

Winslow School District No. 20

Washington County, Arkansas

**General Purpose Financial Statements
and Other Reports
June 30, 2000**

LEGISLATIVE JOINT AUDITING COMMITTEE



WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON COUNTY, ARKANSAS
TABLE OF CONTENTS
JUNE 30, 2000

Independent Auditor's Report
Combined Report(s) on Compliance, Internal Controls and Other Matters

GENERAL PURPOSE FINANCIAL STATEMENTS

Exhibit

Combined Balance Sheet - Governmental and Fiduciary Fund Types and Account Groups	A
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund Types	B
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Fund Types	C
Notes to Financial Statements	

SUPPORTING SCHEDULES

Schedule

Expenditures of Federal Awards	1
--------------------------------	---

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

Winslow School District No. 20 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the Winslow School District No. 20 (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.

The District did not maintain adequate fixed asset accounting records for equipment; accordingly, we were unable to verify the equipment balance as of the date of the financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the equipment balance, 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 March 28, 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
March 28, 2001
EDSD39400

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

Winslow School District No. 20 and School Board Members
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the Winslow School District No. 20 (the "District") as of and for the year ended June 30, 2000, and have issued our report thereon dated March 28, 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are disclosed below in the Audit Findings section of this letter.

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 numbers 1, 2, 3 and 4 below to be material weaknesses. Other matters involving compliance and/or internal control matters were reported to School District management in a separate letter.

AUDIT FINDINGS

As a management service, we would like to bring to your attention the following compliance and/or internal control matters 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 in maintaining a satisfactory level of compliance with the state constitution, laws and regulations and in achieving adequate internal controls. These matters were discussed previously with district officials during the course of our audit fieldwork and at the exit conference.

1. The District had inadequate control over cash transactions because of insufficient segregation of duties due to a limited number of personnel.
2. The fixed asset records relating to equipment were not adequate. The District's reported balance of equipment (excluding vehicles) at June 30, 2000 was \$233,564. District management should set as a priority, the establishment of accurate records for this significant asset group.
3. The process of reconciliation between certain district financial records and those of the County Treasurer and the bank was not properly completed. As a result of this failure, numerous errors in the financial records went undetected by management.
4. An internal control weakness was present in the areas of approval and documentation of expenditures. Numerous instances were discovered where disbursements were neither properly approved nor documented. District management should strongly consider the implementation of controls to mitigate the above deficiencies.

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 28, 2001

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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	Capital Projects	Trust and Agency	General Fixed Assets	General Long- Term Debt	
ASSETS							
Cash	\$ 239,857	\$ 46,768	\$ 41,731	\$ 7,594			\$ 335,950
Investments	50,000						50,000
Accounts receivable	5,628	7,487					13,115
Accrued interest	9,523						9,523
Due from other funds	35,988		7,311				43,299
House for resale	15,600						15,600
Land					\$ 28,881		28,881
Buildings					1,032,147		1,032,147
Improvements other than buildings					22,813		22,813
Equipment					421,416		421,416
Amount to be provided for retirement of general long-term debt						\$ 632,137	632,137
TOTAL ASSETS	\$ 356,596	\$ 54,255	\$ 49,042	\$ 7,594	\$ 1,505,257	\$ 632,137	\$ 2,604,881
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 5,326	\$ 4,142					\$ 9,468
Due student groups				\$ 7,594			7,594
Salaries payable	2,687						2,687
Payroll taxes payable	528						528
Due to other funds	7,311	35,988					43,299
Bonds payable						\$ 580,000	580,000
Certificates of indebtedness						14,601	14,601
Capital leases						37,536	37,536
Total Liabilities	15,852	40,130		7,594		632,137	695,713

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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	Capital Projects	Trust and Agency	General Fixed Assets	General Long- Term Debt	
LIABILITIES AND FUND EQUITY (Cont.)							
Fund Equity:							
Investment in general fixed assets					\$ 1,505,257		\$ 1,505,257
Fund balances:							
Unreserved:							
Undesignated	\$ 340,744	\$ 14,125	\$ 49,042				403,911
Total Fund Equity	<u>340,744</u>	<u>14,125</u>	<u>49,042</u>		<u>1,505,257</u>		<u>1,909,168</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 356,596</u>	 <u>\$ 54,255</u>	 <u>\$ 49,042</u>	 <u>\$ 7,594</u>	 <u>\$ 1,505,257</u>	 <u>\$ 632,137</u>	 <u>\$ 2,604,881</u>

