

Evening Shade School District No. 24

Sharp County, Arkansas

General Purpose Financial Statements and Other Reports June 30, 2001

LEGISLATIVE JOINT AUDITING COMMITTEE



EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2001

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

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, 2001, 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, 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 March 6, 2002 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
March 6, 2002
EDSD35601

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

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, 2001, and have issued our report thereon dated March 6, 2002. 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.

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
March 6, 2002

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

Exhibit A

	Governmental Fund Types			Fiduciary	Account Groups		Totals
	General	Special Revenue	Debt Service	Trust and Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)
ASSETS							
Cash	\$ 181,932	\$ 669	\$ 7,343	\$ 12,116			\$ 202,060
Investments				\$ 383,424			383,424
Accounts receivable	7,414						7,414
Due from other funds	57,954	4,200					62,154
Accrued interest				410			410
Land					\$ 35,300		35,300
Buildings					1,252,896		1,252,896
Improvements other than buildings					6,684		6,684
Equipment					431,514		431,514
Construction in progress					192,034		192,034
Amount available in debt service funds						\$ 7,343	7,343
Amount to be provided for retirement of general long-term debt						859,912	859,912
TOTAL ASSETS	<u>\$ 247,300</u>	<u>\$ 4,869</u>	<u>\$ 7,343</u>	<u>\$ 383,834</u>	<u>\$ 1,918,428</u>	<u>\$ 867,255</u>	<u>\$ 3,441,145</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 9,073	\$ 222		\$ 92,288	\$ 1,303		\$ 102,886
Due student groups					10,813		10,813
Due to other funds	4,200			57,954			62,154
Bonds payable						\$ 762,800	762,800
Certificates of indebtedness						104,455	104,455
Total Liabilities	<u>13,273</u>	<u>222</u>		<u>150,242</u>	<u>12,116</u>	<u>867,255</u>	<u>1,043,108</u>

EVENING SHADE SCHOOL DISTRICT NO. 24
 SHARP COUNTY, ARKANSAS
 COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

Exhibit A

	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)
LIABILITIES AND FUND EQUITY (Continued)								
Fund Equity:								
Investment in general fixed assets						\$ 1,918,428		\$ 1,918,428
Fund balances:								
Unreserved:								
Designated:								
Debt service			\$ 7,343					7,343
Undesignated	\$ 234,027	\$ 4,647		\$ 233,592				472,266
Total Fund Equity	<u>234,027</u>	<u>4,647</u>	<u>7,343</u>	<u>233,592</u>		<u>1,918,428</u>		<u>2,398,037</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 247,300</u>	<u>\$ 4,869</u>	<u>\$ 7,343</u>	<u>\$ 383,834</u>	<u>\$ 12,116</u>	<u>\$ 1,918,428</u>	<u>\$ 867,255</u>	<u>\$ 3,441,145</u>

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

EVENING SHADE SCHOOL DISTRICT NO. 24
 SHARP COUNTY, ARKANSAS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

Exhibit B

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
REVENUES					
Property taxes	\$ 213,111				\$ 213,111
State assistance	1,359,632	\$ 1,206	\$ 29,474		1,390,312
Federal assistance		148,772			148,772
Activity revenues	29,479				29,479
Meal sales		31,937			31,937
Interest on investments	9,949			\$ 21,560	31,509
Other revenues	23,890	1,588			25,478
TOTAL REVENUES	1,636,061	183,503	29,474	21,560	1,870,598
EXPENDITURES					
Regular programs	659,366	81,491			740,857
Special education	87,476	26,486			113,962
Workforce education	133,732				133,732
Compensatory education		66,579			66,579
Other instructional programs	28,681				28,681
Support services	629,429	125,331			754,760
Non-programmed costs	10,787	1,487			12,274
Activity expenditures	30,877				30,877
Capital outlay				176,705	176,705
Debt service:					
Principal retirement	25,715		15,000		40,715
Interest and fiscal charges	5,025		44,559		49,584
TOTAL EXPENDITURES	1,611,088	301,374	59,559	176,705	2,148,726
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,973	(117,871)	(30,085)	(155,145)	(278,128)

EVENING SHADE SCHOOL DISTRICT NO. 24
 SHARP COUNTY, ARKANSAS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

Exhibit B

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
OTHER FINANCING SOURCES (USES)					
Transfers in		\$ 13,953	\$ 37,428	\$ 1,463	\$ 52,844
Transfers out	\$ (52,844)				(52,844)
Proceeds of certificates of indebtedness	22,650			25,000	47,650
TOTAL OTHER FINANCING SOURCES (USES)	(30,194)	13,953	37,428	26,463	47,650
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5,221)	(103,918)	7,343	(128,682)	(230,478)
FUND BALANCES - JULY 1	239,248	108,565		362,274	710,087
FUND BALANCES - JUNE 30	<u>\$ 234,027</u>	<u>\$ 4,647</u>	<u>\$ 7,343</u>	<u>\$ 233,592</u>	<u>\$ 479,609</u>

