Danville School District No. 36

Yell County, Arkansas

Regulatory Basis Financial Statements and Other Reports

June 30, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
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JUNE 30, 2025

REGULATORY BASIS FINANCIAL STATEMENTS

SCHEDULES

Arkansas

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Sen. Jim Dotson
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Danville School District No. 36 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 Danville School District No. 36 (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 May 7, 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 7, 2026
EDSD41225

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

Danville School District No. 36 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 Danville School District No. 36 (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 7, 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 certain matters that we reported to management of the District in a separate letter dated May 7, 2026.

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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 7, 2026

Arkansas

Sen. Jim Petty
Senate Chair
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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

Danville School District No. 36 and School Board Members
Legislative Joint Auditing Committee

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Danville School District No. 36'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.

Qualified Opinion on AL Numbers 10.553, 10.555, and 10.582 Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *AL Numbers 10.553, 10.555, and 10.582 Child Nutrition Cluster* for the year ended June 30, 2025.

Basis for Qualified Opinion

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 qualified 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.

Matter Giving Rise to Qualified Opinion on AL Numbers 10.553, 10.555, and 10.582 Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding *AL Numbers 10.553, 10.555, and 10.582 Child Nutrition Cluster* as described in finding number 2025-001 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 7, 2026

Arkansas

Sen. Jim Petty
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

Danville School District No. 36 and School Board Members
Legislative Joint Auditing Committee

We would like to communicate the following items that came to our attention during this audit. The purpose of such comments 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. These matters were discussed previously with District officials during the course of our audit fieldwork and at the exit conference.

A review of non-payroll expenditures and credit card payments revealed the following:

- Monthly statements were not received for the Amazon Business account that resulted in the account not being properly reconciled and a $143 overpayment not being detected. In addition, the September 2024 credit card statement had an ending credit balance of $256 indicating charges and payments were not properly reconciled.
- Disbursements totaling $6,501 were paid without an approved invoice. Additionally, a $420 credit card charge, that appeared to be for an allowable business purpose, did not include an itemized receipt of meal purchases.
- Duplicate payment was made to a vendor in August and October 2024 resulting in an overpayment of $987. During audit fieldwork, the District contacted the vendor to seek refund of the payment. As of report date, the District had not received a refund. Additionally, during our testing of journal entries we noted a $213 banking error related to a check that cleared the bank twice. During audit fieldwork, the District contacted the bank and was refunded $213.
- Transactions involving cash for travel were not always properly documented to show remaining funds were accounted for and redeposited.
- $42 of finance charges and $69 of late fees were paid on credit cards.

A review of receipts and deposits revealed the following:

- Adequate receipt documentation was not always maintained to show the remitter and the type of payment received.
- Receipts did not always indicate the cash/check composition of the funds received.
- Deposit slips did not always include the receipt number deposited and the amounts of cash and check included in the deposit.
- Cash and check amounts per receipts did not always agree to receipt supporting documentation or to amounts deposited.
- One receipt book was not properly retained for audit purposes and receipts were not properly voided.
- Proceeds from an April 2025 fundraiser were not deposited until October 2025.

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

Matt Fink

Matt Fink, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 7, 2026

Exhibit A

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2025

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
ASSETS			
Cash	$ 317,854	$ 115,205	$ 1,116,562
Investments	850,893		
Accounts receivable	944	95,812	
TOTAL ASSETS	$ 1,169,691	$ 211,017	$ 1,116,562
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	$ 81,640	$ 30,617	$ 6,480
Fund Balances:			
Restricted	47,448	180,400	383,916
Assigned	209,644		726,166
Unassigned	830,959		
Total Fund Balances	1,088,051	180,400	1,110,082
TOTAL LIABILITIES AND FUND BALANCES	$ 1,169,691	$ 211,017	$ 1,116,562

