

# 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

Batesville School District (District) of Independence County

Dear Superintendent:

Form SF-SAC (Data Collection Form) and the Single Audit reporting package for your District are required to be submitted online using the Federal Audit Clearinghouse (FAC). Below you will find the instructions to be utilized by the District's certifying official (the person designated by the District during audit fieldwork) for completing the District's responsibilities in this process.

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR 200) requires the District to prepare a **corrective action plan** that addresses each audit finding reflected in the District's audit report in Schedule 3, Schedule of Findings and Questioned Costs, Sections II (Financial Statement Findings) and III (Federal Award Findings and Questioned Costs). If there are no audit findings reported in Schedule 3, the District **does not** need to prepare a corrective action plan. **If a corrective action plan is required, it must be prepared on District letterhead.** The corrective action plan should provide the following **for each finding**:

- the reference number the auditor has assigned to each finding in Schedule 3 (e.g. 2025-001);
- the name(s) of the contact person(s) responsible for corrective action;
- the corrective action planned; and
- the anticipated completion date.

If you do not agree with the audit findings or believe corrective action is not required, then the corrective action plan must contain an explanation and specific reasons why you disagree. Please submit the District's corrective action plan via email to Arkansas Legislative Audit (ALA) at the following address: [dcf@arklegaudit.gov](mailto:dcf@arklegaudit.gov). The plan should be in an attachment to your email and prepared in Microsoft Word or Excel. The plan can be a PDF document; however, all PDFs must be text-searchable, unencrypted and unlocked. If you fail to meet these requirements, the District's reporting package will not be accepted by the FAC.

The corrective action plan should be submitted within 2 days of receipt of this letter. If you have already submitted a corrective action plan to [dcf@arklegaudit.gov](mailto:dcf@arklegaudit.gov), please disregard. **Please include the words "Corrective Action Plan" in the heading of the document and in the subject line of your email.** Once we receive the District's corrective action plan, we will attach it and a PDF version of the District's audit to the online Data Collection Form, **which we will prepare.**

The District's certifying official should create an account at login.gov using the attached instructions if he/she has not already done so in a prior year. After we attach the audit report and corrective action plan, if applicable, to the online data collection form, the online Data Collection Form will be ready for certification. The District's certifying official will receive an email from ALA ([dcf@arklegaudit.gov](mailto:dcf@arklegaudit.gov)) stating that the certification process is ready for his/her action. The email will include instructions for the certification process and the data submitted to the online Data Collection Form by ALA on behalf of the District. **The District's certifying official does not need to log into the submission until he/she receives an email from [dcf@arklegaudit.gov](mailto:dcf@arklegaudit.gov) requesting that he/she do so.**

The District is no longer required to send a copy of its audit report and corrective action plan to pass-through entities. As per 2 CFR § 200.512, all federal agencies, pass-through entities and others interested in a reporting package and data collection form must obtain it by accessing the FAC.

Federal Audit Clearinghouse Data Collection Form  
Account Setup  
10.9.2023

**Create your Login.gov account if this is your first time to log in. If you already have an account, go to [www.fac.gov](http://www.fac.gov) to select “Submit An Audit” and log in.**

Follow these steps to create your Login.gov account.

1. Enter your email address at [https://secure.login.gov/sign\\_up/enter\\_email](https://secure.login.gov/sign_up/enter_email) to begin
  - Please ensure the email you use to set up the account is the same email address you provided the auditors.
2. Click the “**Submit**” button.
3. Check your email for a message from Login.gov.
4. Click the “**Confirm your email address**” button in the message. This will take you back to the Login.gov website.
5. Create your Login.gov password. •
  - Your password must have 12 or more characters and avoid combinations such as:
    - Common phrases or repeated characters, like abc or 111
    - Parts of your email address or personal dates, like your birthday
    - The same password, or parts of it, that you use for other accounts, such as your bank account or email
6. Set up a second layer of security.

As an added layer of protection, Login.gov requires you set up an authentication method to keep your account secure. This is referred to as multi-factor authentication (MFA).

There are multiple options available for the dual factor authentication such as a phone call, text message, email or app.
7. Success! Once you have authenticated, you have created your Login.gov account.

