

Fourche Valley School District No. 13

Yell County, Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE



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YELL COUNTY, ARKANSAS
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JUNE 30, 2001

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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

Fourche Valley School District No. 13 and School Board Members
Legislative Joint Auditing Committee

We have audited the accompanying general purpose financial statements of the Fourche Valley School District No. 13 (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.

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, 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 January 29, 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.

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
January 29, 2002
EDSD41401

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
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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

Fourche Valley School District No. 13 and School Board Members
Legislative Joint Auditing Committee

We have audited the general purpose financial statements of the Fourche Valley School District No. 13 (the "District") as of and for the year ended June 30, 2001, and have issued our report thereon dated January 29, 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 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 and 2 below to be material weaknesses.

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. Subsidiary equipment records were again inadequate and were not updated during the fiscal year for additions and deletions.

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

William R. Baum, CPA, CFE
Deputy Legislative Auditor

Little Rock, Arkansas
January 29, 2002

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL COUNTY, ARKANSAS
COMBINED BALANCE SHEET - GOVERNMENTAL AND FIDUCIARY FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

Exhibit A

	Governmental Fund Types			Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Projects	Trust and Agency	General Fixed Assets	General Long- Term Debt	(Memorandum Only)
ASSETS							
Cash	\$ 44,833	\$ 28,351	\$ 22,111	\$ 8,275			\$ 103,570
Investments	332,119						332,119
Accounts receivable	1,049	11,746					12,795
Interfund receivable	294						294
Land					\$ 6,495		6,495
Buildings					849,610		849,610
Improvements other than buildings					41,584		41,584
Equipment					762,440		762,440
Amount to be provided for retirement of general long-term debt						\$ 234,988	234,988
TOTAL ASSETS	<u>\$ 378,295</u>	<u>\$ 40,097</u>	<u>\$ 22,111</u>	<u>\$ 8,275</u>	<u>\$ 1,660,129</u>	<u>\$ 234,988</u>	<u>\$ 2,343,895</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 1,947						\$ 1,947
Due student groups				\$ 8,275			8,275
Interfund payables			\$ 294				294
Bonds payable						\$ 190,600	190,600
Certificates of indebtedness						18,000	18,000
Capital leases						26,388	26,388
Total Liabilities	<u>1,947</u>		<u>294</u>	<u>8,275</u>		<u>234,988</u>	<u>245,504</u>
Fund Equity:							
Investment in general fixed assets					\$ 1,660,129		1,660,129
Fund balances:							
Unreserved:							
Undesignated	376,348	\$ 40,097	21,817				438,262
Total Fund Equity	<u>376,348</u>	<u>40,097</u>	<u>21,817</u>		<u>1,660,129</u>		<u>2,098,391</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 378,295</u>	<u>\$ 40,097</u>	<u>\$ 22,111</u>	<u>\$ 8,275</u>	<u>\$ 1,660,129</u>	<u>\$ 234,988</u>	<u>\$ 2,343,895</u>

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

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL 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	Capital Projects	Totals (Memorandum Only)
REVENUES					
Property taxes	\$ 135,201			\$ 14,726	\$ 149,927
State assistance	698,645	\$ 764			699,409
Federal assistance	279,666	182,256			461,922
Activity revenues	30,658				30,658
Meal sales		13,854			13,854
Interest on investments	34,288				34,288
Other revenues	13,489				13,489
TOTAL REVENUES	1,191,947	196,874		14,726	1,403,547
EXPENDITURES					
Regular programs	546,715	18,534			565,249
Special education	54,367	2,577			56,944
Workforce education	68,952	11,112			80,064
Adult education	3,252				3,252
Compensatory education	7,542	33,059			40,601
Other instructional programs	7,970				7,970
Support services	488,138	146,554			634,692
Non-programmed costs		7,882			7,882
Activity expenditures	29,585				29,585
Capital outlay				24,406	24,406
Debt service:					
Principal retirement	13,151		\$ 10,000		23,151
Interest and fiscal charges	1,352		10,335		11,687
TOTAL EXPENDITURES	1,221,024	219,718	20,335	24,406	1,485,483
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,077)	(22,844)	(20,335)	(9,680)	(81,936)

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
 YELL 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	Capital Projects	Totals (Memorandum Only)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 2,229	\$ 24,305	\$ 20,335		\$ 46,869
Transfers out	(44,640)	(2,229)			(46,869)
Sale of equipment	676				676
Value of capital lease	26,388				26,388
TOTAL OTHER FINANCING SOURCES (USES)	(15,347)	22,076	20,335		27,064
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(44,424)	(768)		\$ (9,680)	(54,872)
FUND BALANCES - JULY 1	420,772	40,865		31,497	493,134
FUND BALANCES - JUNE 30	<u>\$ 376,348</u>	<u>\$ 40,097</u>	<u>\$ 0</u>	<u>\$ 21,817</u>	<u>\$ 438,262</u>