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

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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	Capital Projects	Totals (Memorandum Only)
REVENUES					
Current taxes	\$ 234,037			\$ 7,311	\$ 241,348
Delinquent taxes and land redemption	27,387				27,387
State assistance	1,177,048	\$ 1,184	\$ 13,059		1,191,291
Federal assistance	7,100	131,499			138,599
Activity revenues	12,583				12,583
Meal sales		17,755			17,755
Interest on investments	13,238	1,622			14,860
Other revenues	27,128	1,476			28,604
TOTAL REVENUES	1,498,521	153,536	13,059	7,311	1,672,427
EXPENDITURES					
Regular programs	550,868				550,868
Special education	122,674	6,484			129,158
Vocational education	119,980				119,980
Compensatory education	9,806				9,806
Other instructional programs	58,956	2,143			61,099
Support services	431,829	121,082		11,036	563,947
Non-program charges	18,244	25,852			44,096
Activity expenditures	13,264				13,264
Debt service:					
Principal retirement	26,289		5,760		32,049
Interest and fiscal charges	16,266		12,531		28,797
TOTAL EXPENDITURES	1,368,176	155,561	18,291	11,036	1,553,064
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	130,345	(2,025)	(5,232)	(3,725)	119,363

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON COUNTY, ARKANSAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		\$ 478	\$ 1,435		\$ 1,913
Transfers out	\$ (1,913)				(1,913)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,913)</u>	<u>478</u>	<u>1,435</u>		<u>0</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	128,432	(1,547)	(3,797)	\$ (3,725)	119,363
FUND BALANCES - JULY 1	<u>212,312</u>	<u>15,672</u>	<u>3,797</u>	<u>52,767</u>	<u>284,548</u>
FUND BALANCES - JUNE 30	<u>\$ 340,744</u>	<u>\$ 14,125</u>	<u>\$ 0</u>	<u>\$ 49,042</u>	<u>\$ 403,911</u>

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

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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	\$ 253,000	\$ 241,348	\$ (11,652)
Delinquent taxes and land redemption	40,000	27,387	(12,613)
State assistance	1,085,930	1,191,291	105,361
Federal assistance	46,000	138,599	92,599
Activity revenues		12,583	12,583
Meal sales		17,755	17,755
Interest on investments	2,700	14,860	12,160
Other revenues	93,869	28,604	(65,265)
TOTAL REVENUES	1,521,499	1,672,427	150,928
EXPENDITURES			
Regular programs	523,924	550,868	(26,944)
Special education	114,327	129,158	(14,831)
Vocational education	163,710	119,980	43,730
Compensatory education	10,070	9,806	264
Other instructional programs	28,681	61,099	(32,418)
Support services	446,587	563,947	(117,360)
Non-program charges	48,500	44,096	4,404
Activity expenditures		13,264	(13,264)
Debt service:			
Principal retirement	58,817	32,049	26,768
Interest and fiscal charges	26,407	28,797	(2,390)
TOTAL EXPENDITURES	1,421,023	1,553,064	(132,041)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100,476	119,363	18,887
OTHER FINANCING SOURCES (USES)			
Transfers in		1,913	1,913
Transfers out	(14,000)	(1,913)	12,087
TOTAL OTHER FINANCING SOURCES (USES)	(14,000)	0	14,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	86,476	119,363	32,887
FUND BALANCES - JULY 1	168,114	284,548	116,434
FUND BALANCES - JUNE 30	\$ 254,590	\$ 403,911	\$ 149,321

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

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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 Winslow School District (District). The District is a member of the Boston Mountain Educational Cooperative located in West Fork, Arkansas.

The District's financial statements reflect all funds and accounts directly under the control of the District. There are no component units.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Account groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The following types of funds and account groups are recognized in the accompanying financial statements.

Governmental Funds

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Fiduciary Funds

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

Account Groups

General Fixed Assets - This group of accounts is established to account for all fixed assets of the entity.

General Long-term Debt - This group of accounts is established to account for all long-term debt of the entity.

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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.

D. General Fixed Assets

General fixed assets purchased are recorded as expenditures at the time of purchase. Such assets are capitalized at cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs and installation costs) in the general fixed assets group of accounts. Gifts or contributions are generally recorded in the general fixed assets group of accounts at fair market value at the time received. Library holdings and textbooks are not capitalized by the District. No depreciation has been provided on general fixed assets.

E. Property Taxes

Property taxes are levied in November based on property assessment made between January 1 and May 31 and are an enforceable lien on January 1 for real property and June 1 for personal property. The tax records are opened on the first business day of March of the year following the levy date and are considered delinquent after October 10 of the same calendar year. No accrual or recognition of taxes receivable is reflected in the financial statements as the amount measurable and available is considered to be immaterial.

F. Investments

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

G. Inventories

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

H. Interfund Receivables and Payables

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

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Liability for Compensated Absences

Generally accepted accounting principles require an employer to accrue a liability for employees' rights to receive compensation for future absences if certain conditions are met. The accompanying financial statements do not provide for this liability as the small number of district personnel eligible for compensated absences indicates an immaterial obligation on the part of the District.

J. Fund Equity

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

K. Budget and Budgetary Accounting

The District is required by the State Department of Education to prepare a budget. The budget is prepared on the modified accrual basis of accounting, which is in accordance with generally accepted accounting principles. The District also is required to budget certain portions of local taxes, which are collected in the succeeding fiscal year. This procedure, while not in accordance with generally accepted accounting principles, does not have a material effect on the financial statements taken as a whole.