# Arkansas



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Legislative Auditor

## **LEGISLATIVE JOINT AUDITING COMMITTEE** **ARKANSAS LEGISLATIVE AUDIT**

**TO:** Auditee

**FROM:** Matt Fink, CPA  
Deputy Legislative Auditor

**DATE:** March 18, 2026

**SUBJECT:** Legislative Joint Auditing Committee Review of:

Batesville School District of Independence County  
June 30, 2025

With the approval of the Chairs of the Legislative Joint Auditing Committee, we are early releasing the report listed above on March 23, 2026. This report will be presented at a future meeting of the Standing Committee on Educational Institutions at the call of the Chairs. You will be notified of the meeting date.

If you should have any questions or comments regarding this matter, please feel free to contact us.

# Arkansas



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Kevin William White, CPA, JD  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

March 18, 2026

To the Superintendent and School Board Members  
Batesville School District (District)

We have audited the regulatory basis financial statements of each major governmental fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2025, and have issued our report thereon dated February 26, 2026. Ark. Code Ann. § 6-1-101(d) requires the District's board or governing body to review the audit report and any accompanying comments and recommendations at the first regularly scheduled meeting following receipt of the audit report if the audit report is received by the board or governing body prior to 10 days before the regularly scheduled meeting. If the audit report is received by the board or governing body within 10 days before a regularly scheduled meeting, the audit report may be reviewed at the next regularly scheduled meeting after the 10 day period. The aforementioned Code also requires the board or governing body to take appropriate action relating to each finding and recommendation contained in the audit report and also requires documentation of this review and the action taken by the board or governing body in the minutes of the board or governing body. Audit findings are disclosed on page 8 in the enclosed audit report. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our Engagement Letter to you dated October 7, 2025. Professional standards also require that we provide you with the following information related to our audit.

### Significant Risks Identified

We have identified management override of controls as a significant risk. We are required by professional standards to give special audit consideration to management override of controls.

### Qualitative Aspects of Accounting Practices

#### *Significant Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies including accounting estimates was not changed during the audit year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

### Significant Unusual Transactions

Professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit.

### Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the Management Representation Letter dated February 26, 2026.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

Adverse opinion issued, because 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 by the State of Arkansas.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year. However, these discussions occurred in the normal course of our professional relationship.

### **Other Matters**

We were engaged to report on the Schedule of Expenditures of Federal Awards, which accompanies the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information is in conformity with the basis of accounting prescribed by law, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Schedule of Capital Assets and the Schedule of Selected Information for the Last Five Years, which accompany the financial statements but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Superintendent and School Board Members  
Batesville School District  
March 18, 2026  
Page Three

*Restriction on Use*

This information is intended solely for the information and use of the School Board Members and District management and is not intended to be, and should not be, used by anyone other than these specified parties.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in blue ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD  
Legislative Auditor

**Batesville School District No. 1**

Independence County, Arkansas

**Regulatory Basis Financial Statements  
and Other Reports**

June 30, 2025



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INDEPENDENCE COUNTY, ARKANSAS  
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## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT INDEPENDENT AUDITOR'S REPORT

Batesville School District No. 1 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 Batesville School District No. 1 (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 26, 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 26, 2026  
EDSD16925

# Arkansas

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



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House Chair  
Rep. RJ Hawk  
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Kevin William White, CPA, JD  
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## 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

Batesville School District No. 1 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 Batesville School District No. 1 (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 26, 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**

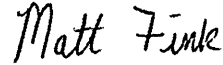
As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws and regulations, contracts, and grant agreements, 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*.

We noted a certain matter that we reported to management of the District in a separate letter dated February 26, 2026.

**Purpose of This Report**

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

ARKANSAS LEGISLATIVE AUDIT



Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 26, 2026

# Arkansas

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## 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

Batesville School District No. 1 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 Batesville School District No. 1'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**

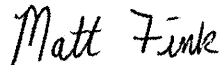
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 26, 2026

# 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

### MANAGEMENT LETTER

Batesville School District No. 1 and School Board Members  
Legislative Joint Auditing Committee

We would like to communicate the following item that came to our attention during this audit. The purpose of such comment is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations, and to improve internal control. This matter was discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

The District's operating bank account was unreconciled for the periods July 2024 through June 2025, with variances ranging from (\$53,298) to \$31,310. During audit fieldwork, ALA staff identified errors of \$4,822 leaving an unexplained variance of \$9,509 at June 30, 2025. District staff identified and corrected additional errors in the subsequent year and had an unexplained variance of \$5,965 as of January 31, 2026.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the local school board and District management, state executive and oversight management, federal regulatory and oversight bodies, the federal awarding agencies and pass-through entities, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Handwritten signature of Matt Fink in black ink.

