

Carthage School District No. 9

Dallas County, Arkansas

General Purpose Financial Statements and Other Reports June 30, 2000

LEGISLATIVE JOINT AUDITING COMMITTEE



CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2000

Independent Auditor's Report
Combined Report(s) on Compliance, Internal Controls and Other Matters

GENERAL PURPOSE FINANCIAL STATEMENTS

Exhibit

Combined Balance Sheet - Governmental and Fiduciary Fund Types and Account Groups	A
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Types	B
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Fund Types	C
Notes to Financial Statements	

SUPPORTING SCHEDULES

Schedule

Expenditures of Federal Awards	1
--------------------------------	---

Sen. Kevin A. Smith
Senate Co-Chair
Rep. Danny W. Ferguson
House Co-Chair
Sen. Henry "Hank" Wilkins, IV
Senate Co-Vice Chair
Rep. Tommy Roebuck
House Co-Vice Chair

Arkansas



Charles L. Robinson, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Carthage School District No. 9 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the Carthage School District No. 9 (the "District"), as of and for the year ended June 30, 2000, 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, 2000, 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 September 14, 2001 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
September 14, 2001
EDSD10100

Sen. Kevin A. Smith
Senate Co-Chair
Rep. Danny W. Ferguson
House Co-Chair
Sen. Henry "Hank" Wilkins, IV
Senate Co-Vice Chair
Rep. Tommy Roebuck
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

Carthage School District No. 9 and School Board Members
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the Carthage School District No. 9 (the "District") as of and for the year ended June 30, 2000, and have issued our report thereon dated September 14, 2001. 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 finding numbers 1 and 2 below to be material weaknesses. Other matters involving compliance and/or internal control matter(s) 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's equipment records were not adequately maintained. The subsidiary equipment records did not include audit year purchases and deletions.

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, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
September 14, 2001

CARTHAGE SCHOOL DISTRICT NO. 9

DALLAS COUNTY, ARKANSAS

Exhibit A

COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2000

	Governmental Fund Types			Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt	
ASSETS							
Cash	\$ 432,968	\$ 885	\$ 202,257	\$ 1,240			\$ 637,350
Accounts receivable		3,581					3,581
Land					\$ 11,978		11,978
Buildings					634,806		634,806
Improvements other than buildings					8,554		8,554
Equipment					239,152		239,152
Amount to be provided for retirement of long-term debt						\$ 455,196	455,196
TOTAL ASSETS	<u>\$ 432,968</u>	<u>\$ 4,466</u>	<u>\$ 202,257</u>	<u>\$ 1,240</u>	<u>\$ 894,490</u>	<u>\$ 455,196</u>	<u>\$ 1,990,617</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 4,616						\$ 4,616
Due student groups				\$ 1,240			1,240
Bonds payable						\$ 436,555	436,555
Capital leases						18,641	18,641
Total Liabilities	<u>4,616</u>			<u>1,240</u>		<u>455,196</u>	<u>461,052</u>
Fund Equity:							
Investment in general fixed assets					\$ 894,490		894,490
Fund balances:							
Unreserved:							
Undesignated	428,352	\$ 4,466	\$ 202,257				635,075
Total Fund Equity	<u>428,352</u>	<u>4,466</u>	<u>202,257</u>		<u>894,490</u>		<u>1,529,565</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 432,968</u>	<u>\$ 4,466</u>	<u>\$ 202,257</u>	<u>\$ 1,240</u>	<u>\$ 894,490</u>	<u>\$ 455,196</u>	<u>\$ 1,990,617</u>

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

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
REVENUES					
Current taxes	\$ 405,208				\$ 405,208
Delinquent taxes and land redemption	17,152				17,152
State assistance	602,710	\$ 660	\$ 491		603,861
Federal assistance		100,392			100,392
Activity revenues	12,692				12,692
Meal sales		8,959			8,959
Interest on investments	8,677			\$ 3,169	11,846
Other revenues	47,716	141		341	48,198
TOTAL REVENUES	1,094,155	110,152	491	3,510	1,208,308
EXPENDITURES					
Regular programs	366,961	2,541			369,502
Special education	35,333	4,129			39,462
Vocational education	36,606				36,606
Compensatory education		32,613			32,613
Other instructional programs	500				500
Support services	405,424	82,782		46,710	534,916
Non-program charges		23,624			23,624
Activity expenditures	17,416				17,416
Debt service:					
Principal retirement	1,828		5,000		6,828
Interest and fiscal charges	1,061		22,699		23,760
TOTAL EXPENDITURES	865,129	145,689	27,699	46,710	1,085,227
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	229,026	(35,537)	(27,208)	(43,200)	123,081

