

Sharp County, Arkansas
Evening Shade School District No. 24
General Purpose Financial Statements
and Other Reports
June 30, 2000

LEGISLATIVE JOINT AUDITING COMMITTEE



SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
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
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Arkansas

JONATHAN S. "JON" FITCH, SENATOR
CHAIRMAN

DANNY W. FERGUSON, REPRESENTATIVE
VICE CHAIRMAN

CHARLES L. ROBINSON, CPA, CFE
LEGISLATIVE AUDITOR

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Evening Shade School District No. 24 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the Evening Shade School District No. 24 (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 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. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 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 *Governmental 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

Charles L. Robinson, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
January 31, 2001
EDSD35600



Arkansas

JONATHAN S. "JON" FITCH, SENATOR
CHAIRMAN
DANNY W. FERGUSON, REPRESENTATIVE
VICE CHAIRMAN
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

Evening Shade School District No. 24 and School Board Members
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the Evening Shade School District No. 24 (the "District") as of and for the year ended June 30, 2000, and have issued our report thereon dated January 31, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 below to be a material weakness. 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.

The District had inadequate control over cash transactions because of insufficient segregation of duties due to a limited number of personnel.

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
January 31, 2001

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO. 24
 COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

Exhibit A

	Governmental Fund Types			Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)
ASSETS							
Cash	\$ 243,626	\$ 102,002		\$ 11,431			\$ 357,059
Investments			\$ 361,794				361,794
Accounts receivable	5,760	4,036					9,796
Accrued interest			480				480
Due from other funds		2,991					2,991
Land					\$ 32,800		32,800
Buildings					1,240,003		1,240,003
Improvements other than buildings					6,684		6,684
Equipment					328,435		328,435
Amount to be provided for retirement of general long-term debt						\$ 860,320	860,320
TOTAL ASSETS	\$ 249,386	\$ 109,029	\$ 362,274	\$ 11,431	\$ 1,607,922	\$ 860,320	\$ 3,200,362
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 7,147	\$ 464		\$ 1,423			\$ 9,034
Due student groups				10,008			10,008
Due to other funds	2,991						2,991
Bonds payable						\$ 777,800	777,800
Certificates of indebtedness						82,520	82,520
Total Liabilities	10,138	464		11,431		860,320	882,353

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO. 24
 COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

Exhibit A

	Governmental Fund Types			Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)
LIABILITIES AND FUND EQUITY (Continued)							
Fund Equity:							
Investment in general fixed assets					\$ 1,607,922		\$ 1,607,922
Fund balances:							
Unreserved:							
Undesignated	\$ 239,248	\$ 108,565	\$ 362,274				710,087
Total Fund Equity	<u>239,248</u>	<u>108,565</u>	<u>362,274</u>		<u>1,607,922</u>		<u>2,318,009</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 249,386</u>	<u>\$ 109,029</u>	<u>\$ 362,274</u>	<u>\$ 11,431</u>	<u>\$ 1,607,922</u>	<u>\$ 860,320</u>	<u>\$ 3,200,362</u>

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

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO. 24
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Current taxes	\$ 197,515				\$ 197,515
Delinquent taxes and land redemption	14,787				14,787
State assistance	1,297,481	\$ 1,177	\$ 28,495		1,327,153
Federal assistance		222,864			222,864
Activity revenues	43,962				43,962
Meal sales		31,024			31,024
Interest on investments	9,314			\$ 12,274	21,588
Other revenues	17,951	3,873			21,824
TOTAL REVENUES	1,581,010	258,938	28,495	12,274	1,880,717
EXPENDITURES					
Regular programs	630,603	5,833			636,436
Special education	90,290	23,598			113,888
Vocational education	108,465	2,500			110,965
Compensatory education		45,061			45,061
Other instructional programs	21,037				21,037
Support services	612,542	119,761			732,303
Non-programmed charges	4,301	430			4,731
Activity expenditures	42,291				42,291
Debt service:					
Principal retirement	38,215		20,000		58,215
Interest and fiscal charges	4,874		39,577		44,451
TOTAL EXPENDITURES	1,552,618	197,183	59,577		1,809,378
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	28,392	61,755	(31,082)	12,274	71,339