Matt Fink, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
February 26, 2026

BATESVILLE SCHOOL DISTRICT NO. 1  
 INDEPENDENCE 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	\$ 5,297,508	\$ 843,098	\$ 8,928,960	\$ 15,394
Accounts receivable	191,127	254,921	1,290,577	
Due from other funds		51,209		
<b>TOTAL ASSETS</b>	<b>\$ 5,488,635</b>	<b>\$ 1,149,228</b>	<b>\$ 10,219,537</b>	<b>\$ 15,394</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 285,890	\$ 46,727	\$ 2,109,307	
Due to other funds	51,209			
<b>Total Liabilities</b>	<b>337,099</b>	<b>46,727</b>	<b>2,109,307</b>	
<b>Fund Balances:</b>				
Restricted	679,898	1,102,501		\$ 15,394
Assigned	848,325		8,110,230	
Unassigned	3,623,313			
<b>Total Fund Balances</b>	<b>5,151,536</b>	<b>1,102,501</b>	<b>8,110,230</b>	<b>15,394</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,488,635</b>	<b>\$ 1,149,228</b>	<b>\$ 10,219,537</b>	<b>\$ 15,394</b>

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

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE 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)	\$ 13,125,582		
State assistance	21,176,569	\$ 41,273	\$ 3,145,627
Federal assistance	293,504	8,344,786	
Activity revenues	939,424		
Meal sales		415,805	
Investment income	872,371		231,830
Other revenues	1,554,089	20,005	201,000
<b>TOTAL REVENUES</b>	<b>37,961,539</b>	<b>8,821,869</b>	<b>3,578,457</b>
<b>EXPENDITURES</b>			
Regular programs	12,628,160	56,733	
Special education	1,185,029	708,493	
Career education programs	772,767	22,394	
Compensatory education programs	492,044	723,058	
Other instructional programs	1,810,775	52,524	
Student support services	1,635,139	739,910	
Instructional staff support services	1,026,344	653,432	
General administration support services	513,840	100,805	
School administration support services	1,681,655	184	
Central services support services	864,143		
Operation and maintenance of plant services	4,038,862	475,768	
Student transportation services	1,577,141		
Other support services	132,823		
Food services operations	146,655	2,928,406	
Community services operations	2,320,053	1,627,582	
Facilities acquisition and construction services	11,108	1,098,354	25,526,267
Activity expenditures	776,854		
Debt Service:			
Principal retirement	58,987		1,030,000
Interest and fiscal charges	1,553		1,523,864
<b>TOTAL EXPENDITURES</b>	<b>31,673,932</b>	<b>9,187,643</b>	<b>28,080,131</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,287,607</b>	<b>(365,774)</b>	<b>(24,501,674)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			5,757,036
Transfers out	(5,757,036)		
Federal grant revenue passed through from a cooperative		178,632	
Compensation for loss of capital assets	1,049,299		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,707,737)</b>	<b>178,632</b>	<b>5,757,036</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,579,870</b>	<b>(187,142)</b>	<b>(18,744,638)</b>
<b>FUND BALANCES - JULY 1</b>	<b>3,571,666</b>	<b>1,289,643</b>	<b>26,854,868</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 5,151,536</b>	<b>\$ 1,102,501</b>	<b>\$ 8,110,230</b>

