

McRae School District No. 8

White County, Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE



MCRAE SCHOOL DISTRICT NO. 8
WHITE 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

McRae School District No. 8 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the McRae School District No. 8 (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 June 5, 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
June 5, 2001
EDSD40300

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 REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND OTHER MATTERS

McRae School District No. 8 and School Board Members
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the McRae School District No. 8 (the "District") as of and for the year ended June 30, 2000, and have issued our report thereon dated June 5, 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 number 1 below to be a material weakness.

AUDIT FINDINGS

As a management service, we would like to bring to your attention the following compliance and/or internal control matter(s) that came to our attention during this audit. The purpose of such comments is to provide constructive feedback and guidance, in an effort to assist management to maintain a satisfactory level of compliance with the state constitution, laws and regulations and achieve adequate internal controls. These matters were discussed previously with district officials during the course of our audit fieldwork and at the exit conference.

1. The District had inadequate control over cash transactions because of insufficient segregation of duties due to a limited number of personnel.
2. At June 30, 2000 the District had uninsured, uncollateralized deposits of \$449,774.

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
June 5, 2001

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS

Exhibit A

COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Fiduciary	Account Groups		Totals
	General	Special Revenue	Debt Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only)
ASSETS							
Cash	\$ 266,578	\$ 37,366	\$ 235,747	\$ 10,083			\$ 549,774
Land					\$ 27,359		27,359
Buildings					1,915,321		1,915,321
Improvements other than buildings					102,088		102,088
Equipment					432,510		432,510
Amount available in debt service funds						\$ 235,747	235,747
Amount to be provided for retirement of general long-term debt						788,646	788,646
TOTAL ASSETS	<u>\$ 266,578</u>	<u>\$ 37,366</u>	<u>\$ 235,747</u>	<u>\$ 10,083</u>	<u>\$ 2,477,278</u>	<u>\$ 1,024,393</u>	<u>\$ 4,051,445</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Due student groups				\$ 9,083			\$ 9,083
Bonds payable						\$ 985,850	985,850
Installment contracts						38,543	38,543
Total Liabilities				<u>9,083</u>		<u>1,024,393</u>	<u>1,033,476</u>

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS

Exhibit A

COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Fiduciary	Account Groups		Totals
	General	Special Revenue	Debt Service	Trust and	General Fixed Assets	General Long- Term Debt	(Memorandum Only)
				Agency			
LIABILITIES AND FUND EQUITY (Continued)							
Fund Equity:							
Investment in general fixed assets					\$ 2,477,278		\$ 2,477,278
Fund balances:							
Unreserved:							
Designated:							
Trust Fund				\$ 1,000			1,000
Debt service			\$ 235,747				235,747
Undesignated	\$ 266,578	\$ 37,366					303,944
Total Fund Equity	<u>266,578</u>	<u>37,366</u>	<u>235,747</u>	<u>1,000</u>	<u>2,477,278</u>		<u>3,017,969</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 266,578</u>	<u>\$ 37,366</u>	<u>\$ 235,747</u>	<u>\$ 10,083</u>	<u>\$ 2,477,278</u>	<u>\$ 1,024,393</u>	<u>\$ 4,051,445</u>

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

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES						
Current taxes	\$ 292,331					\$ 292,331
Delinquent taxes and land redemption	20,868					20,868
State assistance	1,459,951	\$ 1,744				1,461,695
Federal assistance		218,336	\$ 39,239			257,575
Activity revenues	46,801					46,801
Meal sales		27,923				27,923
Interest on investments	26,865					26,865
Other revenues	33,325				\$ 1,000	34,325
TOTAL REVENUES	1,880,141	248,003	39,239		1,000	2,168,383
EXPENDITURES						
Regular programs	847,331	12,922				860,253
Special education	108,895	16,813				125,708
Vocational education	89,208	99				89,307
Compensatory education	37,014	73,524				110,538
Other instructional programs	5,442					5,442
Support services	916,544	124,679				1,041,223
Community services	7,270					7,270
Non-program charges		1,165				1,165
Activity expenditures	45,144					45,144
Capital outlay				\$ 185,113		185,113
Debt service:						
Principal retirement	3,314		15,000			18,314
Interest and fiscal charges	2,058		52,627			54,685
Scholarships awarded					1,500	1,500
TOTAL EXPENDITURES	2,062,220	229,202	67,627	185,113	1,500	2,545,662
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(182,079)	18,801	(28,388)	(185,113)	(500)	(377,279)

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2000

Exhibit B

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,000	\$ 7,754				\$ 8,754
Transfers out	(7,754)	(1,000)				(8,754)
Value of Installment contracts	41,857					41,857
TOTAL OTHER FINANCING SOURCES (USES)	<u>35,103</u>	<u>6,754</u>				<u>41,857</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(146,976)	25,555	\$ (28,388)	\$ (185,113)	\$ (500)	(335,422)
FUND BALANCES - JULY 1	<u>413,554</u>	<u>11,811</u>	<u>264,135</u>	<u>185,113</u>	<u>1,500</u>	<u>876,113</u>
FUND BALANCES - JUNE 30	<u>\$ 266,578</u>	<u>\$ 37,366</u>	<u>\$ 235,747</u>	<u>\$ 0</u>	<u>\$ 1,000</u>	<u>\$ 540,691</u>

