

**Bruno-Pyatt School District No. 1**

**Marion County, Arkansas**

**General Purpose Financial Statements  
and Other Reports**

**June 30, 2002**

LEGISLATIVE JOINT AUDITING COMMITTEE



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MARION COUNTY, ARKANSAS  
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Sen. Henry "Hank" Wilkins, IV  
Senate Co-Chair  
Rep. Tommy G. Roebuck  
House Co-Chair  
Sen. Randy Laverty  
Senate Co-Vice Chair  
Rep. David Evans  
House Co-Vice Chair

# Arkansas



Charles L. Robinson, CPA, CFE  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Bruno-Pyatt School District No. 1 and School Board Members  
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the Bruno-Pyatt School District No. 1 (the "District"), as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of district management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District did not maintain adequate fixed asset accounting records for equipment; accordingly, we were unable to verify the equipment balance as of the date of the financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the equipment balance, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in blue ink, appearing to read "Charles L. Robinson".

Charles L. Robinson, CPA, CFE  
Legislative Auditor

Little Rock, Arkansas  
May 8, 2003  
EDSD23902

Sen. Henry "Hank" Wilkins, IV  
Senate Co-Chair  
Rep. Tommy G. Roebuck  
House Co-Chair  
Sen. Randy Laverty  
Senate Co-Vice Chair  
Rep. David Evans  
House Co-Vice Chair

# Arkansas



Charles L. Robinson, CPA, CFE  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### COMBINED REPORT(S) ON COMPLIANCE, INTERNAL CONTROLS AND OTHER MATTERS

Bruno-Pyatt School District No. 1 and School Board Members  
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the Bruno-Pyatt School District No. 1 (the "District") as of and for the year ended June 30, 2002, and have issued our report thereon dated May 8, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are disclosed below in the Audit Findings section of this letter.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are disclosed below in the Audit Findings section of this letter.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the finding numbers 1 and 2 below to be material weaknesses. Other matters involving compliance and/or internal control were reported to School District management in a separate letter.

## AUDIT FINDINGS

As a management service, we would like to bring to your attention the following compliance and/or internal control matter(s) 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 achieve adequate internal controls. These matters were discussed previously with district officials during the course of our audit fieldwork and at the exit conference.

1. The District had inadequate control over cash transactions because of insufficient segregation of duties due to a limited number of personnel.
2. The District could not provide a list of additions and deletions and did not provide us with a total value of equipment at June 30, 2002; thus for the fifth consecutive audit year, the District's fixed asset accounting records were inadequate, and we were unable to verify the equipment balances as of the date of the District's financial statements.

This report is intended for the information and use of the Legislative Joint Auditing Committee, state executive and oversight management and district management and is not intended to be and should not be used by anyone other than these specific parties. However, this report is a matter of public record and its distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT

*William R. Baum*

William R. Baum, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
May 8, 2003

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS

Exhibit A

COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002

	Governmental Fund Types				Fiduciary	Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)
<b>ASSETS</b>								
Cash	\$ 697,230	\$ 68,809		\$ 167,792	\$ 19,258			\$ 953,089
Deposits with paying agents			\$ 45,243					45,243
Accounts receivable	24,414	6,076						30,490
Land						\$ 14,649		14,649
Buildings						1,109,237		1,109,237
Improvements other than buildings						19,488		19,488
Equipment						808,075		808,075
Amount to be provided for retirement of general long-term debt							\$ 604,900	604,900
<b>TOTAL ASSETS</b>	<u>\$ 721,644</u>	<u>\$ 74,885</u>	<u>\$ 45,243</u>	<u>\$ 167,792</u>	<u>\$ 19,258</u>	<u>\$ 1,951,449</u>	<u>\$ 604,900</u>	<u>\$ 3,585,171</u>
<b>LIABILITIES AND FUND EQUITY</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 11,853	\$ 380						\$ 12,233
Due student groups					\$ 17,686			17,686
Bonds payable							\$ 455,000	455,000
Certificates of indebtedness							95,000	95,000
Installment contracts							54,900	54,900
<b>Total Liabilities</b>	<u>11,853</u>	<u>380</u>			<u>17,686</u>		<u>604,900</u>	<u>634,819</u>
<b>Fund Equity:</b>								
Investment in general fixed assets						\$ 1,951,449		1,951,449
<b>Fund balances:</b>								
<b>Unreserved:</b>								
<b>Designated:</b>								
Trust funds					1,572			1,572
Undesignated	709,791	74,505	\$ 45,243	\$ 167,792				997,331
<b>Total Fund Equity</b>	<u>709,791</u>	<u>74,505</u>	<u>45,243</u>	<u>167,792</u>	<u>1,572</u>	<u>1,951,449</u>		<u>2,950,352</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 721,644</u>	<u>\$ 74,885</u>	<u>\$ 45,243</u>	<u>\$ 167,792</u>	<u>\$ 19,258</u>	<u>\$ 1,951,449</u>	<u>\$ 604,900</u>	<u>\$ 3,585,171</u>