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO. 24
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
OTHER FINANCING SOURCES (USES)				
Transfers in		\$ 20,000	\$ 17,766	\$ 37,766
Transfers out	\$ (37,620)			(37,766)
Proceeds of certificates of indebtedness	47,000			47,000
Proceeds from sale of bonds			408,785	797,800
Net bond issuance costs				(38,869)
Paid to escrow agent			(408,785)	(408,785)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,380</u>	<u>20,000</u>	<u>17,766</u>	<u>397,146</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	37,772	81,755	(13,316)	468,485
FUND BALANCES - JULY 1	<u>201,476</u>	<u>26,810</u>	<u>13,316</u>	<u>241,602</u>
FUND BALANCES - JUNE 30	<u>\$ 239,248</u>	<u>\$ 108,565</u>	<u>\$ 0</u>	<u>\$ 710,087</u>

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

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO. 24
 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	\$ 163,688	\$ 197,515	\$ 33,827
Delinquent taxes and land redemption	55,547	14,787	(40,760)
State assistance	1,213,242	1,327,153	113,911
Federal assistance	78,293	222,864	144,571
Activity revenues		43,962	43,962
Meal sales		31,024	31,024
Interest on investments	8,600	21,588	12,988
Other revenues	12,800	21,824	9,024
	1,532,170	1,880,717	348,547
TOTAL REVENUES			
EXPENDITURES			
Regular programs	641,323	636,436	4,887
Special education	123,540	113,888	9,652
Vocational education	129,946	110,965	18,981
Compensatory education	47,187	45,061	2,126
Other instructional programs	6,758	21,037	(14,279)
Support services	534,753	732,303	(197,550)
Non-programmed charges	7,200	4,731	2,469
Activity expenditures		42,291	(42,291)
Capital outlay	20,000		20,000
Debt service:			
Principal retirement	68,215	58,215	10,000
Interest and fiscal charges	30,859	44,451	(13,592)
	1,609,781	1,809,378	(199,597)
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(77,611)	71,339	148,950

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO. 24
 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)
OTHER FINANCING SOURCES (USES)			
Transfers in		\$ 37,766	\$ 37,766
Transfers out		(37,766)	(37,766)
Proceeds of certificates of indebtedness	\$ 20,000	47,000	27,000
Proceeds from sale of bonds		797,800	797,800
Net bond issuance costs		(38,869)	(38,869)
Paid to escrow agent		(408,785)	(408,785)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	397,146	377,146
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(57,611)	468,485	526,096
FUND BALANCES - JULY 1	233,428	241,602	8,174
FUND BALANCES - JUNE 30	\$ 175,817	\$ 710,087	\$ 534,270

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

SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
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 Evening Shade School District (District). The District is a member of the Northcentral Arkansas Education Service Center located in Melbourne, 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.

SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
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 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. Investments

Investments consist of certificates of deposits classified as nonparticipating contracts and are reported at cost.

G. Inventories

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

H. Interfund Receivables and Payables

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

I. 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.

SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Fund Equity

Fund Balance -

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

K. 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.

L. 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.

NOTE3: 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.

SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE4: 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	257,059	349,465
Total Deposits	\$ 357,059	\$ 449,465

NOTE 5: Public Fund Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

Type of Investment	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of deposit	\$ 361,794	\$ 0	\$ 0	\$ 361,794	\$ 361,794

NOTE 6: Changes in General Fixed Assets

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

	Balance July 1, 1999	Additions	Deletions	Reclassi- fications	Balance June 30, 2000
Land	\$ 32,800				\$ 32,800
Buildings	1,203,346	\$ 36,657			1,240,003
Improvements other than buildings	6,684				6,684
Equipment	311,874	31,859	\$ 15,298		328,435
Totals	\$ 1,554,704	\$ 68,516	\$ 15,298	\$ 0	\$ 1,607,922

SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 7: 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 19.3 mills of the total 29.7 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
11/1/99	6/1/26	5.1-6%	\$ 797,800	\$ 777,800	\$ 20,000
4/18/95	11/1/00	7.50%	18,500	3,000	15,500
6/14/96	5/1/02	7.00%	38,500	12,840	25,660
10/17/97	5/1/02	6.75%	15,100	6,040	9,060
10/29/98	5/1/03	6.25%	26,900	16,140	10,760
10/18/99	5/1/07	6.00%	20,000	17,500	2,500
6/19/00	11/1/04	6.25%	27,000	27,000	
Totals			<u>\$ 943,800</u>	<u>\$ 860,320</u>	<u>\$ 83,480</u>

NOTE 8: Changes in Long-term Debt

The changes in long-term debt are as follows:

	Balance July 1, 1999	Issued	Retired	Balance June 30, 2000
Bonds payable	\$ 395,000	\$ 797,800	\$ 415,000	\$ 777,800
Certificates of indebtedness	<u>73,735</u>	<u>47,000</u>	<u>38,215</u>	<u>82,520</u>
Totals	<u>\$ 468,735</u>	<u>\$ 844,800</u>	<u>\$ 453,215</u> *	<u>\$ 860,320</u>

*Includes \$395,000 early retirement of debt See Note 10.

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

Year Ended June 30,	Principal	Interest	Total
2001	\$ 40,715	\$ 48,922	\$ 89,637
2002	37,725	46,794	84,519
2003	28,280	44,552	72,832
2004	25,700	42,965	68,665
2005	27,900	41,568	69,468
To Maturity	<u>700,000</u>	<u>528,097</u>	<u>1,228,097</u>
Totals	<u>\$ 860,320</u>	<u>\$ 752,898</u>	<u>\$ 1,613,218</u>

SHARP COUNTY, ARKANSAS
EVENING SHADE SCHOOL DISTRICT NO. 24
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 \$94,324, \$91,787 and \$90,194, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2000, 1999, and 1998 were \$4,165, \$4,464 and \$4,379, 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 \$1,853, \$1,835 and \$1,770, respectively, equal to the required contributions for each year.

NOTE 10: Refunding and Construction Bond Issue

On November 1, 1999, the District issued refunding and construction bonds of \$797,800 with interest rates from 5.1 to 6.0 percent. A portion of the bond proceeds was utilized to advance refund \$395,000 of outstanding bonds and to pay interest and fees of \$13,785. The net proceeds of \$408,785 were remitted to an escrow agent to provide for all future debt service payments on the refunded bonds. These bonds were called on February 1, 2000.

The remaining bond proceeds of \$350,146 (after payment of \$38,869 net bond issuance costs) will be utilized for construction.

SHARP COUNTY, ARKANSAS
 EVENING SHADE SCHOOL DISTRICT NO.24
 EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2000

Schedule 1

Federal Grantor/Pass Through Grantor/Program or 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	\$ 7,764
National School Lunch Program	10.555	41,267
Total State Department of Education		49,031
Passed Through State Department of Human Services:		
National School Lunch Program (Note 2)	10.555	6,355
TOTAL CHILD NUTRITION CLUSTER		55,386
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Title I Grants - LEA	84.010	45,061
Special Education - Grants to States	84.027	26,711
Class Size Reduction	84.340	4,553
Innovative Education Program Strategies	84.298	1,670
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	5,833
Total U. S. Department of Education		83,828
 <u>U. S. Department of Labor</u>		
Passed Through Ozarka College:		
Employment Services and Job Training Pilots - Demonstrations and Research	17.249	2,500
TOTAL OTHER PROGRAMS		86,328
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 141,714

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 Evening Shade School District No. 24 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.