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

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS

Exhibit C

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

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property taxes (including property tax relief trust distribution)	\$ 12,620,000	\$ 13,125,582	\$ 505,582			
State assistance	20,526,702	21,176,569	649,867	\$ 29,500	\$ 41,273	\$ 11,773
Federal assistance		293,504	293,504	7,739,454	8,344,786	605,332
Activity revenues	15,000	939,424	924,424			
Meal sales				420,000	415,805	(4,195)
Investment income	950,000	872,371	(77,629)			
Other revenues	2,438,211	1,554,089	(884,122)	22,020	20,005	(2,015)
<b>TOTAL REVENUES</b>	<b>36,549,913</b>	<b>37,961,539</b>	<b>1,411,626</b>	<b>8,210,974</b>	<b>8,821,869</b>	<b>610,895</b>
<b>EXPENDITURES</b>						
Regular programs	11,563,666	12,628,160	(1,064,494)	2,579	56,733	(54,154)
Special education	1,153,795	1,185,029	(31,234)	712,131	708,493	3,638
Career education programs	791,889	772,767	19,122	32,639	22,394	10,245
Compensatory education programs	462,432	492,044	(29,612)	722,627	723,058	(431)
Other instructional programs	1,907,836	1,810,775	97,061	77,055	52,524	24,531
Student support services	1,734,362	1,635,139	99,223	836,881	739,910	96,971
Instructional staff support services	1,237,957	1,026,344	211,613	928,397	653,432	274,965
General administration support services	615,066	513,840	101,226	100,537	100,805	(268)
School administration support services	1,654,841	1,681,655	(26,814)		184	(184)
Central services support services	873,441	864,143	9,298			
Operation and maintenance of plant services	4,298,613	4,038,862	259,751	5,033	475,768	(470,735)
Student transportation services	1,466,568	1,577,141	(110,573)			
Other support services	104,337	132,823	(28,486)			
Food services operations	17,775	146,655	(128,880)	2,274,093	2,928,406	(654,313)
Community services operations	2,467,159	2,320,053	147,106	648,771	1,627,582	(978,811)
Facilities acquisition and construction services	57,095	11,108	45,987	1,750,653	1,098,354	652,299
Non-programmed costs				40,000		40,000
Activity expenditures		776,854	(776,854)			
Debt Service:						
Principal retirement	86,326	58,987	27,339			
Interest and fiscal charges	5,031	1,553	3,478			
<b>TOTAL EXPENDITURES</b>	<b>30,498,189</b>	<b>31,673,932</b>	<b>(1,175,743)</b>	<b>8,131,396</b>	<b>9,187,643</b>	<b>(1,056,247)</b>

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE 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	\$ 6,051,724	\$ 6,287,607	\$ 235,883	\$ 79,578	\$ (365,774)	\$ (445,352)
OTHER FINANCING SOURCES (USES)						
Transfers in	37,713,473		(37,713,473)			
Transfers out	(40,290,425)	(5,757,036)	34,533,389	(68,861)		68,861
Federal grant revenue passed through from a cooperative					178,632	178,632
Compensation for loss of capital assets		1,049,299	1,049,299			
TOTAL OTHER FINANCING SOURCES (USES)	(2,576,952)	(4,707,737)	(2,130,785)	(68,861)	178,632	247,493
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,474,772	1,579,870	(1,894,902)	10,717	(187,142)	(197,859)
FUND BALANCES - JULY 1	3,922,801	3,571,666	(351,135)	1,255,938	1,289,643	33,705
FUND BALANCES - JUNE 30	<u>\$ 7,397,573</u>	<u>\$ 5,151,536</u>	<u>\$ (2,246,037)</u>	<u>\$ 1,266,655</u>	<u>\$ 1,102,501</u>	<u>\$ (164,154)</u>

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

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Board of Education, a seven member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Batesville 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.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE 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 \$2,000 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	8-50
Buildings	15-50
Equipment	3-25

**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 resulted from errors in recording revenue received. These errors were corrected on December 16, 2025.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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

**H. Fund Balance Classifications**

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

**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.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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

**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.

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:

	<u>Bank Balance</u>
Insured (FDIC)	<u>\$ 15,658,695</u>

The insured (FDIC) balances included funds placed through IntraFi Cash Service (ICS). ICS deposits are held in various banks which are insured by FDIC.