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

DANVILLE SCHOOL DISTRICT NO. 36
YELL 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)	$ 1,925,762		
State assistance	6,801,253	$ 11,778	$ 7,897
Federal assistance	60,311	1,460,109	
Activity revenues	228,909		
Meal sales		61,745	
Investment income	44,161		
Other revenues	28,923	1,145	
TOTAL REVENUES	9,089,319	1,534,777	7,897
EXPENDITURES			
Regular programs	3,729,919	71,477	
Special education	506,266	253,355	
Career education programs	315,052		
Compensatory education programs	140,908	238,180	
Other instructional programs	560,556	16,617	
Student support services	334,109	307,888	
Instructional staff support services	469,460	42,386	
General administration support services	192,715		
School administration support services	404,014		
Central services support services	341,322	1,555	
Operation and maintenance of plant services	878,320	43,093	
Student transportation services	350,334	15,151	
Other support services	111,855		
Food services operations	1,653	637,968	
Community services operations		1,817	
Facilities acquisition and construction services	143,955	112,887	68,519
Activity expenditures	218,488		
Debt Service:			
Principal retirement	30,000		175,000
Interest and fiscal charges	10,899		56,678
TOTAL EXPENDITURES	8,739,825	1,742,374	300,197
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	349,494	(207,597)	(292,300)
OTHER FINANCING SOURCES (USES)			
Transfers in			275,228
Transfers out	(275,228)		
Proceeds from installment contract			300,000
TOTAL OTHER FINANCING SOURCES (USES)	(275,228)		575,228
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	74,266	(207,597)	282,928
FUND BALANCES - JULY 1	1,013,785	387,997	827,154
FUND BALANCES - JUNE 30	$ 1,088,051	$ 180,400	$ 1,110,082

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

DANVILLE SCHOOL DISTRICT NO. 36
YELL 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)	$ 1,661,000	$ 1,925,762	$ 264,762			
State assistance	6,504,333	6,801,253	296,920	$ 2,500	$ 11,778	$ 9,278
Federal assistance	55,000	60,311	5,311	1,336,223	1,460,109	123,886
Activity revenues	127,658	228,909	101,251			
Meal sales				56,000	61,745	5,745
Investment income	20,000	44,161	24,161			
Other revenues	10,550	28,923	18,373	7,746	1,145	(6,601)
TOTAL REVENUES	8,378,541	9,089,319	710,778	1,402,469	1,534,777	132,308
EXPENDITURES						
Regular programs	3,584,422	3,729,919	(145,497)	56,080	71,477	(15,397)
Special education	498,201	506,266	(8,065)	240,156	253,355	(13,199)
Career education programs	287,403	315,052	(27,649)			
Compensatory education programs	112,537	140,908	(28,371)	293,545	238,180	55,365
Other instructional programs	555,626	560,556	(4,930)	34,274	16,617	17,657
Student support services	356,160	334,109	22,051	283,570	307,888	(24,318)
Instructional staff support services	392,918	469,460	(76,542)	35,302	42,386	(7,084)
General administration support services	204,624	192,715	11,909			
School administration support services	406,782	404,014	2,768			
Central services support services	328,097	341,322	(13,225)	2,368	1,555	813
Operation and maintenance of plant services	800,188	878,320	(78,132)	47,855	43,093	4,762
Student transportation services	359,942	350,334	9,608	14,719	15,151	(432)
Other support services	84,373	111,855	(27,482)			
Food services operations		1,653	(1,653)	585,161	637,968	(52,807)
Community services operations				3,600	1,817	1,783
Facilities acquisition and construction services		143,955	(143,955)		112,887	(112,887)
Activity expenditures	107,450	218,488	(111,038)			
Debt Service:						
Principal retirement	30,000	30,000				
Interest and fiscal charges	7,310	10,899	(3,589)			
TOTAL EXPENDITURES	8,116,033	8,739,825	(623,792)	1,596,630	1,742,374	(145,744)

DANVILLE SCHOOL DISTRICT NO. 36
YELL 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	$ 262,508	$ 349,494	$ 86,986	$ (194,161)	$ (207,597)	$ (13,436)
OTHER FINANCING SOURCES (USES)						
Transfers in	10,373,936		(10,373,936)			
Transfers out	(10,605,883)	(275,228)	10,330,655			
TOTAL OTHER FINANCING SOURCES (USES)	(231,947)	(275,228)	(43,281)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	30,561	74,266	43,705	(194,161)	(207,597)	(13,436)
FUND BALANCES - JULY 1	1,020,061	1,013,785	(6,276)	387,997	387,997	0
FUND BALANCES - JUNE 30	$ 1,050,622	$ 1,088,051	$ 37,429	$ 193,836	$ 180,400	$ (13,436)

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 Danville School District (District). There are no component units.