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

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2002

Exhibit B

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES						
Property taxes	\$ 319,895					\$ 319,895
State assistance	1,461,019		\$ 17,668			1,478,687
Federal assistance	8,271	\$ 311,317				319,588
Activity revenues	35,498					35,498
Meal sales		29,870				29,870
Interest on investments	12,096	104		\$ 3,074		15,274
Other revenues	19,218	6,053			\$ 1,470	26,741
<b>TOTAL REVENUES</b>	<b>1,855,997</b>	<b>347,344</b>	<b>17,668</b>	<b>3,074</b>	<b>1,470</b>	<b>2,225,553</b>
EXPENDITURES						
Regular programs	696,031	74,152				770,183
Special education	128,548	3,330				131,878
Workforce education	103,586					103,586
Compensatory education		96,210				96,210
Other instructional programs	5,888					5,888
Support services	702,102	138,901		8,225		849,228
Non-programmed costs	79,237	30,204				109,441
Activity expenditures	21,232					21,232
Debt service:						
Principal retirement			35,000			35,000
Interest and fiscal charges	902		21,164			22,066
Scholarships awarded					1,100	1,100
<b>TOTAL EXPENDITURES</b>	<b>1,737,526</b>	<b>342,797</b>	<b>56,164</b>	<b>8,225</b>	<b>1,100</b>	<b>2,145,812</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>118,471</b>	<b>4,547</b>	<b>(38,496)</b>	<b>(5,151)</b>	<b>370</b>	<b>79,741</b>

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2002

Exhibit B

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
OTHER FINANCING SOURCES (USES)						
Transfers in		\$ 13,324	\$ 37,814	\$ 95,000		\$ 146,138
Transfers out	\$ (146,138)					(146,138)
Value of installment contracts	54,900					54,900
Proceeds from certificate of indebtedness	95,000					95,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>3,762</b>	<b>13,324</b>	<b>37,814</b>	<b>95,000</b>		<b>149,900</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>122,233</b>	<b>17,871</b>	<b>(682)</b>	<b>89,849</b>	<b>\$ 370</b>	<b>229,641</b>
<b>FUND BALANCES - JULY 1</b>	<b>587,558</b>	<b>56,634</b>	<b>45,925</b>	<b>77,943</b>	<b>1,202</b>	<b>769,262</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 709,791</b>	<b>\$ 74,505</b>	<b>\$ 45,243</b>	<b>\$ 167,792</b>	<b>\$ 1,572</b>	<b>\$ 998,903</b>

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



## BRUNO-PYATT SCHOOL DISTRICT NO. 1

Exhibit C

## MARION COUNTY, ARKANSAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 367,062	\$ 319,895	\$ (47,167)
State assistance	1,311,888	1,478,687	166,799
Federal assistance	202,918	319,588	116,670
Activity revenues		35,498	35,498
Meal sales		29,870	29,870
Interest on investments	2,500	15,274	12,774
Other revenues	30,355	25,271	(5,084)
<b>TOTAL REVENUES</b>	<b>1,914,723</b>	<b>2,224,083</b>	<b>309,360</b>
EXPENDITURES			
Regular programs	659,895	770,183	(110,288)
Special education	119,904	131,878	(11,974)
Workforce education	252,843	103,586	149,257
Compensatory education		96,210	(96,210)
Other instructional programs	2,638	5,888	(3,250)
Support services	686,977	849,228	(162,251)
Non-programmed costs	130,889	109,441	21,448
Activity expenditures		21,232	(21,232)
Debt service:			
Principal retirement	70,000	35,000	35,000
Interest and fiscal charges	33,437	22,066	11,371
<b>TOTAL EXPENDITURES</b>	<b>1,956,583</b>	<b>2,144,712</b>	<b>(188,129)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(41,860)</b>	<b>79,371</b>	<b>121,231</b>
OTHER FINANCING SOURCES (USES)			
Transfers in	103,437	146,138	42,701
Transfers out	(103,437)	(146,138)	(42,701)
Value of installment contracts		54,900	54,900
Proceeds from certificate of indebtedness		95,000	95,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>149,900</b>	<b>149,900</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(41,860)</b>	<b>229,271</b>	<b>271,131</b>
FUND BALANCES - JULY 1	707,408	768,060	60,652
FUND BALANCES - JUNE 30	\$ 665,548	\$ 997,331	\$ 331,783

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

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Board of Education, a five (5) 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 Bruno-Pyatt School District (District). The District's financial statements reflect all funds and accounts directly under the control of the District. There are no component units.

B. Basis of Presentation - Fund Accounting

The accounts are maintained in accordance with the principles of fund accounting. 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. Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The following types of funds and account groups are recognized in the accompanying financial statements.