**3: ACCOUNTS RECEIVABLE**

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
State assistance		\$ 1,736	\$1,240,577
Federal assistance		253,185	
Other	\$ 191,127		50,000
Totals	\$ 191,127	\$ 254,921	\$1,290,577

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
Vendor payables	\$ 188,321	\$ 14,696	\$ 2,109,307
Salaries payable	79,349	25,955	
Payroll withholdings and matching	18,220	6,076	
<b>Totals</b>	<b>\$ 285,890</b>	<b>\$ 46,727</b>	<b>\$ 2,109,307</b>

**5: COMMITMENTS**

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

**A. Construction Contracts**

Project Name	Completion Date	Contract Balance
Fine Arts Center, Cafeteria & Classrooms	December 31, 2025	\$ 8,464,796
Cafeteria Furnishings	December 31, 2025	217,818

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

General description of lease and leasing arrangement: On August 26, 2024, the District executed a lease for office space located at 490 East College Street in Batesville, Arkansas. The lease agreement stipulated the following payments:

- Rent payments of \$8,176 per month from August 26, 2024 through December 31, 2024.
- Rent payments of \$17,875 per month from January 1, 2025 through December 31, 2028.
- Rent payments of \$20,625 per month from January 1, 2029 through December 1, 2032.
- Yearly operating expense payments estimated at 30% of landlords total operating expenses.

Future minimum lease payments for the succeeding years:

Year Ended June 30,	Amount
2026	\$ 214,500
2027	214,500
2028	214,500
2029	231,000
2030	247,500
2031-2033	618,750
<b>Total</b>	<b>\$ 1,740,750</b>

Lease payments were approximately \$148,070 for the year ended June 30, 2025.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**5: COMMITMENTS (Continued)**

**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>Bonds</b>					
11/1/12	6/1/27	1 - 2%	\$ 1,420,000	\$ 230,000	\$ 1,190,000
11/1/12	6/1/28	1 - 2%	535,000	120,000	415,000
8/1/16	2/1/40	.9 - 3.3%	1,150,000	775,000	375,000
9/1/20	2/1/40	.5 - 1.5%	5,325,000	4,590,000	735,000
4/7/22	2/1/52	3 - 5%	34,255,000	33,135,000	1,120,000
3/30/23	2/1/52	3 - 4.15%	9,995,000	9,520,000	475,000
<b>Total Long-Term Debt</b>			<b>\$ 52,680,000</b>	<b>\$ 48,370,000</b>	<b>\$ 4,310,000</b>

**Changes in Long-term Debt**

	<u>Balance July 1, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>
<b>Bonds payable</b>	<b>\$ 49,400,000</b>		<b>\$ 1,030,000</b>	<b>\$ 48,370,000</b>
<b>Direct Borrowings</b>				
Installment contracts	58,987		58,987	
<b>Total Long-Term Debt</b>	<b>\$ 49,458,987</b>	<b>\$ 0</b>	<b>\$ 1,088,987</b>	<b>\$ 48,370,000</b>

**Future Principal and Interest Payments**

<u>Year Ended June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,080,000	\$ 1,490,424	\$ 2,570,424
2027	1,135,000	1,458,596	2,593,596
2028	1,200,000	1,424,044	2,624,044
2029	1,255,000	1,382,736	2,637,736
2030	1,325,000	1,344,336	2,669,336
2031-2035	7,390,000	6,172,919	13,562,919
2036-2040	8,480,000	5,099,563	13,579,563
2041-2045	9,825,000	3,747,875	13,572,875
2046-2050	11,525,000	2,037,076	13,562,076
2051-2052	5,155,000	260,086	5,415,086
<b>Totals</b>	<b>\$ 48,370,000</b>	<b>\$ 24,417,655</b>	<b>\$ 72,787,655</b>

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

**5: COMMITMENTS (Continued)**

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

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 \$52,680,000 issued from November 1, 2012 to March 30, 2023. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is \$72,787,655, payable through February 1, 2052. Principal and interest paid for the current year and total property taxes pledged for debt service were \$2,549,649 and \$3,336,438, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 76.42 percent.

**7: INTERFUND TRANSFERS**

The District transferred \$5,757,036 from the general fund to the other aggregate funds for debt related payments of \$2,553,864 and future capital expenditures of \$3,203,172.