B. Description of Funds

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

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.
Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects, including the District's food services operations. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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	7-50
Buildings	7-70
Equipment	3-50

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. Restricted fund balance – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Assigned fund balance – represents amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed.

3. Unassigned fund balance – represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

H. Fund Balance Classification Policies and Procedures

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

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

I. Stabilization Arrangements

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

J. Minimum Fund Balance Policies

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

K. Budget and Budgetary Accounting

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Regulatory Basis. Additionally, the District routinely budgets restricted federal programs as part of the special revenue fund.

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Budget and Budgetary Accounting (Continued)

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

L. Encumbrances

The District does not utilize encumbrance accounting.

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

	Bank Balance
Insured (FDIC)	$ 500,000
Collateralized:	
Collateral held by the pledging financial institution's trust department or agent in the District's name	2,582,389
Total Deposits	$ 3,082,389

The above total deposits do not include cash on hand of $200. The above total deposits include certificates of deposit of $850,893 reported as investments and classified as nonparticipating contracts.

3: ACCOUNTS RECEIVABLE

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

	Governmental Funds	
	Major	
Description	General	Special Revenue
State assistance	$ 944	$ 416
Federal assistance		91,410
Meal sales		3,986
Totals	$ 944	$ 95,812

4: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Vendor payables	$ 71,778	$ 20,142	$ 6,480
Salaries payable	8,041		
Payroll withholdings and matching	1,821		
Due to grantor		10,475	
Totals	$ 81,640	$ 30,617	$ 6,480

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					
11/1/15	2/1/30	1 - 2.75%	$ 1,150,000	$ 420,000	$ 730,000
2/1/20	2/1/43	1.25 - 2.25%	2,375,000	2,025,000	350,000
Total Bonds			3,525,000	2,445,000	1,080,000
Direct Borrowings					
7/11/24	11/1/33	4.95%	300,000	270,000	30,000
Total Long-Term Debt			$ 3,825,000	$ 2,715,000	$ 1,110,000

Changes in Long-term Debt

	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
Bonds payable	$ 2,620,000		$ 175,000	$ 2,445,000
Direct Borrowings				
Installment contract	0	$ 300,000	30,000	270,000
Total Long-Term Debt	$ 2,620,000	$ 300,000	$ 205,000	$ 2,715,000

5: COMMITMENTS (Continued)

Long-term Debt Issued and Outstanding (Continued)

Future Principal and Interest Payments

Year Ended June 30,	Bonds Principal	Bonds Interest	Bonds Total	Direct Borrowings Principal	Direct Borrowings Interest	Direct Borrowings Total
2026	$ 175,000	$ 52,790	$ 227,790	$ 30,000	$ 12,629	$ 42,629
2027	180,000	49,683	229,683	30,000	11,144	41,144
2028	180,000	45,912	225,912	30,000	9,683	39,683
2029	190,000	41,675	231,675	30,000	8,173	38,173
2030	175,000	37,200	212,200	30,000	6,688	36,688
2031-2035	535,000	144,588	679,588	120,000	11,913	131,913
2036-2040	610,000	86,450	696,450			
2041-2043	400,000	18,112	418,112			
Totals	$ 2,445,000	$ 476,410	$ 2,921,410	$ 270,000	$ 60,230	$ 330,230

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 $3,525,000 issued from November 1, 2015 to February 1, 2020. The bonds were issued for various capital projects. Total principal and interest remaining on the bonds is $2,921,410, payable through February 1, 2043. Principal and interest paid for the current year and total property taxes pledged for debt service were $230,776 and $530,282, respectively. The percentage of property taxes pledged for the current year for principal and interest payments was 43.52 percent.

7: INTERFUND TRANSFERS

The District transferred $275,228 from the general fund to the other aggregate funds for debt related payments of $231,678 and future capital expenditures of $43,550.

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.

8: RETIREMENT PLAN (Continued)

Arkansas Teacher Retirement System (Continued)

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 $857,617, 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 $6,726,534.

9: RISK MANAGEMENT

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

The District carries commercial insurance for student accidents.

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.

10: ON-BEHALF PAYMENTS

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the District's employees, totaled $261,233 for the year ended June 30, 2025.