The following policies and procedures are established by the State Department of Education for preparing and utilizing the annual budget:

1. Prior to September 15, the District is required to submit a proposed budget for the upcoming year.
2. Upon approval by the State Department of Education, the District adopts the budget and integrates it into their accounting and reporting system as a management control device.
3. The District is legally required to have a budget although it is not intended to be legally restrictive.
4. Budget amendments are not required to be submitted for approval to the Department of Education.
5. The District is not required to budget the revenues and expenditures of the food services funds and the activity funds. Certain transfers among funds are also not budgeted.

L. Encumbrances

Encumbrances are defined as commitments related to unperformed contracts for goods or services. The District does not record encumbrances in its accounting system and none are recorded in the accompanying financial statements.

NOTE 2: Memorandum Totals

Combined financial statements of fund types and account groups have a "total" column that aggregates the columnar statements by fund type and account group. The total column is captioned "Memorandum Only" because the total column on a combined financial statement is not comparable to a consolidation.

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON 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)	\$ 39,226	\$ 40,586

The above total deposits do not include cash in the amount of \$296,524 which was held in the Washington County Treasury and cash on hand in the amount of \$200.

NOTE 5: Public Fund Investments

The District's investments consisted of a certificate of deposit in the amount of \$50,000 which was held in the Washington County Treasury.

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	\$ 28,881			\$ 28,881
Buildings	1,032,147			1,032,147
Improvements other than buildings	3,938	\$ 18,875		22,813
Equipment	428,965	28,830	\$ 36,379	421,416
Totals	\$ 1,493,931	\$ 47,705	\$ 36,379	\$ 1,505,257

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 12.0 mills of the total 33.0 mill tax levy of the District. The District is presently paying on the following long-term debt:

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 7: Long-term Debt Issued and Outstanding (Continued)

<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>
10/1/98	6/1/19	3.50 - 4.40%	\$ 629,560	\$ 580,000	\$ 49,560
8/21/95	5/1/03	7.50%	38,942	14,601	24,341
4/12/99	4/12/09	5.00%	40,768	37,536	3,232
Totals			<u>\$ 709,270</u>	<u>\$ 632,137</u>	<u>\$ 77,133</u>

NOTE 8: Changes in Long-term Debt

The changes in long-term debt are as follows:

	<u>Balance July 1, 1999</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2000</u>
Bonds payable	\$ 600,000		\$ 20,000	\$ 580,000
Certificates of indebtedness	23,418		8,817	14,601
Capital leases	40,768		3,232	37,536
Totals	<u>\$ 664,186</u>	<u>\$ 0</u>	<u>\$ 32,049</u>	<u>\$ 632,137</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	\$ 28,262	\$ 26,972	\$ 55,234
2002	28,434	25,716	54,150
2003	28,615	24,450	53,065
2004	23,938	23,175	47,113
2005	29,137	22,256	51,393
To Maturity	<u>493,751</u>	<u>172,950</u>	<u>666,701</u>
Totals	<u>\$ 632,137</u>	<u>\$ 295,519</u>	<u>\$ 927,656</u>

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 9: Capital Leases

The District has executed the following capital leases:

Class of Property	Asset Balance June 30, 2000
Electrical Equipment	\$ <u>40,768</u>
	June 30, 2000
Total Minimum Lease Payments	\$ 47,073
Less: Amount Representing Interest	<u>9,537</u>
Total Present Value of Net Minimum Lease Payments	\$ <u>37,536</u>

NOTE 10: Retirement Plan

Arkansas Teacher Retirement System

Plan Description. The District contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy. ATRS has contributory and non-contributory plans. Contributory members are required by code to contribute 6% of their salary. Each participating employer is required by code to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 12%. Effective July 1, 1996, the District paid the employer contribution rate for any eligible employee in accordance with rules and regulations established by the Teacher Retirement Board of Directors. The District's contribution to ATRS for nonfederally funded employees for the years ended June 30, 2000, 1999 and 1998 were \$92,823, \$99,641 and \$95,341, respectively.

WINSLOW SCHOOL DISTRICT NO. 20
WASHINGTON COUNTY, ARKANSAS
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

Schedule 1

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
CHILD NUTRITION CLUSTER		
<u>U. S. Department of Agriculture</u>		
Passed Through State Department of Education:		
School Breakfast Program	10.553	\$ 26,337
National School Lunch Program	10.555	49,996
Total State Department of Education		76,333
Passed Through State Department of Human Services:		
Summer Food Service Program for Children	10.559	2,649
National School Lunch Program (Note 2)	10.555	5,188
Total State Department of Human Services		7,837
TOTAL CHILD NUTRITION CLUSTER		84,170
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Special Education - Grants to States	84.027	28,525
Innovative Education Program Strategies	84.298	2,143
TOTAL OTHER PROGRAMS		30,668
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 114,838

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 Winslow School District No. 20 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.