**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](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 \$3,483,453, 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 \$27,812,035.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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

ADDITIONS	
Donations	\$ 5,145
DEDUCTIONS	
Scholarships	16,444
CHANGE IN FUND BALANCE	(11,299)
FUND BALANCE - JULY 1	26,693
FUND BALANCE - JUNE 30	\$ 15,394

**10: 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 student accident, educator's legal liability, and general liability for events outside the state of Arkansas.

The District participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994, pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member districts. The District contributes annually to this program.

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

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

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

**11: 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 \$964,733 for the year ended June 30, 2025.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2025

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

Description	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
<b>Fund Balances:</b>			
Restricted for:			
Enhanced student achievement funding	\$ 119,404		
English-language learners	16,537		
Professional development	95,705		
Professional learning grant	108,360		
Child care programs		\$ 77,703	
Child nutrition programs		709,548	
Medical services		161,404	
Special education programs	90,560	2,014	
Title I programs		65,599	
Education stabilization fund (COVID-19)		2,884	
Other purposes	249,332	83,349	
Total Restricted	<u>679,898</u>	<u>1,102,501</u>	
Assigned to:			
Capital projects			\$8,110,230
Student activities	825,928		
Other purposes	22,397		
Total Assigned	<u>848,325</u>		<u>8,110,230</u>
Unassigned	<u>3,623,313</u>		
Totals	<u>\$5,151,536</u>	<u>\$1,102,501</u>	<u>\$8,110,230</u>

**13: COMPENSATION FOR LOSS OF CAPITAL ASSETS**

The compensation for loss of capital assets of \$1,049,299 consisted of insurance proceeds for losses sustained by lightning and fire damages on June 26, 2024, and September 30, 2024.

BATESVILLE SCHOOL DISTRICT NO. 1  
 INDEPENDENCE COUNTY, ARKANSAS  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (Unaudited)

Schedule 1

	Balance June 30, 2025
<b>Nondepreciable capital assets:</b>	
Land	\$ 1,643,888
Construction in progress	36,498,081
Total nondepreciable capital assets	38,141,969
 <b>Depreciable capital assets:</b>	
Buildings	38,706,490
Improvements/infrastructure	6,876,016
Equipment	10,840,725
Total depreciable capital assets	56,423,231
 <b>Less accumulated depreciation for:</b>	
Buildings	21,580,608
Improvements/infrastructure	2,893,416
Equipment	6,984,892
Total accumulated depreciation	31,458,916
 <b>Total depreciable capital assets, net</b>	 24,964,315
 <b>Capital assets, net</b>	 \$ 63,106,284

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE 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	3201		\$ 597,861
National School Lunch Program (Note 5)	10.555	Direct		70,000
Arkansas Department of Education - National School Lunch Program	10.555	3201		1,601,420
Arkansas Department of Education - National School Lunch Program (Note 6)	10.555	3201000		81,888
Total for National School Lunch Program				<u>1,753,308</u>
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	3201		69,736
Total U. S. Department of Agriculture				<u>2,420,905</u>
<b>TOTAL CHILD NUTRITION CLUSTER</b>				<u>2,420,905</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	3201		857,949
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	3201		97,077
Total U. S. Department of Education				<u>955,026</u>
<b>TOTAL SPECIAL EDUCATION CLUSTER (IDEA)</b>				<u>955,026</u>
<b>CCDF CLUSTER</b>				
<u>U. S. Department of Health and Human Services</u>				
Save the Children Federation, Inc. - Child Care and Development Block Grant	93.575	not available		206,671
<b>TOTAL CCDF CLUSTER</b>				<u>206,671</u>
<b>OTHER PROGRAMS</b>				
<u>U. S. Department of Agriculture</u>				
Arkansas Department of Agriculture - Farm to School Grant Program	10.645	3201		1,000
Arkansas Department of Education - Farm to School Grant Program	10.645	3201		280
Total U. S. Department of Agriculture				<u>1,280</u>
<u>U. S. Department of Education</u>				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	3201		973,034
Arkansas Department of Education - Migrant Education - State Grant Program	84.011A	3201		92,122
Arkansas Department of Career Education - Career and Technical Education - Basic Grants to States	84.048A	3201		44,894
Arkansas Department of Education - Education for Homeless Children and Youth	84.196A	3201		33,740
Arkansas Department of Education - Rural Education	84.358B	3201		7,349
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	3201		59,726
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	3201		64,336