Governmental Funds

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the entity in a trustee capacity or as an agent for individuals, other governmental units, and other funds. These include Expendable Trust Funds and Agency Funds.

Account Groups

General Fixed Assets - to account for all fixed assets of the entity.

General Long-term Debt - to account for all long-term debt of the entity.

C. Basis of Accounting

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred. Exceptions include: (1) unmatured principal and interest on general long-term debt which is recognized when due; and (2) prepaid expenses, which are not recorded.

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. General Fixed Assets

General fixed assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Such assets are reported at cost or estimated historical cost, if actual data is not available, in the general fixed assets account group. Donated fixed assets are reported at fair market value when received in the general fixed assets account group. Library holdings and textbooks are not capitalized. In accordance with generally accepted accounting principles applicable to governmental entities, no provision for depreciation is reported.

E. Property Taxes

Property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 10 of the same calendar year.

F. Inventories

Inventories are considered expenditures when purchased.

G. Liability for Compensated Absences

The accompanying financial statements do not include a liability for compensated absences as the amount is not material.

H. Fund Equity

Fund Balance -

1. Designated fund balance - represents that portion of fund equity which indicates tentative plans for financial resource utilization in a future period.
2. Undesignated fund balance - indicates that portion of fund equity not reserved or designated.

I. 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 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.

J. Encumbrances

Encumbrances are defined as commitments related to unperformed contracts for goods or services. The District does not record encumbrances in its accounting system and none are reported in the accompanying financial statements.

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 2: Budget Versus Actual

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Fund Types (Exhibit C) includes revenues and expenditures of the activity funds, which are not budgeted by the District.

NOTE 3: Public Fund Deposits

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 100,000	\$ 100,000
Uninsured, Collateralized	853,089	913,634
Total Deposits	\$ 953,089	\$ 1,013,634

NOTE 4: Changes in General Fixed Assets

	Balance July 1, 2001	Additions	Deletions	Reclassi- fications	Balance June 30, 2002
Land	\$ 14,649				\$ 14,649
Buildings	1,109,237				1,109,237
Improvements other than buildings	19,488				19,488
Equipment	731,526	\$ 83,549	\$ 7,000		808,075
Totals	\$ 1,874,900	\$ 83,549	\$ 7,000	\$ 0	\$ 1,951,449

NOTE 5: 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, 2002	Maturities To June 30, 2002
04/01/96	07/01/11	3.625-4.625%	\$ 604,800	\$ 455,000	\$ 149,800
02/20/02	11/01/12	4.95%	95,000	95,000	
04/14/02	10/01/06	4.90%	54,900	54,900	
Totals			\$ 754,700	\$ 604,900	\$ 149,800

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 6: Changes in Long-term Debt

	Balance July 1, 2001	Issued	Retired	Balance June 30, 2002
Bonds payable	\$ 490,000		\$ 35,000	\$ 455,000
Certificates of indebtedness		\$ 95,000		95,000
Installment contracts		54,900		54,900
<b>Totals</b>	<b>\$ 490,000</b>	<b>\$ 149,900</b>	<b>\$ 35,000</b>	<b>\$ 604,900</b>

Total long-term debt principal and interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2003	\$ 55,528	\$ 25,268	\$ 80,796
2004	59,697	24,119	83,816
2005	60,197	21,479	81,676
2006	60,721	18,785	79,506
2007	66,257	15,848	82,105
To Maturity	302,500	36,437	338,937
<b>Totals</b>	<b>\$ 604,900</b>	<b>\$ 141,936</b>	<b>\$ 746,836</b>

NOTE 7: Retirement Plans

Arkansas Teacher Retirement System

**Plan Description.** The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution 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 or by calling 1-800-666-2877.

**Funding Policy.** ATRS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 12%. The District's contribution to ATRS for nonfederally funded employees for the years ended June 30, 2002, 2001 and 2000 were \$111,836, \$124,519 and \$110,172, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2002, 2001 and 2000 were \$6,816, \$2,582 and \$5,105, respectively, equal to the required contributions for each year.

BRUNO-PYATT SCHOOL DISTRICT NO. 1  
MARION COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 7: Retirement Plans (Continued)

Arkansas Public Employees Retirement System

Plan Description. The District contributes to the Arkansas Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan that covers certain nonteaching Arkansas public school employees hired before July 1, 1989. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 W. Capitol, Little Rock, Arkansas 72201 or by calling 1-800-682-7377.

Funding Policy. PERS has contributory and non-contributory plans. Contributory members are required by law to contribute 6% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current statutory employer rate is 4% of annual covered payroll. The District's contributions to PERS for the years ended June 30, 2002, 2001 and 2000 were \$971, \$929 and \$912, respectively, equal to the required contributions for each year.

NOTE 8: Expendable Trust

A general scholarship fund was established by the District for the purpose of awarding scholarships to college bound seniors. Private and business donations were accepted with proceeds being used exclusively for scholarships.