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

	Governmental Funds		
	Major		
Description	General	Special Revenue	Other Aggregate
Fund Balances:			
Restricted for:			
Enhanced student achievement funding	$ 6,800		
Professional development	131		
Capital projects			$ 383,916
Child nutrition programs		$ 94,434	
Medical services		76,525	
Special education programs	16,846		
Other purposes	23,671	9,441	
Total Restricted	47,448	180,400	383,916
Assigned to:			
Capital projects			726,166
Student activities	209,644		
Total Assigned	209,644		726,166
Unassigned	830,959		
Totals	$ 1,088,051	$ 180,400	$ 1,110,082

12: SCHOLARSHIP FUND

The District established the George and Irene Cowger Memorial Scholarship Fund on February 20, 2007 in the amount of $50,000 for the purpose of awarding scholarships to Future Farmers of America (FFA) members majoring in agriculture at a four-year institution or FFA members enrolled in an agricultural field at a trade school. A scholarship selection committee selects recipients based on excellence in the three areas of the agricultural program: classroom instruction, FFA activities, and Supervised Agricultural Experience Program (work experiences). The assigned fund balance of $53,783 at June 30, 2025, was maintained in a certificate of deposit classified as a nonparticipating contract.

13: CONSTRUCTION IN PROGRESS

Construction in progress reported on Schedule 1 represents preliminary costs associated with the construction of a new safe room. There was no significant outstanding commitment pertaining to this project at June 30, 2025.

14: SUBSEQUENT EVENTS

On August 29, 2025, the District accepted a guaranteed maximum price of $2,472,564 from Nabholz Construction for the construction of a new safe room.

On January 7, 2026, the District obtained a line of credit from Chambers Bank, in the amount of $2,500,100, for the construction of a new safe room.

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 1

	Balance June 30, 2025
Nondepreciable capital assets:	
Land	$ 421,374
Construction in progress	145,406
Total nondepreciable capital assets	566,780
Depreciable capital assets:	
Buildings	12,594,270
Improvements/infrastructure	704,672
Equipment	5,498,754
Total depreciable capital assets	18,797,696
Less accumulated depreciation for:	
Buildings	6,197,987
Improvements/infrastructure	298,543
Equipment	3,574,615
Total accumulated depreciation	10,071,145
Total depreciable capital assets, net	8,726,551
Capital assets, net	$ 9,293,331

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
CHILD NUTRITION CLUSTER				
U. S. Department of Agriculture				
Arkansas Department of Education - School Breakfast Program	10.553	7503		$ 142,195
National School Lunch Program (Note 5)	10.555	Direct		19,999
Arkansas Department of Education - National School Lunch Program	10.555	7503		298,136
Arkansas Department of Education - National School Lunch Program (Note 6)	10.555	7503000		13,834
Total for National School Lunch Program				331,969
Arkansas Department of Education - Fresh Fruit and Vegetable Program	10.582	7503		16,254
Total U. S. Department of Agriculture				490,418
TOTAL CHILD NUTRITION CLUSTER				490,418
SPECIAL EDUCATION CLUSTER (IDEA)				
U. S. Department of Education				
Arkansas Department of Education - Special Education - Grants to States	84.027A	7503		191,049
Arkansas Department of Education - Special Education - Preschool Grants	84.173A	7503		4,365
Total U. S. Department of Education				195,414
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)				195,414
OTHER PROGRAMS				
U. S. Department of Education				
Arkansas Department of Education - Title I Grants to Local Educational Agencies	84.010A	7503		215,517
Arkansas Department of Education - Rural Education	84.358B	7503		24,481
Arkansas Department of Education - English Language Acquisition State Grants	84.365A	7503		16,617
Arkansas Department of Education - Supporting Effective Instruction State Grants	84.367A	7503		30,304
Arkansas Department of Education - Student Support and Academic Enrichment Program	84.424A	7503		31,710
Arkansas State University - COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	not available		978
Total U. S. Department of Education				319,607
U. S. Department of Homeland Security				
Arkansas Division of Emergency Management - Building Resilient Infrastructure and Communities	97.047	7503		112,887
Total U. S. Department of Homeland Security				112,887
TOTAL OTHER PROGRAMS				432,494
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 0	$ 1,118,326

The accompanying notes are an integral part of this schedule.

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Danville School District No. 36 (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 $276,459 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.