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE 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
<u>U. S. Department of Education (Continued)</u>				
Crowley's Ridge Education Service Cooperative - Teacher and School Leader Incentive Grants	84.374A	not available		\$ 6,438
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	3201		68,861
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3201		1,151,762
Arkansas Department of Education - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth Total Education Stabilization Fund	84.425W	3201		66,791
				<u>1,218,553</u>
Total U. S. Department of Education				<u>2,569,053</u>
<u>U. S. Department of Health and Human Services</u>				
Arkansas Department of Education - Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	3201		184
Save the Children Federation, Inc. - Temporary Assistance for Needy Families	93.558	not available		55,553
Arkansas Children's Hospital - Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	GR018295		204,988
Total U. S. Department of Health and Human Services				<u>260,725</u>
TOTAL OTHER PROGRAMS				<u>2,831,058</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 0</u>	<u>\$ 6,413,660</u>

The accompanying notes are an integral part of this schedule.

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 Batesville School District No. 1 (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 \$377,745 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.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE 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 93.575	Child Nutrition Cluster Child Care and Development Block Grant

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.



**Schedule 4**

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

**FINANCIAL STATEMENT FINDINGS**

There were no findings in the prior audit.

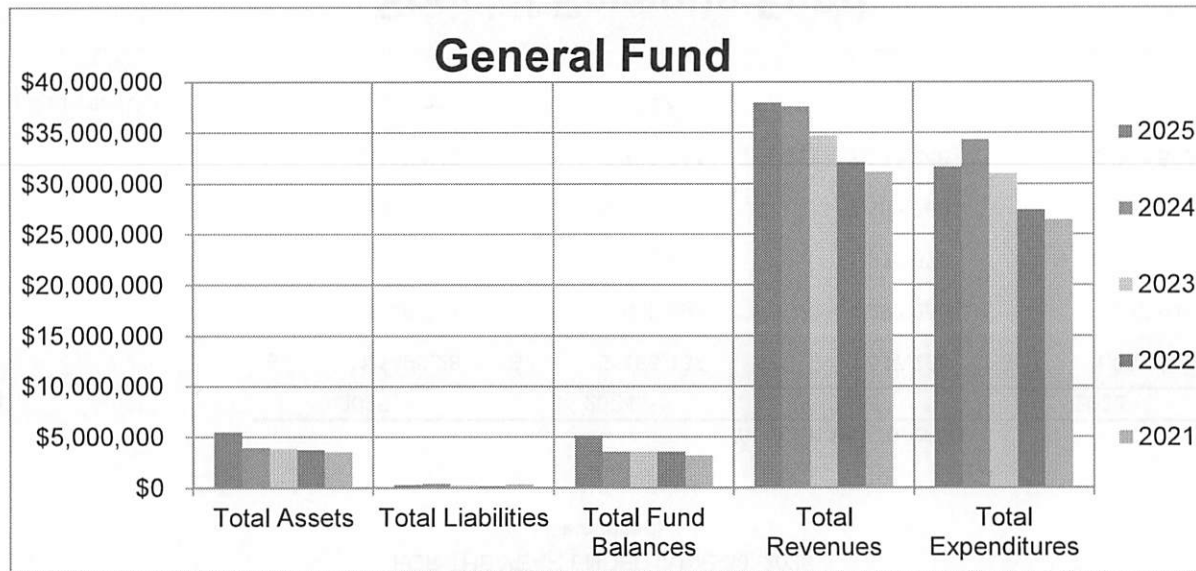
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no findings in the prior audit.