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

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS

Exhibit C

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 214,332	\$ 213,111	\$ (1,221)
State assistance	1,285,761	1,390,312	104,551
Federal assistance	126,139	148,772	22,633
Activity revenues		29,479	29,479
Meal sales	31,900	31,937	37
Interest on investments	23,000	31,509	8,509
Other revenues	15,000	25,478	10,478
	<u>1,696,132</u>	<u>1,870,598</u>	<u>174,466</u>
EXPENDITURES			
Regular programs	750,363	740,857	9,506
Special education	130,830	113,962	16,868
Workforce education	119,168	133,732	(14,564)
Compensatory education	55,952	66,579	(10,627)
Other instructional programs	29,551	28,681	870
Support services	666,985	754,760	(87,775)
Non-programmed costs	11,900	12,274	(374)
Activity expenditures		30,877	(30,877)
Capital outlay		176,705	(176,705)
Debt service:			
Principal retirement	69,865	40,715	29,150
Interest and fiscal charges	20,713	49,584	(28,871)
	<u>1,855,327</u>	<u>2,148,726</u>	<u>(293,399)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(159,195)</u>	<u>(278,128)</u>	<u>(118,933)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	930,590	52,844	(877,746)
Transfers out	(930,590)	(52,844)	877,746
Proceeds of certificates of indebtedness		47,650	47,650
	<u>0</u>	<u>47,650</u>	<u>47,650</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(159,195)</u>	<u>(230,478)</u>	<u>(71,283)</u>
FUND BALANCES - JULY 1	<u>681,169</u>	<u>710,087</u>	<u>28,918</u>
FUND BALANCES - JUNE 30	<u>\$ 521,974</u>	<u>\$ 479,609</u>	<u>\$ (42,365)</u>

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

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

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'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.

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 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.

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

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. Interest costs incurred during the period of construction are not capitalized.

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. Investments

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

G. Inventories

Inventories are considered expenditures when purchased.

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

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

J. 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.

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 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.

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 reported in the accompanying financial statements.

NOTE 2: Commitments

The District was contractually obligated for the following at June 30, 2001:

Construction Contract

Project Name	Estimated Completion Date	Contract Balance
Middle School	November 30, 2001	\$ 229,633

NOTE 3: 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. Additionally, the District budgets intra-fund transfers. Significant variances may result in the comparison of transfers because only interfund transfers are reported.

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)	\$ 100,000	\$ 100,000
Uninsured, Collateralized	102,060	161,873
Total Deposits	\$ 202,060	\$ 261,873

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.

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5: Public Fund Investments (Continued)

Type of Investment	Category			Carrying Amount	Market Value
	1	2	3		
Certificates of deposit	<u>\$ 383,424</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 383,424</u>	<u>\$ 383,424</u>

NOTE 6: Changes in General Fixed Assets

	Balance July 1, 2000	Additions	Deletions	Reclassi- fications	Balance June 30, 2001
Land	\$ 32,800	\$ 2,500			\$ 35,300
Buildings	1,240,003	12,893			1,252,896
Improvements other than buildings	6,684				6,684
Equipment	328,435	115,443	\$ 12,364		431,514
Construction in progress		192,034			192,034
Totals	<u>\$ 1,607,922</u>	<u>\$ 322,870</u>	<u>\$ 12,364</u>	<u>\$ 0</u>	<u>\$ 1,918,428</u>

NOTE 7: 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, 2001	Maturities To June 30, 2001
11/1/99	6/1/26	5.1-6%	\$ 797,800	\$ 762,800	\$ 35,000
6/14/96	5/1/02	7%	38,500	6,425	32,075
10/17/97	5/1/02	6.75%	15,100	3,020	12,080
10/29/98	5/1/03	6.25%	26,900	10,760	16,140
10/18/99	5/1/07	6%	20,000	15,000	5,000
6/19/00	11/1/04	6.25%	27,000	21,600	5,400
2/20/01	11/1/05	5.85%	22,650	22,650	
6/25/01	11/1/08	5.85%	25,000	25,000	
Totals			<u>\$ 972,950</u>	<u>\$ 867,255</u>	<u>\$ 105,695</u>

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 8: Changes in Long-term Debt

	Balance July 1, 2000	Issued	Retired	Balance June 30, 2001
Bonds payable	\$ 777,800		\$ 15,000	\$ 762,800
Certificates of indebtedness	<u>82,520</u>	<u>\$ 47,650</u>	<u>25,715</u>	<u>104,455</u>
Totals	<u>\$ 860,320</u>	<u>\$ 47,650</u>	<u>\$ 40,715</u>	<u>\$ 867,255</u>

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

Year Ended June 30,	Principal	Interest	Total
2002	\$ 45,380	\$ 49,139	\$ 94,519
2003	35,935	46,669	82,604
2004	33,355	44,639	77,994
2005	35,555	42,790	78,345
2006	30,155	41,002	71,157
To Maturity	<u>686,875</u>	<u>488,695</u>	<u>1,175,570</u>
Totals	<u>\$ 867,255</u>	<u>\$ 712,934</u>	<u>\$ 1,580,189</u>

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 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, 2001, 2000 and 1999 were \$101,578, \$94,324 and \$91,787, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2001, 2000 and 1999 were \$6,245, \$4,165 and \$4,464, respectively, equal to the required contributions for each year.

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 9: 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, 2001, 2000 and 1999 were \$843, \$1,853 and \$1,835, respectively, equal to the required contributions for each year.

EVENING SHADE SCHOOL DISTRICT NO. 24
SHARP COUNTY, ARKANSAS
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

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	\$ 9,049
National School Lunch Program	10.555	45,459
Total State Department of Education		54,508
Passed Through State Department of Human Services:		
National School Lunch Program (Note 2)	10.555	4,150
TOTAL CHILD NUTRITION CLUSTER		58,658
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Title I Grants - Local Educational Agencies	84.010	66,579
Special Education - Grants to States	84.027	35,639
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	74,167
Innovative Education Program Strategies	84.298	1,882
Class Size Reduction	84.340	7,069
TOTAL OTHER PROGRAMS		185,336
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 243,994

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.