Schedule 3

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

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	X	no
• Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

FEDERAL AWARDS

Internal control over major federal programs:

• Material weakness(es) identified?	X	yes		no
• Significant deficiency(ies) identified?	X	yes		none reported

Type of auditor's report issued on compliance for major federal programs: qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	yes		no

Identification of major federal programs:

AL Number(s)	Name of Federal Program or Cluster
10.553,10.555, and 10.582	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?		yes	X	no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

MATERIAL WEAKNESS

U.S. DEPARTMENT OF AGRICULTURE
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
CHILD NUTRITION CLUSTER - AL NUMBERS 10.553, 10.555, AND 10.582
PASS-THROUGH NUMBER 7503
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-001. Activities Allowed or Unallowed / Allowable Costs/Cost Principles

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR part 200, subpart E - Cost Principles, establishes principles for determining the allowable costs incurred by the District under federal awards. Such costs are to be necessary and reasonable for the performance of the federal award.

Condition: During our tests of payroll and non-payroll expenditures, we identified $1,603 in unallowable costs paid from the Child Nutrition program. These unallowable costs were comprised of $1,353 that should have been paid from District operating and activity funds, $192 due to payroll overpayments, and $58 due to an overpayment of an invoice. In April 2026, the District paid $1,353 from operating and activity funds to the food service fund to reimburse a portion of the unallowable costs.

Cause: Lack of internal controls and management oversight over program expenditures.

Effect or potential effect: Unallowable costs of $1,603 were paid from the Child Nutrition program.

Questioned costs: The amount of questioned costs was $1,603.

Context: An examination of 2 employees with payroll totaling $33,673 from a population of 11 employees with payroll totaling $141,447 and an examination of 11 non-payroll expenditures totaling $25,622 from a population of 109 checks totaling $432,754. Our samples were not statistically valid.

Identification as a repeat finding: No

Recommendation: The District should contact the Arkansas Division of Elementary and Secondary Education, Child Nutrition Unit for resolution regarding this matter and implement stronger internal controls over program expenditures.

Views of responsible officials: The District will implement proper control over program expenditures. Expenditures for other programs will be paid directly from those program funds, if possible.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

SIGNIFICANT DEFICIENCY

U.S. DEPARTMENT OF AGRICULTURE
PASSED THROUGH ARKANSAS DEPARTMENT OF EDUCATION
CHILD NUTRITION CLUSTER - AL NUMBERS 10.553, 10.555, AND 10.582
PASS-THROUGH NUMBER 7503
AUDIT PERIOD - YEAR ENDED JUNE 30, 2025

2025-002. Procurement and Suspension and Debarment

Criteria or specific requirement: Office of Management and Budget (OMB) 2 CFR part 200.320 and Ark. Code Ann. § 6-21-304 establish methods of procurement to be followed by a non-federal entity when purchasing supplies or services with federal awards. Price or rate quotations must be obtained from an adequate number of qualified sources for purchases greater than $10,000 and up to $25,700. For purchases of supplies and services exceeding $25,700, solicitation of bids or proposals must be utilized.

Condition: The District did not retain documentation for price quotations obtained from at least two qualified vendors for Child Nutrition program commodities purchased from one vendor totaling $14,766. School board approval of vendors for Child Nutrition program purchases exceeding $25,700 was not obtained. Additionally, during our review of Child Nutrition program invoices, we identified food purchases that did not agree to the vendor's bid sheet description or price.

Cause: Lack of internal controls and management oversight over the procurement of supplies and services.

Effect or potential effect: Failure to retain documentation of price quotations and bid approvals increases the overall risk of noncompliance with federal regulations.

Questioned costs: $0

Context: An examination of non-payroll expenditures for 11 checks totaling $25,622 from a population of 109 checks totaling $432,754. Of the 11 checks examined, 3 checks were to vendors that required solicitation of quotes or bids. Our sample was not statistically valid.

Identification as a repeat finding: No

Recommendation: The District should implement proper controls and monitor Child Nutrition program purchases for compliance with applicable procurement requirements.

Views of responsible officials: The District will gather two qualified vendors for purchases of $10,000 to $25,000. The District will have Board approval for purchases exceeding $25,700. In addition, the Food Service Director will exercise care to order items on the bid list, but will not be limited to only items on the bid list as new items become available.