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
OTHER FINANCING SOURCES (USES)					
Transfers in			\$ 27,208	\$ 46,710	\$ 73,918
Transfers out	\$ (73,918)				(73,918)
 TOTAL OTHER FINANCING SOURCES (USES)	 (73,918)		 27,208	 46,710	 0
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 155,108	\$ (35,537)	0	3,510	123,081
 FUND BALANCES - JULY 1	 273,244	40,003		198,747	511,994
 FUND BALANCES - JUNE 30	 \$ 428,352	\$ 4,466	\$ 0	\$ 202,257	\$ 635,075

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

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

Exhibit C

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Current taxes	\$ 445,667	\$ 405,208	\$ (40,459)
Delinquent taxes and land redemption	60,000	17,152	(42,848)
State assistance	577,480	603,861	26,381
Federal assistance	57,186	100,392	43,206
Activity revenues		12,692	12,692
Meal sales		8,959	8,959
Interest on investments	2,400	11,846	9,446
Other revenues	17,500	48,198	30,698
	1,160,233	1,208,308	48,075
EXPENDITURES			
Regular programs	346,586	369,502	(22,916)
Special education	49,200	39,462	9,738
Vocational education	41,826	36,606	5,220
Compensatory education		32,613	(32,613)
Other instructional programs		500	(500)
Support services	193,085	534,916	(341,831)
Non-program charges		23,624	(23,624)
Activity expenditures		17,416	(17,416)
Debt service:			
Principal retirement	15,000	6,828	8,172
Interest and fiscal charges	19,250	23,760	(4,510)
	664,947	1,085,227	(420,280)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	495,286	123,081	(372,205)
OTHER FINANCING SOURCES (USES)			
Transfers in		73,918	73,918
Transfers out		(73,918)	(73,918)
		0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	495,286	123,081	(372,205)
FUND BALANCES - JULY 1	197,695	511,994	314,299
FUND BALANCES - JUNE 30	\$ 692,981	\$ 635,075	\$ (57,906)

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

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

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 Carthage School District (District). The District is a member of the Dawson Education Service Cooperative located in Arkadelphia, Arkansas.

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 accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. 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.

Account Groups

General Fixed Assets - This group of accounts is established to account for all fixed assets of the entity.

General Long-term Debt - This group of accounts is established to account for all long-term debt of the entity.

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred. Exceptions to the general rule include: (1) principal and interest on general long-term debt which is recognized when due; and (2) prepaid expenses, which are not recorded. Federal grants and entitlements are recognized as revenues when received, with the unearned, unexpended balance recognized as a fund balance for financial statement presentation purposes, except for federal grants that are recognized as revenues when earned.

D. General Fixed Assets

General fixed assets purchased are recorded as expenditures at the time of purchase. Such assets are capitalized at cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs and installation costs) in the general fixed assets group of accounts. Gifts or contributions are generally recorded in the general fixed assets group of accounts at fair market value at the time received. Library holdings and textbooks are not capitalized by the District. No depreciation has been provided on general fixed assets.

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. No accrual or recognition of taxes receivable is reflected in the financial statements as the amount measurable and available is considered to be immaterial.

F. Inventories

Inventory items are considered expenditures when purchased. This is an acceptable alternative due to the insignificant amounts involved.

G. Liability for Compensated Absences

Generally accepted accounting principles require an employer to accrue a liability for employees' rights to receive compensation for future absences if certain conditions are met. The accompanying financial statements do not provide for this liability as the small number of district personnel eligible for compensated absences indicates an immaterial obligation on the part of the District.

H. Fund Equity

Fund Balance - Undesignated Fund Balance indicates that portion of fund equity not reserved or designated.

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Budget and Budgetary Accounting

The District is required by the State Department of Education to prepare a budget. The budget is prepared on the modified accrual basis of accounting, which is in accordance with generally accepted accounting principles. The District also is required to budget certain portions of local taxes, which are collected in the succeeding fiscal year. This procedure, while not in accordance with generally accepted accounting principles, does not have a material effect on the financial statements taken as a whole.

The following policies and procedures are established by the State Department of Education for preparing and utilizing the annual budget:

1. Prior to September 15, the District is required to submit a proposed budget for the upcoming year.
2. Upon approval by the State Department of Education, the District adopts the budget and integrates it into their accounting and reporting system as a management control device.
3. The District is legally required to have a budget although it is not intended to be legally restrictive.
4. Budget amendments are not required to be submitted for approval to the Department of Education.
5. The District is not required to budget the revenues and expenditures of the food services funds and the activity funds. Certain transfers among funds are also not budgeted.

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 recorded in the accompanying financial statements.

NOTE 2: Memorandum Totals

Combined financial statements of fund types and account groups have a "total" column that aggregates the columnar statements by fund type and account group. The total column is captioned "Memorandum Only" because the total column on a combined financial statement is not comparable to a consolidation.

