

Saratoga School District No. 11
Hempstead County, Arkansas
General Purpose Financial Statements
and Other Reports
June 30, 2000

LEGISLATIVE JOINT AUDITING COMMITTEE



SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
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JUNE 30, 2000

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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

Saratoga School District No. 11 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the Saratoga School District No. 11 (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.

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, 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 May 30, 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
May 30, 2001
EDSD15400

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

Saratoga School District No. 11 and School Board Members
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the Saratoga School District No. 11 (the "District") as of and for the year ended June 30, 2000, and have issued our report thereon dated May 30, 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.

AUDIT FINDING

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
May 30, 2001

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

Exhibit A

	Governmental Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Trust and Agency	General Fixed Assets	General Long-Term Debt	
ASSETS						
Cash	\$ 148,869	\$ 54,031	\$ 8,150			\$ 211,050
Investments	413,537					413,537
Land				\$ 22,105		22,105
Buildings				1,278,353		1,278,353
Improvements other than buildings				16,323		16,323
Equipment				736,517		736,517
Amount to be provided for retirement of general long-term debt					\$ 300,000	300,000
TOTAL ASSETS	\$ 562,406	\$ 54,031	\$ 8,150	\$ 2,053,298	\$ 300,000	\$ 2,977,885
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable	\$ 1,110	\$ 579				\$ 1,689
Due student groups			\$ 4,517			4,517
Bonds payable					\$ 300,000	300,000
Total Liabilities	1,110	579	4,517		300,000	306,206
Fund Equity:						
Investment in general fixed assets				\$ 2,053,298		2,053,298
Fund balances:						
Reserved for scholarships			3,633			3,633
Unreserved:						
Undesignated	561,296	53,452				614,748
Total Fund Equity	561,296	53,452	3,633	2,053,298		2,671,679
TOTAL LIABILITIES AND FUND EQUITY	\$ 562,406	\$ 54,031	\$ 8,150	\$ 2,053,298	\$ 300,000	\$ 2,977,885

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

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD 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	Totals (Memorandum Only)
REVENUES				
Current taxes	\$ 305,226			\$ 305,226
Delinquent taxes and land redemption	55,177			55,177
State assistance	960,536	\$ 838	\$ 7,801	969,175
Federal assistance		241,693		241,693
Activity revenues	22,169			22,169
Meal sales		21,208		21,208
Interest on investments	29,672	700		30,372
Other revenues	6,235	316		6,551
	1,379,015	264,755	7,801	1,651,571
EXPENDITURES				
Regular programs	648,124	14,259		662,383
Special education	41,853	2,144		43,997
Vocational education	135,537			135,537
Compensatory education	29	60,781		60,810
Other instructional programs	36,722			36,722
Support services	502,310	158,663		660,973
Non-program charges	155	3,745		3,900
Activity expenditures	19,983			19,983
Debt service:				
Principal retirement			25,000	25,000
Interest and fiscal charges			15,582	15,582
	1,384,713	239,592	40,582	1,664,887
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,698)	25,163	(32,781)	(13,316)
OTHER FINANCING SOURCES (USES)				
Transfers in			32,781	32,781
Transfers out	(32,781)			(32,781)
	(32,781)		32,781	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(38,479)	25,163	0	(13,316)
FUND BALANCES - JULY 1	599,775	28,289		628,064
FUND BALANCES - JUNE 30	\$ 561,296	\$ 53,452	\$ 0	\$ 614,748

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

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD 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	\$ 307,235	\$ 305,226	\$ (2,009)
Delinquent taxes and land redemption	58,500	55,177	(3,323)
State assistance	924,441	969,175	44,734
Federal assistance	187,121	241,693	54,572
Activity revenues		22,169	22,169
Meal sales		21,208	21,208
Interest on investments	30,300	30,372	72
Other revenues	1,000	6,551	5,551
TOTAL REVENUES	1,508,597	1,651,571	142,974
EXPENDITURES			
Regular programs	695,419	662,383	33,036
Special education	48,163	43,997	4,166
Vocational education	134,422	135,537	(1,115)
Compensatory education	81,964	60,810	21,154
Other instructional programs	32,705	36,722	(4,017)
Support services	493,308	660,973	(167,665)
Community services	100		100
Non-program charges	5,400	3,900	1,500
Activity expenditures		19,983	(19,983)
Debt service:			
Principal retirement	25,000	25,000	0
Interest and fiscal charges	15,680	15,582	98
TOTAL EXPENDITURES	1,532,161	1,664,887	(132,726)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,564)	(13,316)	10,248
OTHER FINANCING SOURCES (USES)			
Transfers in		32,781	32,781
Transfers out		(32,781)	(32,781)
TOTAL OTHER FINANCING SOURCES (USES)		0	0
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(23,564)	(13,316)	10,248
FUND BALANCES - JULY 1	608,642	628,064	19,422
FUND BALANCES - JUNE 30	\$ 585,078	\$ 614,748	\$ 29,670