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

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS

Exhibit C

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Current taxes	\$ 205,000	\$ 292,331	\$ 87,331
Delinquent taxes and land redemption	16,000	20,868	4,868
State assistance	1,477,123	1,461,695	(15,428)
Federal assistance	106,729	257,575	150,846
Activity revenues		46,801	46,801
Meal sales		27,923	27,923
Interest on investments	31,750	26,865	(4,885)
Other revenues	14,800	33,325	18,525
TOTAL REVENUES	1,851,402	2,167,383	315,981
EXPENDITURES			
Regular programs	884,723	860,253	24,470
Special education	138,980	125,708	13,272
Vocational education	99,733	89,307	10,426
Compensatory education	105,552	110,538	(4,986)
Other instructional programs	2,534	5,442	(2,908)
Support services	795,766	1,041,223	(245,457)
Community services	6,580	7,270	(690)
Non-program charges	5,500	1,165	4,335
Activity expenditures		45,144	(45,144)
Capital outlay	325,825	185,113	140,712
Debt service:			
Principal retirement	47,542	18,314	29,228
Interest and fiscal charges	31,464	54,685	(23,221)
TOTAL EXPENDITURES	2,444,199	2,544,162	(99,963)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(592,797)	(376,779)	216,018
OTHER FINANCING SOURCES (USES)			
Transfers in		8,754	8,754
Transfers out		(8,754)	(8,754)
Value of installment contracts		41,857	41,857
TOTAL OTHER FINANCING SOURCES (USES)		41,857	41,857
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(592,797)	(334,922)	257,875
FUND BALANCES - JULY 1	678,237	874,613	196,376
FUND BALANCES - JUNE 30	\$ 85,440	\$ 539,691	\$ 454,251

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

MCRAE SCHOOL DISTRICT NO. 8
WHITE 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 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 McRae School District (District). The District is a member of the Wilbur D. Mills Educational Cooperative located in Beebe, 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. These include Expendable 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.

MCRAE SCHOOL DISTRICT NO. 8
WHITE 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, expendable trust 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. Interest costs incurred during the period of construction were not capitalized by the District.

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. Inventories

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

G. 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.

MCRAE SCHOOL DISTRICT NO. 8
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: Summary of Significant Accounting Policies (Continued)

H. Fund Equity

Fund Balance -

1. Designated Fund Balance represents tentative managerial plans or intent that are subject to change.
2. Undesignated Fund Balance indicates that portion of fund equity not reserved or designated.

I. 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.

J. 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.

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.

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2000

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, Uncollateralized	449,774	506,215
Total Deposits	\$ 549,774	\$ 606,215

NOTE 5: Changes in General Fixed Assets

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

	Balance July 1, 1999	Additions	Deletions	Reclassi- fications	Balance June 30, 2000
Land	\$ 27,359				\$ 27,359
Buildings	1,206,669			\$ 708,652	1,915,321
Improvements other than buildings	40,935	\$ 61,153			102,088
Equipment	376,144	86,773	\$ 30,407		432,510
Construction in progress	353,233	355,419		(708,652)	0
Totals	\$ 2,004,340	\$ 503,345	\$ 30,407	\$ 0	\$ 2,477,278

NOTE 6: 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 17.6 mills of the total 32 mill tax levy of the District. 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, 2000	Maturities To June 30, 2000
2/1/94	2/1/16	4.25-5.25%	\$ 525,350	\$ 445,000	\$ 80,350
11/1/98	2/1/21	3.9-4.4%	540,850	540,850	0
5/10/99	5/10/09	5.00%	41,857	38,543	3,314
Totals			\$ 1,108,057	\$ 1,024,393	\$ 83,664

MCRAE SCHOOL DISTRICT NO. 8
 WHITE COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 7: Changes in Long-term Debt

The changes in long-term debt are as follows:

	Balance July 1, 1999	Issued	Retired	Balance June 30, 2000
Bonds payable	\$ 1,000,850		\$ 15,000	\$ 985,850
Installment contracts		\$ 41,857	3,314	38,543
Totals	<u>\$ 1,000,850</u>	<u>\$ 41,857</u>	<u>\$ 18,314</u>	<u>\$ 1,024,393</u>

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

Year Ended June 30,	Principal	Interest	Total
2001	\$ 49,337	\$ 46,967	\$ 96,304
2002	38,664	45,356	84,020
2003	38,849	43,725	82,574
2004	39,040	42,069	81,109
2005	39,248	40,346	79,594
To Maturity	<u>819,255</u>	<u>335,319</u>	<u>1,154,574</u>
Totals	<u>\$ 1,024,393</u>	<u>\$ 553,782</u>	<u>\$ 1,578,175</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.

MCRAE SCHOOL DISTRICT NO. 8
WHITE COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 8: Retirement Plans (Continued)

Arkansas Teacher Retirement System (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 \$132,520, \$126,666 and \$115,116, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2000, 1999, and 1998 were \$7,079, \$ 5,618 and \$6,193, 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 \$1,176, \$1,084 and \$860, respectively, equal to the required contributions for each year.

NOTE 9: Expendable Trust

The M. Coleman Scholarship was donated to the District by Robert and Maxine Coleman and is awarded by the scholarship committee to a student who meets certain criteria.

MCRAE SCHOOL DISTRICT NO. 8
 WHITE 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	\$ 10,858
National School Lunch Program	10.555	57,709
Total State Department of Education		68,567
Passed Through State Department of Human Services:		
National School Lunch Program (Note 2)	10.555	9,072
TOTAL CHILD NUTRITION CLUSTER		77,639
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Title I Grants - LEA	84.010	73,569
Special Education - Grant to States	84.027	20,177
Vocational Education - Basic Grants to States	84.048	99
Innovative Education Program Strategies	84.298	2,815
Class Size Reduction Grant	84.340	12,922
Total U. S. Department of Education		109,582
 <u>U. S. Department of Labor</u>		
Career Opportunities Grant	17.249	4,560
TOTAL OTHER PROGRAMS		114,142
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 191,781

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 McRae School District No. 8 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.