NOTE 3: Budget Versus Actual - Exhibit C

Exhibit C includes revenues and expenditures of the activity and food services funds and certain transfers among funds. However, the District does not budget these activities.

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4: 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/FSLIC)	\$ 200,000	\$ 200,000
Uninsured, Collateralized	437,350	513,146
Total Deposits	\$ 637,350	\$ 713,146

NOTE 5: Changes in General Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance July 1, 1999	Additions	Balance June 30, 2000
Land	\$ 11,978		\$ 11,978
Buildings	609,389	\$ 25,417	634,806
Improvements other than buildings	8,554		8,554
Equipment	216,216	22,936	239,152
Totals	\$ 846,137	\$ 48,353	\$ 894,490

NOTE 6: Long-term Debt Issued and Outstanding

Long-term liabilities are payable out of future income of the District. In order to liquidate the principal and interest on the bonded debt, the District has pledged 9 mills of the total 42 mill tax levy of the District. 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, 2000	Maturities To June 30, 2000
11/17/98	02/01/19	3.750 to 4.500%	\$ 441,555	\$ 436,555	\$ 5,000
05/28/98	05/28/08		22,204	18,641	3,563
Totals			\$ 463,759	\$ 455,196	\$ 8,563

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 7: Changes in Long-term Debt

The changes in long-term debt are as follows:

	Balance July 1, 1999	Retired	Balance June 30, 2000
Bonds payable	\$ 441,555	\$ 5,000	\$ 436,555
Capital leases	20,469	1,828	18,641
Totals	<u>\$ 462,024</u>	<u>\$ 6,828</u>	<u>\$ 455,196</u>

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

Year Ended June 30,	Principal	Interest	Total
2001	\$ 11,926	\$ 19,817	\$ 31,743
2002	12,030	19,334	31,364
2003	12,139	18,840	30,979
2004	12,254	18,335	30,589
2005	14,430	17,819	32,249
To Maturity	<u>392,417</u>	<u>145,317</u>	<u>537,734</u>
Totals	<u>\$ 455,196</u>	<u>\$ 239,462</u>	<u>\$ 694,658</u>

NOTE 8: Capital Leases

The District has executed the following capital leases:

Class of Property	Asset Balance June 30, 2000
School Bus	<u>\$ 22,204</u>
	<u>June 30, 2000</u>
Total Minimum Lease Payments	\$ 23,112
Less: Amount Representing Interest	<u>4,471</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 18,641</u>

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 9: 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 code to contribute 6% of their salary. Each participating employer is required by code to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 12%. Effective July 1, 1996, the District paid the employer contribution rate for any eligible employee in accordance with rules and regulations established by the Teacher Retirement Board of Directors. The District's contribution to ATRS for nonfederally funded employees for the years ended June 30, 2000, 1999 and 1998 were \$59,765, \$64,951 and \$63,848, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2000, 1999, and 1998 were \$2,553, \$2,351 and \$4,160, respectively, equal to the required contributions for each year.

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 code to contribute 6% of their salary. Each participating employer is required by code 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, 2000, 1999 and 1998 were \$709, \$705 and \$651, respectively, equal to the required contributions for each year.

CARTHAGE SCHOOL DISTRICT NO. 9
DALLAS COUNTY, ARKANSAS
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

Schedule 1

Federal Grantor/Pass Through Grantor/Program Cluster Title	Federal CFDA Number	Federal Expenditures
CHILD NUTRITION CLUSTER		
<u>U. S. Department of Agriculture</u>		
Passed Through State Department of Education:		
School Breakfast Program	10.553	\$ 13,310
National School Lunch Program	10.555	25,623
Total State Department of Education		<u>38,933</u>
Passed Through State Department of Human Services:		
Summer Food Service Program for Children	10.559	2,337
National School Lunch Program Note 2	10.555	2,921
Total State Department of Human Services		<u>5,258</u>
 TOTAL CHILD NUTRITION CLUSTER		 <u>44,191</u>
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Title I Grants - LEA	84.010	54,260
Special Education - Grant to States	84.027	31,184
Class Size Reduction	84.340	5,080
Innovative Education Program Strategies	84.298	1,541
Total U. S. Department of Education		<u>92,065</u>
 <u>U. S. Department of Health and Human Services</u>		
Passed Through State Department of Human Services:		
Comprehensive School Health	93.283	1,000
 TOTAL OTHER PROGRAMS		 <u>93,065</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS		 <u>\$ 137,256</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Carthage School District No. 9 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

Note 2: Nonmonetary assistance is reported at the approximate value as provided by the Arkansas Department of Human Services.