BATESVILLE SCHOOL DISTRICT NO. 1  
INDEPENDENCE COUNTY, ARKANSAS

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

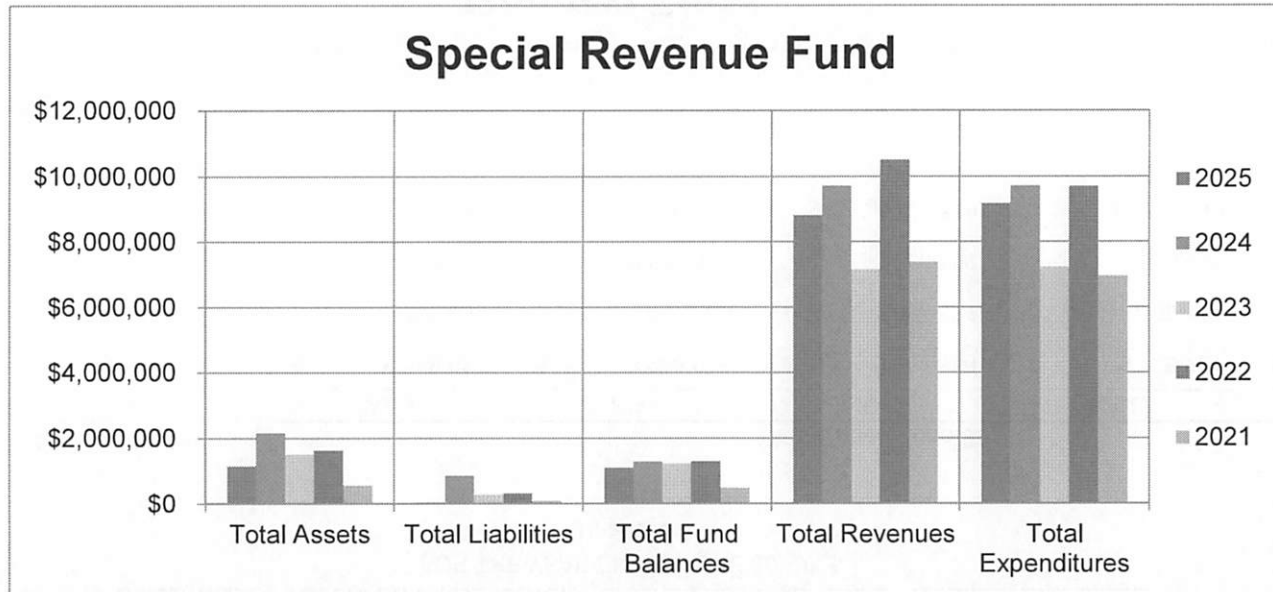
General Fund	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 5,488,635	\$ 3,988,946	\$ 3,891,630	\$ 3,755,281	\$ 3,550,414
Total Liabilities	337,099	417,280	305,521	169,124	350,472
Total Fund Balances	5,151,536	3,571,666	3,586,109	3,586,157	3,199,942
Total Revenues	37,961,539	37,560,686	34,724,319	32,079,896	31,163,430
Total Expenditures	31,673,932	34,334,352	31,006,496	27,468,288	26,485,935
Total Other Financing Sources (Uses)	(4,707,737)	(3,271,594)	(3,717,871)	(4,225,393)	(4,799,328)



BATESVILLE SCHOOL DISTRICT NO. 1  
 INDEPENDENCE COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (Unaudited)

Schedule 5

<u>Special Revenue Fund</u>	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 1,149,228	\$ 2,155,137	\$ 1,517,235	\$ 1,631,008	\$ 578,107
Total Liabilities	46,727	865,494	293,356	330,916	85,572
Total Fund Balances	1,102,501	1,289,643	1,223,879	1,300,092	492,535
Total Revenues	8,821,869	9,726,571	7,155,766	10,512,139	7,373,670
Total Expenditures	9,187,643	9,723,614	7,231,846	9,704,582	6,959,449
Total Other Financing Sources (Uses)	178,632	62,807			(143,441)



BATESVILLE SCHOOL DISTRICT NO. 1  
 INDEPENDENCE COUNTY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2025  
 (Unaudited)

<u>Other Aggregate Funds</u>	Year Ended June 30,				
	2025	2024	2023	2022	2021
Total Assets	\$ 10,219,537	\$ 28,885,829	\$ 34,932,886	\$ 24,198,652	\$ 7,979,517
Total Liabilities	2,109,307	2,030,961	54,800		
Total Fund Balances	8,110,230	26,854,868	34,878,086	24,198,652	7,979,517
Total Revenues	3,578,457	2,274,334	553,643	177,688	128,072
Total Expenditures	28,080,131	14,378,897	4,030,711	3,203,609	2,113,561
Total Other Financing Sources (Uses)	5,757,036	4,080,456	14,156,502	19,245,056	4,942,769

