

Saratoga School District No. 11

Hempstead County, Arkansas

**General Purpose Financial Statements
and Other Reports
June 30, 2001**

LEGISLATIVE JOINT AUDITING COMMITTEE



SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
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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, 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 June 3, 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.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in blue ink that reads "Charles L. Robinson".

Charles L. Robinson, CPA, CFE
Legislative Auditor

Little Rock, Arkansas
June 3, 2002
EDSD15401

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, 2001, and have issued our report thereon dated June 3, 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. Other matters involving compliance and/or internal control were reported to School District management in a separate letter.

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

A handwritten signature in black ink that reads "William R. Baum". The signature is written in a cursive, flowing style.

William R. Baum, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
June 3, 2002

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS

Exhibit A

COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>
	General	Special Revenue	Trust and Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>	<u>(Memorandum Only)</u>
ASSETS						
Cash	\$ 121,272	\$ 46,542	\$ 9,059			\$ 176,873
Investments	440,539					440,539
Land				\$ 22,105		22,105
Buildings				1,278,353		1,278,353
Improvements other than buildings				16,323		16,323
Equipment				372,178		372,178
Amount to be provided for retirement of general long-term debt					\$ 358,808	358,808
TOTAL ASSETS	\$ 561,811	\$ 46,542	\$ 9,059	\$ 1,688,959	\$ 358,808	\$ 2,665,179
LIABILITIES AND FUND EQUITY						
Liabilities:						
Due student groups			\$ 4,969			\$ 4,969
Bonds payable					\$ 275,000	275,000
Installment contracts					83,808	83,808
Total Liabilities			4,969		358,808	363,777

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS

Exhibit A

COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>
	General	Special Revenue	Trust and Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>	<u>(Memorandum Only)</u>
LIABILITIES AND FUND EQUITY (Continued)						
Fund Equity:						
Investment in general fixed assets				\$ 1,688,959		\$ 1,688,959
Fund balances:						
Reserved:						
Scholarships			\$ 4,090			4,090
Undesignated	\$ 561,811	\$ 46,542				608,353
Total Fund Equity	<u>561,811</u>	<u>46,542</u>	<u>4,090</u>	<u>1,688,959</u>		<u>2,301,402</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 561,811</u>	 <u>\$ 46,542</u>	 <u>\$ 9,059</u>	 <u>\$ 1,688,959</u>	 <u>\$ 358,808</u>	 <u>\$ 2,665,179</u>

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, 2001

Exhibit B

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
REVENUES				
Property taxes	\$ 325,220			\$ 325,220
State assistance	926,954	\$ 831	\$ 6,796	934,581
Federal assistance		164,398		164,398
Activity revenues	18,221			18,221
Meal sales		21,996		21,996
Interest on investments	32,986			32,986
Other revenues	15,878	766		16,644
TOTAL REVENUES	1,319,259	187,991	6,796	1,514,046
EXPENDITURES				
Regular programs	632,232	13,441		645,673
Special education	37,029	4,924		41,953
Workforce education	105,494	2,153		107,647
Compensatory education	459	66,940		67,399
Other instructional programs	10,114			10,114
Support services	564,354	103,147		667,501
Non-programmed costs		4,296		4,296
Activity expenditures	18,763			18,763
Debt service:				
Principal retirement	1,384		25,000	26,384
Interest and fiscal charges	1,370		14,533	15,903
TOTAL EXPENDITURES	1,371,199	194,901	39,533	1,605,633
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(51,940)</u>	<u>(6,910)</u>	<u>(32,737)</u>	<u>(91,587)</u>

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, 2001

Exhibit B

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
OTHER FINANCING SOURCES (USES)				
Transfers in			\$ 32,737	\$ 32,737
Transfers out	\$ (32,737)			(32,737)
Proceeds from installment contracts	85,192			85,192
	52,455		32,737	85,192
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	515	\$ (6,910)		(6,395)
FUND BALANCES - JULY 1	561,296	53,452		614,748
FUND BALANCES - JUNE 30	\$ 561,811	\$ 46,542	\$ 0	\$ 608,353

