Foreman School District No. 25

Little River County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

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LITTLE RIVER COUNTY, ARKANSAS
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Foreman School District No. 25 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 Foreman School District No. 25 (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.

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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.

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 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 May 15, 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
May 15, 2026
EDSD22025

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

Foreman School District No. 25 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 Foreman School District No. 25 (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 May 15, 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*.

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Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 15, 2026

Exhibit A

FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Governmental Funds			
	Major			
	General	Special Revenue	Other Aggregate	Fiduciary Fund Types
ASSETS				
Cash	$ 660,349	$ 94,839	$ 2,175,538	$ 4,182
Accounts receivable	11,556	21,341		
Deposit with paying agent			5,653	
TOTAL ASSETS	$ 671,905	$ 116,180	$ 2,181,191	$ 4,182
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 30,098	$ 1,417		
Fund Balances:				
Nonspendable			$ 5,653	
Restricted	60,048	114,903		$ 4,182
Assigned	105,744		2,175,538	
Unassigned	476,015	(140)		
Total Fund Balances	641,807	114,763	2,181,191	4,182
TOTAL LIABILITIES AND FUND BALANCES	$ 671,905	$ 116,180	$ 2,181,191	$ 4,182

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

FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER 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		
	General	Special Revenue	Other Aggregate
REVENUES			
Property taxes (including property tax relief trust distribution)	$ 1,900,481		
State assistance	3,228,451	$ 5,784	
Federal assistance	3,009	799,119	
Activity revenues	150,187		
Meal sales		75,293	
Investment income	20,850		
Other revenues	1,482,469	9,702	
TOTAL REVENUES	6,785,447	889,898	
EXPENDITURES			
Regular programs	1,872,531	2,540	
Special education	306,593	102,455	
Career education programs	151,731		
Compensatory education programs	178,054	75,354	
Other instructional programs	148,183		
Student support services	192,802	43,625	
Instructional staff support services	298,969	155,268	
General administration support services	278,464	25,146	
School administration support services	271,994		
Central services support services	69,284	3,066	
Operation and maintenance of plant services	1,019,189	6,120	
Student transportation services	187,593	13,446	
Other support services	2,689		
Food services operations	14,557	456,305	
Community services operations	5,200	9,071	
Facilities acquisition and construction services	232,528		
Activity expenditures	167,519		
Debt Service:			
Principal retirement	140,667		$ 325,000
Interest and fiscal charges	24,524		178,168
TOTAL EXPENDITURES	5,563,071	892,396	503,168
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,222,376	(2,498)	(503,168)
OTHER FINANCING SOURCES (USES)			
Transfers in		21,218	1,208,665
Transfers out	(1,229,883)		
Refund to grantor	(380)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,230,263)	21,218	1,208,665
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(7,887)	18,720	705,497
FUND BALANCES - JULY 1	649,694	96,043	1,475,694
FUND BALANCES - JUNE 30	$ 641,807	$ 114,763	$ 2,181,191

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

FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes (including property tax relief trust distribution)	$ 1,865,808	$ 1,900,481	$ 34,673			
State assistance	3,001,760	3,228,451	226,691	$ 4,800	$ 5,784	$ 984
Federal assistance	3,000	3,009	9	823,582	799,119	(24,463)
Activity revenues		150,187	150,187			
Meal sales				83,104	75,293	(7,811)
Investment income	25,000	20,850	(4,150)			
Other revenues	855,092	1,482,469	627,377	53,217	9,702	(43,515)
TOTAL REVENUES	5,750,660	6,785,447	1,034,787	964,703	889,898	(74,805)
EXPENDITURES						
Regular programs	1,896,929	1,872,531	24,398	50,779	2,540	48,239
Special education	300,013	306,593	(6,580)	115,746	102,455	13,291
Career education programs	155,389	151,731	3,658			
Compensatory education programs	200,717	178,054	22,663	107,351	75,354	31,997
Other instructional programs	146,293	148,183	(1,890)			
Student support services	197,110	192,802	4,308	64,709	43,625	21,084
Instructional staff support services	341,799	298,969	42,830	134,707	155,268	(20,561)
General administration support services	285,762	278,464	7,298	39,539	25,146	14,393
School administration support services	275,719	271,994	3,725			
Central services support services	67,775	69,284	(1,509)	3,066	3,066	
Operation and maintenance of plant services	967,925	1,019,189	(51,264)		6,120	(6,120)
Student transportation services	192,627	187,593	5,034	17,972	13,446	4,526
Other support services	7,500	2,689	4,811			
Food services operations	14,360	14,557	(197)	432,815	456,305	(23,490)
Community services operations		5,200	(5,200)	5,403	9,071	(3,668)
Facilities acquisition and construction services	24,000	232,528	(208,528)			
Non-programmed costs				1,898		1,898
Activity expenditures		167,519	(167,519)			
Debt Service:						
Principal retirement	140,667	140,667				
Interest and fiscal charges	24,524	24,524				
TOTAL EXPENDITURES	5,239,109	5,563,071	(323,962)	973,985	892,396	81,589

FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER 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	$ 511,551	$ 1,222,376	$ 710,825	$ (9,282)	$ (2,498)	$ 6,784
OTHER FINANCING SOURCES (USES)						
Transfers in	6,334,177		(6,334,177)	39,466	21,218	(18,248)
Transfers out	(6,837,188)	(1,229,883)	5,607,305	(30,701)		30,701
Refund to grantor		(380)	(380)			
TOTAL OTHER FINANCING SOURCES (USES)	(503,011)	(1,230,263)	(727,252)	8,765	21,218	12,453
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	8,540	(7,887)	(16,427)	(517)	18,720	19,237
FUND BALANCES - JULY 1	660,819	649,694	(11,125)	84,596	96,043	11,447
FUND BALANCES - JUNE 30	$ 669,359	$ 641,807	$ (27,552)	$ 84,079	$ 114,763	$ 30,684

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

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 Foreman 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.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Revenue Recognition Policies

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

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The District maintains a threshold level of $1,000 for capitalizing equipment. Library holdings are not capitalized.

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

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Property Taxes

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

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

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. Fund Balance Classification Policies and Procedures

The Superintendent, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The District's Board of Education has not adopted a formal policy addressing this authorization.

The District's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the District's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The District does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. District personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The District does not have a policy addressing which resources to use within the unrestricted fund balances when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

K. Budget and Budgetary Accounting

The District is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The District does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the school districts employ the cash basis method.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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.

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Bank Balance
Insured (FDIC)	$ 250,000
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the District's name	2,757,257
Total Deposits	$ 3,007,257

3: ACCOUNTS RECEIVABLE

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

	Governmental Funds	
	Major	
Description	General	Special Revenue
State assistance	$ 8,675	$ 145
Federal assistance		21,196
Activity fund accounts	1,027	
Other	1,854	
Totals	$ 11,556	$ 21,341

4: ACCOUNTS PAYABLE

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

	Governmental Funds	
	Major	
Description	General	Special Revenue
Vendor payables	$ 30,098	$ 1,417

5: COMMITMENTS

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

Long-term Debt Issued and Outstanding

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

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding June 30, 2025	Maturities To June 30, 2025
Bonds					
5/1/16	2/1/37	1.75 - 3%	$ 620,000	$ 400,000	$ 220,000
9/1/20	2/1/37	.4 - 1.45%	1,755,000	1,390,000	365,000
11/1/21	2/1/49	.7 - 2.2%	7,840,000	7,650,000	190,000
Total Bonds			10,215,000	9,440,000	775,000
Direct Borrowings					
4/1/21	4/20/29	1.75%	608,700	314,951	293,749
3/24/22	3/24/32	3.17%	709,300	519,404	189,896
Total Direct Borrowings			1,318,000	834,355	483,645
Total Long-Term Debt			$ 11,533,000	$ 10,274,355	$ 1,258,645

Changes in Long-term Debt

	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
Bonds payable	$ 9,765,000		$ 325,000	$ 9,440,000
Direct Borrowings				
Installment contracts	975,022		140,667	834,355
Total Long-Term Debt	$ 10,740,022	$ 0	$ 465,667	$ 10,274,355

5: COMMITMENTS (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds			Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 325,000	$ 174,411	$ 499,411	$ 144,078	$ 21,113	$ 165,191
2027	330,000	171,171	501,171	147,579	17,612	165,191
2028	335,000	167,834	502,834	151,173	14,018	165,191
2029	335,000	163,696	498,696	154,861	10,330	165,191
2030	340,000	159,516	499,516	76,420	6,901	83,321
2031-2035	1,780,000	721,914	2,501,914	160,244	6,400	166,644
2036-2040	1,945,000	558,545	2,503,545			
2041-2045	2,150,000	351,420	2,501,420			
2046-2049	1,900,000	105,600	2,005,600			
Totals	$9,440,000	$2,574,107	$12,014,107	$ 834,355	$ 76,374	$ 910,729

Security for Debt Payments

Ark. Code Ann. § 6-20-1204 specifies procedures to be followed if a school district is delinquent in a payment to the paying agent for bonded debt. As additional security, any delinquent payment for bonded debt will be satisfied by the Division of Elementary and Secondary Education (DESE). Depending on the date of the bond issue, DESE will recover the full amount of any delinquency payment through the withholding of a school district's state funding or a direct payment from the school district. There were no delinquent bond payments incurred by the District during the audit period.