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

SARATOGA SCHOOL DISTRICT NO. 11
 HEMPSTEAD COUNTY, ARKANSAS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES -
 FIDUCIARY FUND TYPE - NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

Exhibit D

	Totals (Memorandum Only)
OPERATING REVENUES	
Interest	\$ 102
OPERATING EXPENSES	
Scholarship awards	<u>2,600</u>
NET INCOME (LOSS)	(2,498)
FUND BALANCE, JULY 1	<u>6,131</u>
FUND BALANCE, JUNE 30	<u><u>\$ 3,633</u></u>

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

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
STATEMENT OF CASH FLOWS - FIDUCIARY FUND TYPE - NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

Exhibit E

	Totals (Memorandum Only)
Cash flows from operating activities:	
Scholarships	\$ (2,600)
Cash flows from investing activities:	
Interest on investments	<u>102</u>
Net increase (decrease) in cash	(2,498)
CASH - JULY 1	<u>6,131</u>
CASH - JUNE 30	<u><u>\$ 3,633</u></u>

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

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD 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 Saratoga School District (District). The District is a member of the Southwest Education Service Cooperative located in Hope, 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.

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

Fiduciary Funds

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

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD 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. The accrual basis of accounting is followed in all nonexpendable trust funds. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred.

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. 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.

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Fund Equity

Fund Balance -

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

J. 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.

K. 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.

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

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.

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)	\$ 100,000	\$ 100,000
Uninsured, Collateralized	111,050	176,227
Total Deposits	\$ 211,050	\$ 276,227

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	\$ 413,537	\$ 0	\$ 0	\$ 413,537	\$ 413,537

NOTE 6: Changes in General Fixed Assets

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

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$ 22,105			\$ 22,105
Buildings	1,278,353			1,278,353
Improvements other than buildings	16,323			16,323
Equipment	671,872	\$ 66,396	\$ 1,751	736,517
Totals	\$ 1,988,653	\$ 66,396	\$ 1,751	\$ 2,053,298

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
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 4.4 mills of the total 31.4 mill tax levy of the District. The District is presently paying on the following long-term debt:

<u>Date of Issue</u>	<u>Date of Final Maturity</u>	<u>Rate of Interest</u>	<u>Amount Authorized and Issued</u>	<u>Debt Outstanding June 30, 2000</u>	<u>Maturities To June 30, 2000</u>
12/1/96	2/02/10	4.00 to 5.00 %	<u>\$ 361,000</u>	<u>\$ 300,000</u>	<u>\$ 61,000</u>

NOTE 8: Changes in Long-term Debt

The changes in long-term debt are as follows:

	<u>Balance July 1, 1999</u>	<u>Retired</u>	<u>Balance June 30, 2000</u>
Bonds payable	<u>\$ 325,000</u>	<u>\$ 25,000</u>	<u>\$ 300,000</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 25,000	\$ 14,118	\$ 39,118
2002	25,000	13,055	38,055
2003	25,000	11,967	36,967
2004	30,000	10,855	40,855
2005	30,000	9,490	39,490
To Maturity	<u>165,000</u>	<u>25,230</u>	<u>190,230</u>
Totals	<u>\$ 300,000</u>	<u>\$ 84,715</u>	<u>\$ 384,715</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.

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 9: Retirement Plans (Continued)

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 \$95,585, \$91,665 and \$85,940, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2000, 1999, and 1998 were \$5,670, \$5,706 and \$5,380, 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 \$632, \$627 and \$631, respectively, equal to the required contributions for each year.

NOTE 10: Scholarship Funds

The revenues from the Calhoun Walker Scholarship Fund came from interest earned on deposits. A scholarship committee awards scholarships yearly based on academic achievement and financial need. The scholarship fund originated through donations from private sources.

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD 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	\$ 15,045
National School Lunch Program	10.555	41,244
Total State Department of Education		56,289
Passed Through State Department of Human Services:		
National School Lunch Program (Note 2)	10.555	5,679
TOTAL CHILD NUTRITION CLUSTER		61,968
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Title I Grants - LEA	84.010	62,718
Special Education - Grant to States	84.027	6,749
Innovative Education Program Strategies	84.298	1,601
Improvement Grants	84.276	852
Class Size Reduction	84.340	10,658
Goals Technology Literacy Grant	84.318	78,851
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	2,000
TOTAL OTHER PROGRAMS		163,429
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 225,397

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 Saratoga School District No. 11 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.