

Leslie School District No. 23

Searcy County, Arkansas

**Regulatory Basis Financial Statements
And Other Reports**

June 30, 2004



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SEARCY COUNTY, ARKANSAS
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Sen. Henry "Hank" Wilkins, IV
Senate Co-Chair
Rep. Tommy G. Roebuck
House Co-Chair
Sen. Randy Laverty
Senate Co-Vice Chair
Rep. Sandra Prater
House Co-Vice Chair

Arkansas



Charles L. Robinson, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

INDEPENDENT AUDITOR'S REPORT

Leslie School District No. 23 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Leslie School District No. 23 (the "District"), as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions 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 opinions.

As described more fully in Note 1, the District has prepared the financial statements using accounting practices prescribed or permitted by Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2004, or the changes in financial position, thereof for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and budgetary results for the year then ended, on the basis of accounting described in Note 1.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 8 to the financial statements, the District merged with the Marshall School District on July 1, 2004 forming the Searcy County School District.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2005 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 grant agreements. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's regulatory basis financial statements. The Schedule of Capital Assets (Schedule 1) is presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. The Schedule of Capital Assets (Schedule 1) has not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on it.

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
June 21, 2005
EDSD33804

Sen. Henry "Hank" Wilkins, IV
Senate Co-Chair
Rep. Tommy G. Roebuck
House Co-Chair
Sen. Randy Laverly
Senate Co-Vice Chair
Rep. Sandra Prater
House Co-Vice Chair

Arkansas



Charles L. Robinson, CPA, CFE
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Leslie School District No. 23 and School Board Members
Legislative Joint Auditing Committee

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Leslie School District No. 23 (the "District"), as of and for the year ended June 30, 2004, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated June 21, 2005. 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. We issued an adverse opinion because the District prepared the financial statements using accounting practices prescribed or permitted by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and budgetary results for the year then ended, on the basis of accounting described in Note 1.

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 opinions on the regulatory basis financial statements and not to provide an opinion 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 initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below in the Audit Findings section of this letter.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the regulatory basis 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's regulatory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

AUDIT FINDINGS

Reportable Condition

To ensure the proper safeguarding of assets, financial accounting duties should be distributed among appropriate employees. The District, because of limited financial resources, does not have adequate staff to segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the District's assets.

These reports are intended for the information and use of the Legislative Joint Auditing Committee, state executive and oversight management and district management and are 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
June 21, 2005

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2004

Exhibit A

	Major Governmental Funds		
	General	Special Revenue	Fiduciary Fund Types
ASSETS			
Cash	\$ 157,438	\$ 22,384	\$ 16,380
Investments	140,345		
Accounts receivable	7,481		
Property taxes receivable	28,658		
TOTAL ASSETS	\$ 333,922	\$ 22,384	\$ 16,380
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due student groups			\$ 14,462
Fund Balances:			
Reserved:			
Scholarships			1,918
Unreserved:			
Undesignated	\$ 333,922	\$ 22,384	
Total Fund Balances	333,922	22,384	1,918
TOTAL LIABILITIES AND FUND BALANCES	\$ 333,922	\$ 22,384	\$ 16,380

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

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2004

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
Property taxes	\$ 250,759		
Property tax relief trust distribution	80,961		
State assistance	1,244,717	\$ 1,119	
Federal assistance		285,787	
Activity revenues	24,311		
Meal sales		15,923	
Investment income	6,807		
Other revenues	14,014	25,662	
TOTAL REVENUES	1,621,569	328,491	
EXPENDITURES			
Regular programs	655,066	9,994	
Special education	53,197	28,159	
Workforce education	85,924		
Compensatory education		101,104	
Other instructional programs	39,313	3,915	
Student support services	58,151	31,390	
Instructional staff support services	43,140	22,597	
General administration support services	81,759		
School administration support services	86,644		
Business support services	35,869		
Operation and maintenance of plant services	123,607		
Student transportation services	130,978		
Other support services	2,746		
Food services operations		109,890	
Non-programmed costs	30,259	28,654	
Activity expenditures	39,289		
Capital outlay	45,034	3,061	
Debt service:			
Principal retirement	26,853		\$ 35,000
Interest and fiscal charges	9,834		8,710
TOTAL EXPENDITURES	1,547,663	338,764	43,710
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	73,906	(10,273)	(43,710)
OTHER FINANCING SOURCES (USES)			
Transfers in			43,710
Transfers out	(43,710)		
TOTAL OTHER FINANCING SOURCES (USES)	(43,710)		43,710
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	30,196	(10,273)	
FUND BALANCES - JULY 1	303,726	32,657	
FUND BALANCES - JUNE 30	<u>\$ 333,922</u>	<u>\$ 22,384</u>	<u>\$ 0</u>