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, 2001

Exhibit C

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 367,825	\$ 325,220	\$ (42,605)
State assistance	866,618	934,581	67,963
Federal assistance	150,138	164,398	14,260
Activity revenues		18,221	18,221
Meal sales	32,535	21,996	(10,539)
Interest on investments	30,500	32,986	2,486
Other revenues		16,644	16,644
TOTAL REVENUES	1,447,616	1,514,046	66,430
EXPENDITURES			
Regular programs	637,712	645,673	(7,961)
Special education	51,622	41,953	9,669
Workforce education	102,133	107,647	(5,514)
Compensatory education	69,351	67,399	1,952
Other instructional programs	10,021	10,114	(93)
Support services	552,749	667,501	(114,752)
Non-programmed costs	5,175	4,296	879
Activity expenditures		18,763	(18,763)
Debt service:			
Principal retirement	25,000	26,384	(1,384)
Interest and fiscal charges	14,533	15,903	(1,370)
TOTAL EXPENDITURES	1,468,296	1,605,633	(137,337)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,680)	(91,587)	(70,907)
OTHER FINANCING SOURCES (USES)			
Transfers in	32,729	32,737	8
Transfers out	(32,729)	(32,737)	713,746
Proceeds from installment contracts		85,192	85,192
TOTAL OTHER FINANCING SOURCES (USES)	0	85,192	85,192
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(20,680)	(6,395)	14,285
FUND BALANCES - JULY 1	614,934	614,748	(186)
FUND BALANCES - JUNE 30	\$ 594,254	\$ 608,353	\$ 14,099

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, 2001

Exhibit D

	Totals (Memorandum Only)
OPERATING REVENUES	
Donations	\$ 4,000
Interest	<u>77</u>
TOTAL OPERATING REVENUES	<u>4,077</u>
OPERATING EXPENSES	
Scholarship awards	3,600
Support	<u>20</u>
TOTAL OPERATING EXPENSES	<u>3,620</u>
NET INCOME (LOSS)	457
FUND BALANCE, JULY 1	<u>3,633</u>
FUND BALANCE, JUNE 30	<u><u>\$ 4,090</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, 2001

Exhibit E

	Totals (Memorandum Only)
Cash flows from operating activities:	
Donations	\$ 4,000
Scholarships	(3,600)
Support	(20)
Net cash provided (used) by operating activities	380
Cash flows from investing activities:	
Interest on investments	77
Net increase (decrease) in cash	457
CASH - JULY 1	3,633
CASH - JUNE 30	\$ 4,090

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, 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 Saratoga 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.

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 - 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. 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.

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD 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.

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 deposits classified as nonparticipating contracts and are reported at cost.

G. Inventories

Inventories are considered expenditures when purchased.

H. Liability for Compensated Absences

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

I. Fund Equity

Fund Balance

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 fund equity not reserved or designated.

J. 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.

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 reported in the accompanying financial statements.

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: 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 and the District does not budget these activities.

NOTE 3: 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	76,873	158,268
Total Deposits	\$ 176,873	\$ 258,268

NOTE 4: 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		
Certificate of deposit	\$ 440,539	\$ 0	\$ 0	\$ 440,539	\$ 440,539

NOTE 5: Changes in General Fixed Assets

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 22,105			\$ 22,105
Buildings	1,278,353			1,278,353
Improvements other than buildings	16,323			16,323
Equipment	736,517	\$ 55,562	\$ 419,901	372,178
Totals	\$ 2,053,298	\$ 55,562	\$ 419,901	\$ 1,688,959

SARATOGA SCHOOL DISTRICT NO. 11
HEMPSTEAD COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6: 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
12/1/1996	2/02/10	4.00 to 5.00%	\$ 361,000	\$ 275,000	\$ 86,000
1/4/2001	11/3/10	7.00%	39,142	37,758	1,384
11/6/2000	11/16/04	6.88%	46,050	46,050	
Totals			<u>\$ 446,192</u>	<u>\$ 358,808</u>	<u>\$ 87,384</u>

NOTE 7: Changes in Long-term Debt

	Balance July 1, 2000	Issued	Retired	Balance June 30, 2001
Bonds payable	\$ 300,000		\$ 25,000	\$ 275,000
Installment contracts		\$ 85,192	1,384	83,808
Totals		<u>\$ 300,000</u>	<u>\$ 85,192</u>	<u>\$ 358,808</u>

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

Year Ended June 30,	Principal	Interest	Total
2002	\$ 38,306	\$ 18,814	\$ 57,120
2003	39,228	16,804	56,032
2004	45,214	14,706	59,920
2005	46,268	12,287	58,555
2006	33,839	9,764	43,603
To Maturity	<u>155,953</u>	<u>20,970</u>	<u>176,923</u>
Totals		<u>\$ 358,808</u>	<u>\$ 452,153</u>

NOTE 8: 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, 2001

NOTE 8: Retirement Plans (Continued)

Arkansas Teacher Retirement System (Continued)

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 \$99,525, \$95,585 and \$91,665, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2001, 2000 and 1999 were \$7,859, \$5,670 and \$5,706, 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 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 \$700, \$632 and \$627, respectively, equal to the required contributions for each year.

NOTE 9: Scholarship Funds

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