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

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL 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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 159,050	\$ 149,927	\$ (9,123)
State assistance	617,399	699,409	82,010
Federal assistance	485,266	461,922	(23,344)
Activity revenues		30,658	30,658
Meal sales	12,500	13,854	1,354
Interest on investments	20,000	34,288	14,288
Other revenues	21,700	13,489	(8,211)
TOTAL REVENUES	1,315,915	1,403,547	87,632
EXPENDITURES			
Regular programs	491,250	565,249	(73,999)
Special education	53,269	56,944	(3,675)
Workforce education	72,981	80,064	(7,083)
Adult education		3,252	(3,252)
Compensatory education	37,825	40,601	(2,776)
Other instructional programs	7,308	7,970	(662)
Support services	561,921	634,692	(72,772)
Community services	100		100
Non-programmed costs	9,000	7,882	1,118
Activity expenditures		29,585	(29,585)
Capital outlay	4,505	24,406	(19,901)
Debt service:			
Principal retirement	23,981	23,151	830
Interest and fiscal charges	11,687	11,687	
TOTAL EXPENDITURES	1,273,827	1,485,483	(211,657)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	42,088	(81,936)	(124,025)
OTHER FINANCING SOURCES (USES)			
Transfers in	24,000	46,869	22,869
Transfers out		(46,869)	(46,869)
Sale of equipment		676	676
Value of capital lease		26,388	26,388
TOTAL OTHER FINANCING SOURCES (USES)	24,000	27,064	3,064
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	66,088	(54,872)	(120,961)
FUND BALANCES - JULY 1	487,239	493,134	5,895
FUND BALANCES - JUNE 30	\$ 553,327	\$ 438,262	\$ (115,066)

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

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL 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 Fourche Valley 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.

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 - 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.

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL 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. Interfund Receivables and Payables

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

I. Liability for Compensated Absences

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

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 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.

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
 YELL COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 1: Summary of Significant Accounting Policies (Continued)

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 reported in the accompanying financial statements.

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 which are not budgeted by the District.

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	3,370	102,182
Total Deposits	\$ 103,370	\$ 202,182

The above total deposits do not include cash on hand in the amount of \$200.

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		
Certificates of deposit	\$ 332,119	\$ 0	\$ 0	\$ 332,119	\$ 332,119

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5: Changes in General Fixed Assets

	Balance July 1, 2000	Additions	Deletions	Reclassi- fications	Balance June 30, 2001
Land	\$ 6,495				\$ 6,495
Buildings	849,610				849,610
Improvements other than buildings	41,584				41,584
Equipment	686,651	\$ 75,789			762,440
Totals	<u>\$ 1,584,340</u>	<u>\$ 75,789</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,660,129</u>

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
12/21/1993	6-1-13	5.00%	\$ 240,600	\$ 190,600	\$ 50,000
4/16/1999	11-1-02	6.00%	36,000	18,000	18,000
3/27/2001	3-27-06	7.00%	26,388	26,388	
Totals			<u>\$ 302,988</u>	<u>\$ 234,988</u>	<u>\$ 68,000</u>

NOTE 7: Changes in Long-term Debt

	Balance July 1, 2000	Issued	Retired	Balance June 30, 2001
Bonds payable	\$ 200,600		\$ 10,000	\$ 190,600
Certificates of indebtedness	27,000		9,000	18,000
Capital leases	4,151	\$ 26,388	4,151	26,388
Totals	<u>\$ 231,751</u>	<u>\$ 26,388</u>	<u>\$ 23,151</u>	<u>\$ 234,988</u>

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
 YELL COUNTY, ARKANSAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2001

NOTE 7: Changes in Long-term Debt (Continued)

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

Year Ended June 30,	Principal	Interest	Total
2002	\$ 24,177	\$ 12,111	\$ 36,288
2003	28,903	10,714	39,617
2004	20,253	9,343	29,596
2005	20,627	8,219	28,846
2006	21,028	7,068	28,096
To Maturity	<u>120,000</u>	<u>25,501</u>	<u>145,501</u>
Totals	<u>\$ 234,988</u>	<u>\$ 72,956</u>	<u>\$ 307,944</u>

NOTE 8: Capital Leases

The District has executed the following capital leases:

Class of Property	Asset Balance June 30, 2001
Purchase of energy conservation measures	<u>\$ 26,388</u>
	<u>June 30, 2001</u>
Total Minimum Lease Payments	\$ 31,729
Less: Amount Representing Interest	<u>5,341</u>
Total Present Value of Net Minimum Lease Payments	<u>\$ 26,388</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.

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
YELL COUNTY, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 9: 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 \$89,188, \$78,899 and \$79,382, respectively. The District's contributions to ATRS for federally funded employees for the years ended June 30, 2001, 2000 and 1999 were \$5,443, \$4,050 and \$4,380, 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 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 \$550, \$176 and \$167, respectively, equal to the required contributions for each year.

FOURCHE VALLEY SCHOOL DISTRICT NO. 13
 YELL COUNTY, ARKANSAS
 EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2001

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	\$ 13,299
National School Lunch Program	10.555	34,111
Total State Department of Education		47,410
Passed Through State Department of Human Services:		
National School Lunch Program (Note 2)	10.555	4,107
TOTAL CHILD NUTRITION CLUSTER		51,517
 OTHER PROGRAMS		
<u>U. S. Department of Education</u>		
Passed Through State Department of Education:		
Title I Grants - Local Educational Agencies	84.010	34,787
Migrant Education - Basic State Grant Program	84.011	16,408
Special Education - Grants to States	84.027	12,959
Vocational Education - Basic Grants to States	84.048	11,112
Safe and Drug-Free Schools and Communities - State Grants	84.186	32
Innovative Education Program Strategies	84.298	1,055
Class Size Reduction	84.340	1,865
TOTAL OTHER PROGRAMS		78,218
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 129,735

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 Fourche Valley School District No. 13 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.