6: PLEDGED REVENUES

The District has pledged a portion of its property taxes to retire bonds of $10,215,000 issued from May 1, 2016 to November 1, 2021. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is $12,014,107, payable through February 1, 2049. Principal and interest paid for the current year and total property taxes pledged for debt service were $502,264 and $691,084, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 72.68 percent.

7: INTERFUND TRANSFERS

The District transferred $1,208,665 from the general fund to the other aggregate funds for debt related payments of $502,774 and future capital expenditures of $705,891. Additionally, the District transferred $21,218 from the general fund to the special revenue fund to supplement its food service operations.

8: RETIREMENT PLAN

Arkansas Teacher Retirement System

Plan Description

The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 501-682-1517, or by visiting the ATRS website at www.artrs.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 7% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 15% of covered salaries. The District's contributions to ATRS for the year ended June 30, 2025, were $490,112, 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 $4,134,461.

9: CHANGES IN PRIVATE-PURPOSE FUNDS

ADDITIONS	
Donations	$ 6,400
DEDUCTIONS	
Scholarships	4,950
CHANGE IN FUND BALANCE	1,450
FUND BALANCE - JULY 1	2,732
FUND BALANCE - JUNE 30	$ 4,182

10: DEFICIT FUND BALANCE

The deficit unassigned fund balance of $140 in the special revenue funds, presented at Note 13 below, pertains to the child nutrition program. The temporary deficit was caused by the recognition of minor accounts payable at year-end.

11: 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 business trip accidental death and dismemberment, board liability, and student accident coverages.

11: RISK MANAGEMENT (Continued)

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, vehicles, and mobile equipment.

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.

12: 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 $102,008 for the year ended June 30, 2025.

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Fund Balances:			
Nonspendable:			
Deposit with paying agent			$ 5,653
Restricted for:			
Enhanced student achievement funding	$ 32,809		
English-language learners	4,082		
Child nutrition programs		$ 655	
Medical services		114,213	
Special education programs	12,798		
Other purposes	10,359	35	
Total Restricted	60,048	114,903	
Assigned to:			
Capital projects			2,175,538
Student activities	105,744		
Total Assigned	105,744		2,175,538
Unassigned	476,015	(140)	
Totals	$ 641,807	$ 114,763	$ 2,181,191

Schedule 1

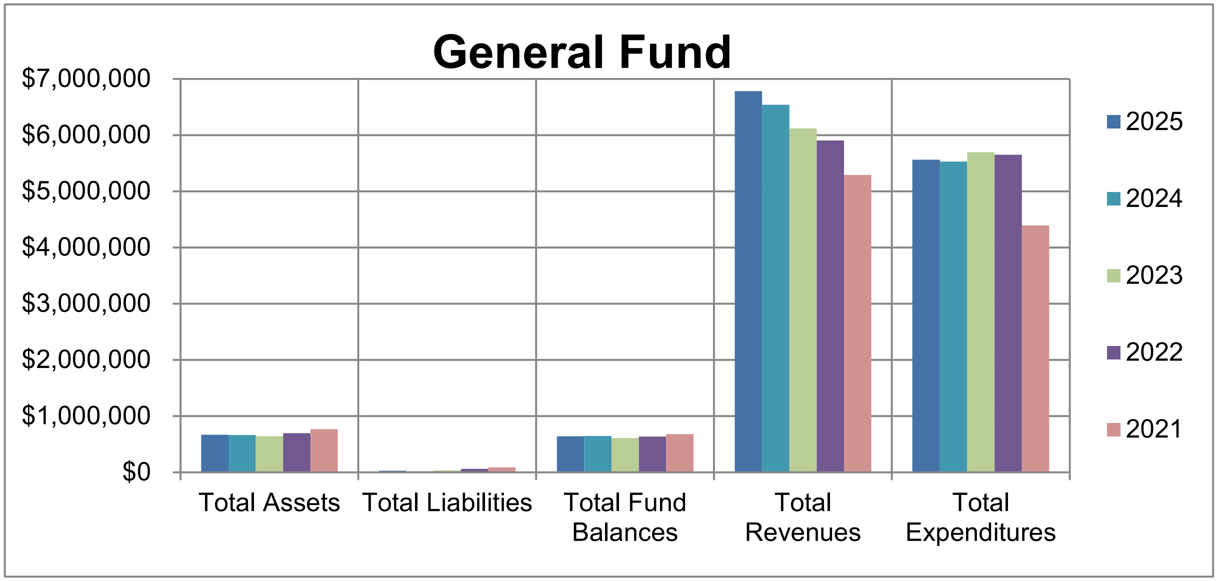
FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

	Balance June 30, 2025
Nondepreciable capital assets:	
Land	$ 29,000
Depreciable capital assets:	
Buildings	17,037,787
Improvements/infrastructure	1,222,823
Equipment	2,318,635
Total depreciable capital assets	20,579,245
Less accumulated depreciation for:	
Buildings	2,965,175
Improvements/infrastructure	606,892
Equipment	1,518,561
Total accumulated depreciation	5,090,628
Total depreciable capital assets, net	15,488,617
Capital assets, net	$ 15,517,617