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

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2004

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property taxes	\$ 279,000	\$ 250,759	\$ (28,241)			
Property tax relief trust distribution		80,961	80,961			
State assistance	1,137,241	1,244,717	107,476	\$ 1,200	\$ 1,119	\$ (81)
Federal assistance				236,904	285,787	48,883
Activity revenues		24,311	24,311			
Meal sales				22,211	15,923	(6,288)
Investment income	1,000	6,807	5,807			
Other revenues	2,150	14,014	11,864		25,662	25,662
TOTAL REVENUES	1,419,391	1,621,569	202,178	260,315	328,491	68,176
EXPENDITURES						
Regular programs	652,309	655,066	(2,757)	14,831	9,994	4,837
Special education	55,281	53,197	2,084	11,761	28,159	(16,398)
Workforce education	52,671	85,924	(33,253)			
Compensatory education				134,253	101,104	33,149
Other instructional programs	32,021	39,313	(7,292)	9,364	3,915	5,449
Student support services	60,657	58,151	2,506	10,221	31,390	(21,169)
Instructional staff support services	43,461	43,140	321	20,159	22,597	(2,438)
General administration support services	87,327	81,759	5,568			
School administration support services	85,902	86,644	(742)			
Business support services	37,164	35,869	1,295			
Operation and maintenance of plant services	142,311	123,607	18,704			
Student transportation services	98,768	130,978	(32,210)			
Other support services		2,746	(2,746)			
Food services operations				95,495	109,890	(14,395)
Non-programmed costs	31,000	30,259	741		28,654	(28,654)
Activity expenditures		39,289	(39,289)			
Capital outlay		45,034	(45,034)		3,061	(3,061)
Debt service:						
Principal retirement	18,000	26,853	(8,853)			
Interest and fiscal charges	7,820	9,834	(2,014)			
TOTAL EXPENDITURES	1,404,692	1,547,663	(142,971)	296,084	338,764	(42,680)

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS

Exhibit C

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2004

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 14,699	\$ 73,906	\$ 59,207	\$ (35,769)	\$ (10,273)	\$ 25,496
OTHER FINANCING SOURCES (USES)						
Transfers in	(43,885)		43,885			
Transfers out		(43,710)	(43,710)			
TOTAL OTHER FINANCING SOURCES (USES)	(43,885)	(43,710)	175			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(29,186)	30,196	59,382	(35,769)	(10,273)	25,496
FUND BALANCES - JULY 1	284,100	303,726	19,626	34,974	32,657	(2,317)
FUND BALANCES - JUNE 30	\$ 254,914	\$ 333,922	\$ 79,008	\$ (795)	\$ 22,384	\$ 23,179

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

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Board of Education, a seven (7) 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 Leslie School District (District). There are no component units.

B. Description of Funds

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Other governmental funds consist of the following:

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

Fiduciary Fund types include the following:

Agency Funds - Agency Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Private-purpose Trust Funds - Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA), which is an *Other Comprehensive Basis of Accounting* (OCBOA). This basis of accounting is prescribed by Arkansas Code Annotated §10-4-412(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to the financial statements.

D. Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA.

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at fair value when received. The District maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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. Property taxes that are due at the end of the fiscal year and collected within 60 days are accrued. Deferred property taxes are not recognized.

G. Fund Balance Designations

1. Reserved fund balance - represents that portion of the fund balance which is not appropriable for expenditure or is legally segregated for a specific future use.
2. Undesignated fund balance - indicates that portion of the fund balance not reserved or designated.

H. Budget and Budgetary Accounting

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

The District budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds - Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Regulatory Basis.

