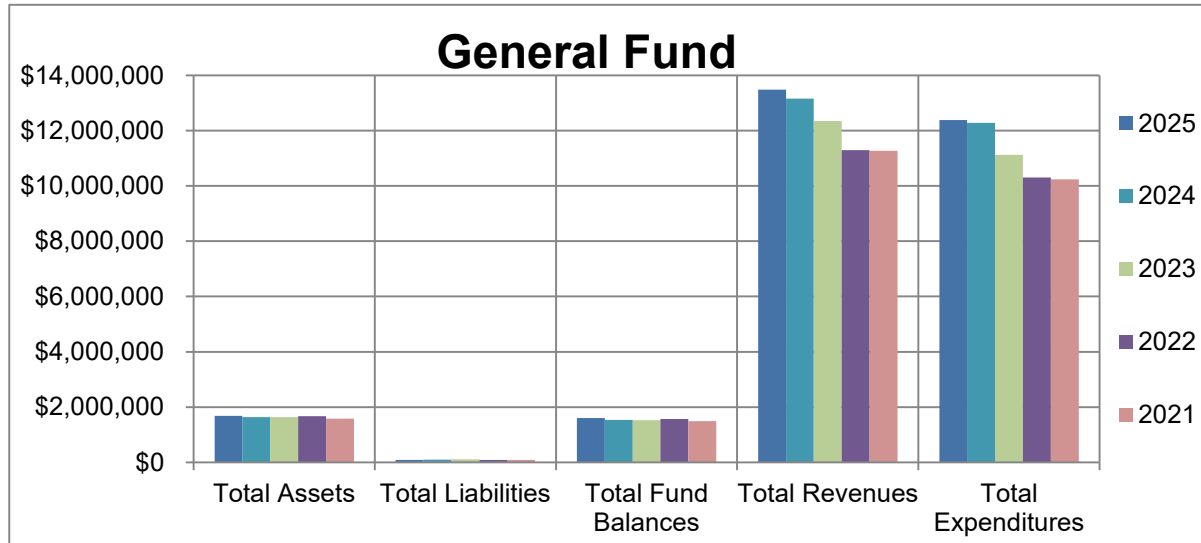
#### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
 WASHINGTON COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (Unaudited)

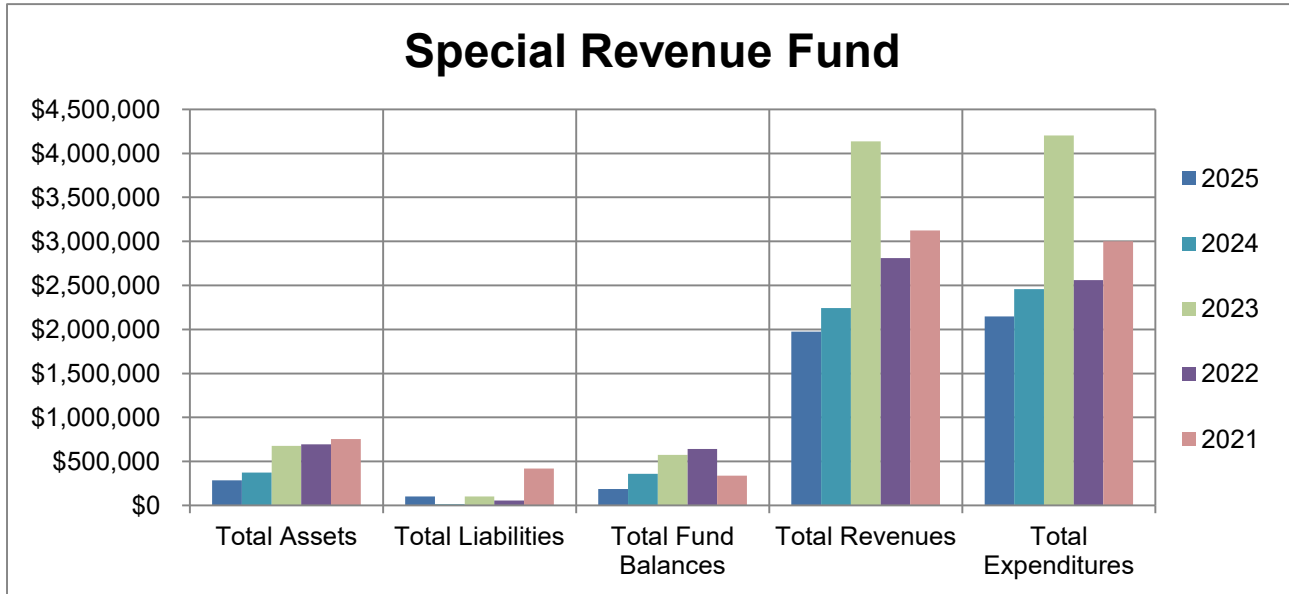
Schedule 5

<b>General Fund</b>	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 1,681,618	\$ 1,633,383	\$ 1,631,984	\$ 1,665,398	\$ 1,575,440
Total Liabilities	83,121	96,821	109,897	91,349	82,545
Total Fund Balances	1,598,497	1,536,562	1,522,087	1,574,049	1,492,895
Total Revenues	13,482,120	13,160,171	12,348,121	11,299,627	11,266,987
Total Expenditures	12,379,566	12,280,843	11,121,715	10,307,285	10,243,281
Total Other Financing Sources (Uses)	(1,040,619)	(864,853)	(1,278,368)	(911,188)	(1,088,512)



LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
 WASHINGTON COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (Unaudited)

<b>Special Revenue Fund</b>	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 286,224	\$ 374,166	\$ 676,039	\$ 694,280	\$ 753,972
Total Liabilities	100,532	15,134	101,798	54,667	417,412
Total Fund Balances	185,692	359,032	574,241	639,613	336,560
Total Revenues	1,974,923	2,243,976	4,136,157	2,809,494	3,122,781
Total Expenditures	2,148,263	2,459,185	4,202,351	2,559,047	3,000,152
Total Other Financing Sources (Uses)			822	52,606	



LINCOLN CONSOLIDATED SCHOOL DISTRICT NO. 48  
 WASHINGTON COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (Unaudited)

Schedule 5

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 7,946,495	\$ 7,458,796	\$ 7,432,353	\$ 6,538,689	\$ 6,184,604
Total Liabilities					
Total Fund Balances	7,946,495	7,458,796	7,432,353	6,538,689	6,184,604
Total Revenues	477,951	625,431	396,901	459,196	346,775
Total Expenditures	1,030,871	1,463,841	781,605	1,016,299	758,024
Total Other Financing Sources (Uses)	1,040,619	864,853	1,278,368	911,188	1,311,744