Schedule 2

FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

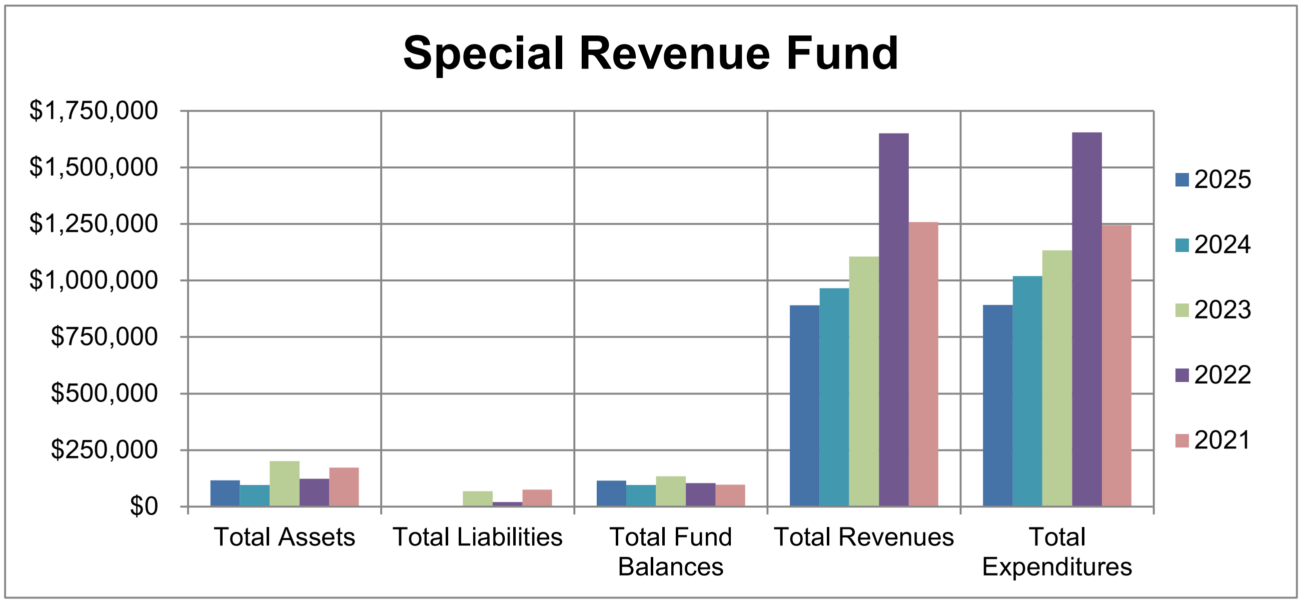
	Year Ended June 30,				
General Fund	2025	2024	2023	2022	2021
Total Assets	$ 671,905	$ 665,589	$ 642,463	$ 697,759	$ 770,224
Total Liabilities	30,098	15,895	32,122	62,491	89,684
Total Fund Balances	641,807	649,694	610,341	635,268	680,540
Total Revenues	6,785,447	6,542,899	6,119,544	5,902,658	5,290,315
Total Expenditures	5,563,071	5,530,744	5,697,136	5,648,926	4,391,419
Total Other Financing Sources (Uses)	(1,230,263)	(972,802)	(447,335)	(299,004)	(817,475)



FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 2

Special Revenue Fund	Year Ended June 30, 2025	2024	2023	2022	2021
Total Assets	$ 116,180	$ 96,043	$ 202,083	$ 123,260	$ 172,371
Total Liabilities	1,417		67,817	19,780	75,166
Total Fund Balances	114,763	96,043	134,266	103,480	97,205
Total Revenues	889,898	966,683	1,106,001	1,650,450	1,258,232
Total Expenditures	892,396	1,019,745	1,133,798	1,655,364	1,244,203
Total Other Financing Sources (Uses)	21,218	14,839	58,583	11,189	



FOREMAN SCHOOL DISTRICT NO. 25
LITTLE RIVER COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 2

	Year Ended June 30,				
Other Aggregate Funds	2025	2024	2023	2022	2021
Total Assets	$ 2,181,191	$ 1,475,694	$ 1,750,221	$ 2,344,235	$ 5,999,584
Total Liabilities			14,560	77,532	1,128,233
Total Fund Balances	2,181,191	1,475,694	1,735,661	2,266,703	4,871,351
Total Revenues		1,800		2,030,150	3,302,427
Total Expenditures	503,168	1,219,730	958,615	5,829,097	7,913,102
Total Other Financing Sources (Uses)	1,208,665	957,963	427,573	1,194,299	1,481,109