Kim Foster
Superintendent
Phone: 479-495-4800
Fax: 479-495-4803

Tressie Fowler
High School Principal
Phone: 479-495-4810
Fax: 479-495-4832

Randee Gilkey
Lower Middle School Principal
Phone: 479-495-6852
Fax: 479-495-6853

Dusty Wright
Upper Middle School Principal
Phone: 479-495-4827
Fax: 479-495-6853

Jenni Phomsithi
Elementary Principal
Phones: 479-495-4820
Fax: 479-495-4819

Danville Public Schools
P.O. Box 939
Danville, AR 72833

Schedule 4

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

FINANCIAL STATEMENT FINDINGS

There were no findings in the prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. ENVIRONMENTAL PROTECTION AGENCY
CLEAN SCHOOL BUS REBATE PROGRAM – AL NUMBER 66.U01

2024 – Finding 2024-001: Clean School Bus Rebate Program – AL Number 66.U01

Condition: The District replaced three school buses funded by the 2022 Clean School Bus Rebate Program (Program). One of the old school buses did not appear to meet all of the eligibility requirements for replacement. Specifically, documentation could not be provided to support that the replaced school bus was operational at the time of the grant application submission or provided bus service to the school district for at least three days/week on average during the 2021/2022 school year, as required by the Program.

Current Status: No corrective action necessary. The Environmental Protection Agency determined that the Clean School Bus Rebate was not subject to audit. The EPA conducted a program review and determined that all equipment qualified for the program.

2024 – Finding 2024-002: Clean School Bus Rebate Program – AL Number 66.U01

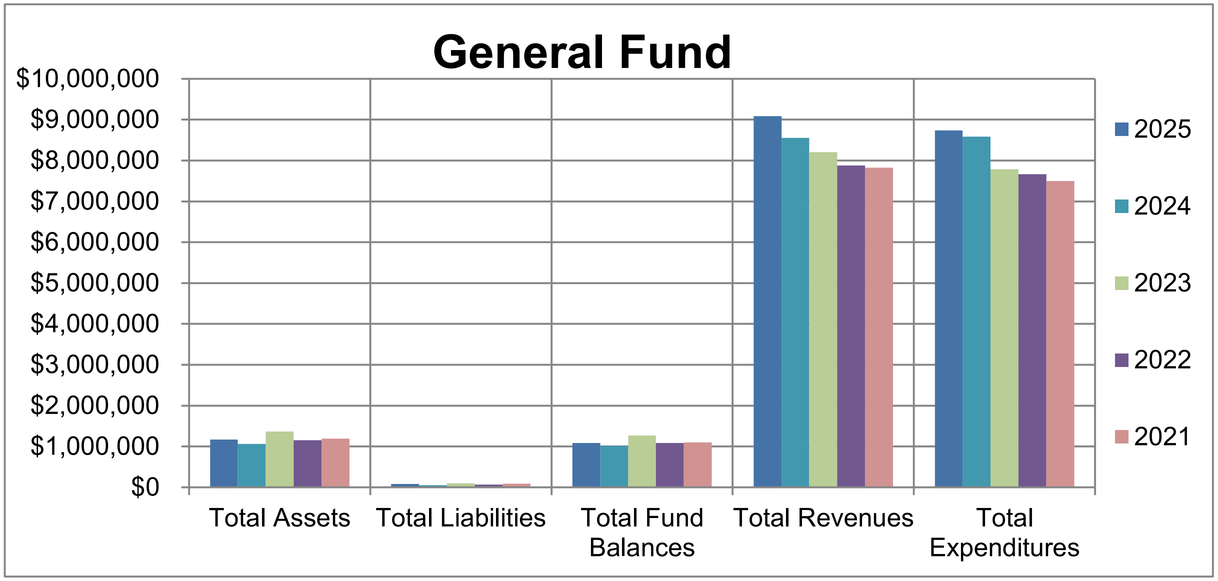
Condition: All required documentation of the scrappage of the three school buses from the 2022 Clean School Bus Rebate Program (Program) could not be provided. Specifically, photographs of the destroyed engine and chassis rail for each scrapped bus were not retained, as required by the Program.

Current Status: No corrective action necessary. The Environmental Protection Agency determined that the Clean School Bus Rebate was not subject to audit. The EPA also determined that the pictures and the documentation provided was sufficient to meet the requirements of the program.

DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 5

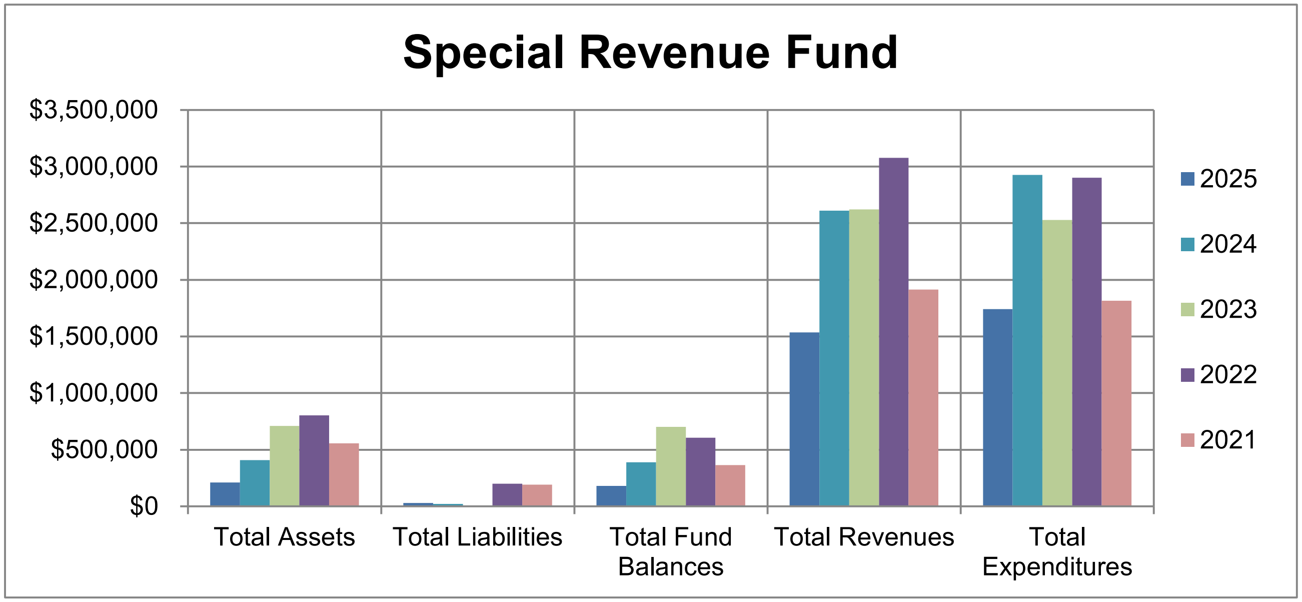
General Fund	Year Ended June 30, 2025	2024	2023	2022	2021
Total Assets	$ 1,169,691	$ 1,062,041	$ 1,369,106	$ 1,152,025	$ 1,191,736
Total Liabilities	81,640	48,256	98,459	70,036	90,047
Total Fund Balances	1,088,051	1,013,785	1,270,647	1,081,989	1,101,689
Total Revenues	9,089,319	8,554,774	8,206,381	7,878,029	7,821,445
Total Expenditures	8,739,825	8,582,040	7,790,589	7,663,180	7,500,112
Total Other Financing Sources (Uses)	(275,228)	(229,596)	(227,134)	(219,549)	(280,477)



DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 5

	Year Ended June 30,				
Special Revenue Fund	2025	2024	2023	2022	2021
Total Assets	$ 211,017	$ 408,188	$ 710,847	$ 804,485	$ 556,196
Total Liabilities	30,617	20,191	8,319	198,351	191,621
Total Fund Balances	180,400	387,997	702,528	606,134	364,575
Total Revenues	1,534,777	2,611,863	2,622,344	3,078,613	1,914,894
Total Expenditures	1,742,374	2,926,394	2,527,847	2,902,544	1,815,686
Total Other Financing Sources (Uses)			1,897	50,490	



DANVILLE SCHOOL DISTRICT NO. 36
YELL COUNTY, ARKANSAS
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(Unaudited)

Schedule 5

	Year Ended June 30,				
Other Aggregate Funds	2025	2024	2023	2022	2021
Total Assets	$ 1,116,562	$ 827,154	$ 876,404	$ 894,107	$ 912,697
Total Liabilities	6,480				
Total Fund Balances	1,110,082	827,154	876,404	894,107	912,697
Total Revenues	7,897				23,019
Total Expenditures	300,197	278,846	244,837	238,139	195,259
Total Other Financing Sources (Uses)	575,228	229,596	227,134	219,549	277,501