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

2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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	96,202	176,869
Total Deposits	\$ 196,202	\$ 276,869

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

3: INVESTMENTS

Investments consist of certificates of deposit classified as nonparticipating contracts and are reported at cost. 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		
Certificate of deposit	\$ 140,345	\$ 0	\$ 0	\$ 140,345	\$ 140,345

4: RECEIVABLES

The receivables of \$36,139 at June 30, 2004, are as follows:

Class of Receivable	General Fund
Taxes:	
Local	\$ 28,658
Property tax relief	7,481
Totals	<u>\$ 36,139</u>

5: COMMITMENTS

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, 2004	Maturities To June 30, 2004
09/01/92	02/01/07	4.50 - 5.10%	\$ 356,650	\$ 125,000	\$ 231,650
10/23/02	05/01/12	4.95%	25,000	20,000	5,000
10/23/02	05/01/12	4.95%	150,000	120,000	30,000
08/14/02	08/14/07	5.28%	49,867	33,088	16,779
Totals			<u>\$ 581,517</u>	<u>\$ 298,088</u>	<u>\$ 283,429</u>

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

5: COMMITMENTS (Continued)

Changes in Long-term Debt

	Balance July 1, 2003	Issued	Retired	Balance June 30, 2004
Bonds payable	\$ 160,000		\$ 35,000	\$ 125,000
Certificates of indebtedness	157,500		17,500	140,000
Capital leases	42,441		9,353	33,088
Totals	\$ 359,941	\$ 0	\$ 61,853	\$ 298,088

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

Year Ended June 30,	Principal	Interest	Total
2005	\$ 62,359	\$ 15,128	\$ 77,487
2006	67,892	11,856	79,748
2007	78,454	8,288	86,742
2008	19,383	4,356	23,739
2009	17,500	3,465	20,965
2010-2014	52,500	8,170	60,670
Totals	\$ 298,088	\$ 51,263	\$ 349,351

Capital Leases

The District has executed the following capital leases:

Class of Property	Asset Balance June 30, 2004
Equipment	\$ 61,561
	<u>June 30, 2004</u>
Total Minimum Lease Payments	\$ 36,004
Less: Amount Representing Interest	2,916
Total Present Value of Net Minimum Lease Payments	<u>\$ 33,088</u>

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

6: 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 13%. The District's contribution to ATRS for nonfederally funded employees for the years ended June 30, 2004, 2003 and 2002 were \$104,132, \$94,812 and \$88,627, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2004, 2003 and 2002 were \$12,840, \$8,762 and \$6,301, respectively, equal to the required contributions for each year.

7: CHANGES IN PRIVATE-PURPOSE TRUST FUNDS

ADDITIONS	
Activity revenues	\$ 1,893
FUND BALANCE - JULY 1	25
FUND BALANCE - JUNE 30	\$ 1,918

8: SUBSEQUENT EVENTS

Pursuant to Act 60 of the 2nd Extraordinary Session of the 84th General Assembly of the State of Arkansas, effective July 1, 2004, the Leslie School District annexed with the Marshall School District. The annexed school district shall be known as the Searcy County School District.

LESLIE SCHOOL DISTRICT NO. 23
SEARCY COUNTY, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

Schedule 1

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<i>Nondepreciable capital assets:</i>				
Land	\$ 97,546		\$ 27,546	\$ 70,000
<i>Depreciable capital assets:</i>				
Buildings	1,836,611		319,527	1,517,084
Improvements/infrastructure	192,968			192,968
Equipment	594,987	\$ 48,095	115,238	527,844
Total depreciable capital assets	<u>2,624,566</u>	<u>48,095</u>	<u>434,765</u>	<u>2,237,896</u>
Less accumulated depreciation for:				
Buildings	1,011,873	25,755	319,527	718,101
Improvements/infrastructure	33,188	9,648		42,836
Equipment	336,375	48,908	103,880	281,403
Total accumulated depreciation	<u>1,381,436</u>	<u>84,311</u>	<u>423,407</u>	<u>1,042,340</u>
Total depreciable capital assets, net	<u>1,243,130</u>	<u>(36,216)</u>	<u>11,358</u>	<u>1,195,556</u>
Capital assets, net	<u>\$ 1,340,676</u>	<u>\$ (36,216)</u>	<u>\$ 38,904</u>	<u>\$ 1,265,556</u>