

**Ozarks Unlimited Resources Educational Cooperative**

**Regulatory Basis Financial Statements  
And Other Reports**

**June 30, 2009**

LEGISLATIVE JOINT AUDITING COMMITTEE

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JUNE 30, 2009

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**Sen. Bobby L. Glover**  
Senate Co-Chair  
**Rep. Johnny Hoyt**  
House Co-Chair  
**Sen. Bill Pritchard**  
Senate Co-Vice Chair  
**Rep. Beverly Pyle**  
House Co-Vice Chair

# Arkansas



Roger A. Norman, JD, CPA, CFE  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### INDEPENDENT AUDITOR'S REPORT

Ozarks Unlimited Resources Educational Cooperative and Cooperative Board Members  
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Ozarks Unlimited Resources Educational Cooperative (the "Cooperative"), as of and for the year ended June 30, 2009, which collectively comprise the Cooperative's regulatory basis financial statements as listed in the table of contents. These financial statements are the responsibility of Cooperative management. Our responsibility is to express opinions 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 opinions.

As described more fully in Note 1, the Cooperative has prepared these financial statements using accounting practices prescribed or permitted by Arkansas Code, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

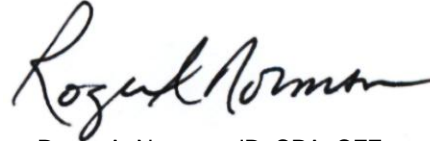
In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cooperative as of June 30, 2009, or the changes in financial position for the year then ended. Further, the Cooperative has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Cooperative as of June 30, 2009, and the respective changes in financial position and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2010 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's regulatory basis financial statements. The Schedule of Capital Assets (Schedule 1) and the Schedule of Selected Information for the Last Five Years – Regulatory Basis (Schedule 2) are presented for purposes of additional analysis and is not a required part of the regulatory basis financial statements. The Schedule of Capital Assets (Schedule 1) and the Schedule of Selected Information for the Last Five Years – Regulatory Basis (Schedule 2) have not been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and, accordingly, we express no opinion on them.

DIVISION OF LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with the first name "Roger" being the most prominent.

Roger A. Norman, JD, CPA, CFE  
Legislative Auditor

Little Rock, Arkansas  
March 17, 2010  
EDSC00209

Sen. Bobby L. Glover  
Senate Co-Chair  
Rep. Johnny Hoyt  
House Co-Chair  
Sen. Bill Pritchard  
Senate Co-Vice Chair  
Rep. Beverly Pyle  
House Co-Vice Chair

# Arkansas



Roger A. Norman, JD, CPA, CFE  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ozarks Unlimited Resources Educational Cooperative and Cooperative Board Members  
Legislative Joint Auditing Committee

We have audited the financial statements of each major governmental fund and the aggregate remaining fund information of the Ozarks Unlimited Resources Educational Cooperative (the "Cooperative"), as of and for the year ended June 30, 2009, which collectively comprise the Cooperative's regulatory basis financial statements, and have issued our report thereon dated March 17, 2010. We issued an adverse opinion because the Cooperative prepared the financial statements using accounting practices prescribed or permitted by the Arkansas Code, which differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Cooperative as of June 30, 2009, and the respective changes in financial position and budgetary results for the year then ended, on the basis of accounting described in Note 1. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cooperative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Cooperative's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting as prescribed or permitted by Arkansas Code such that there is more than a remote likelihood that a misstatement of the Cooperative's financial statements that is more than inconsequential will not be prevented or detected by the Cooperative's internal control. We consider the deficiency described below in the Audit Findings section of this report to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Cooperative's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency referred to above and described below in the Audit Findings section of this report to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's regulatory basis financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state laws and regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

### AUDIT FINDINGS

#### Material Weakness

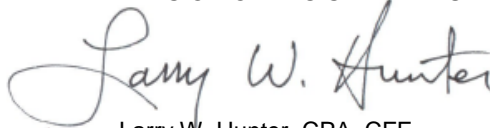
Internal control is a process consisting of five interrelated components – *control environment, risk assessment, information and communication, control activities, and monitoring*. Financial accounting duties should be distributed among appropriate employees to enhance the design of the internal control process to ensure the preparation of reliable financial statements that are fairly presented in conformity with the regulatory basis of accounting. The Cooperative, because of cost/benefit implications, has not segregated financial accounting duties to sufficiently reduce the risk that a material misstatement of the financial statements due to fraud or error will not be prevented or detected. An understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures was obtained. The Cooperative's ability to initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements, as well as the ability to safeguard Cooperative assets, was adversely affected by the identified weakness. Cooperative management should adopt sound accounting policies and establish and maintain internal control that will initiate, authorize, record, process, and report transactions consistent with management's assertions embodied in the financial statements and that will safeguard Cooperative assets.

Management Response: Cooperative officials plan to comply with the recommendation to the extent possible.

The Cooperative's response to the finding identified in our audit is described above. We did not audit the Cooperative's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, the local cooperative board and Cooperative management, state executive and oversight management, and other parties as required by Arkansas Code, and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Arkansas Code Annotated § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT



Larry W. Hunter, CPA, CFE  
Deputy Legislative Auditor

Little Rock, Arkansas  
March 17, 2010

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
BALANCE SHEET - REGULATORY BASIS  
JUNE 30, 2009

Exhibit A

	Governmental Funds		
	Major		
	General	Special Revenue	Other Aggregate
<b>ASSETS</b>			
Cash	\$ 492,353	\$ 293,417	\$ 205,980
Investments	536,054		
Accounts receivable	30,055	44,799	
	<u>\$ 1,058,462</u>	<u>\$ 338,216</u>	<u>\$ 205,980</u>
<b>TOTAL ASSETS</b>			
	<u>\$ 1,058,462</u>	<u>\$ 338,216</u>	<u>\$ 205,980</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 33,204	\$ 7,162	\$ 8,580
Fund Balances:			
Unreserved:			
Designated:			
Capital projects			197,400
Undesignated	1,025,258	331,054	
Total Fund Balances	1,025,258	331,054	197,400
	<u>1,025,258</u>	<u>331,054</u>	<u>197,400</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>			
	<u>\$ 1,058,462</u>	<u>\$ 338,216</u>	<u>\$ 205,980</u>

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

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit B

	Major		Other Aggregate
	General	Special Revenue	
REVENUES			
State assistance	\$ 3,902,574	\$ 26,504	
Federal assistance		422,716	
Investment income	69,948		
Other revenues	1,933,913	59,316	
<b>TOTAL REVENUES</b>	<b>5,906,435</b>	<b>508,536</b>	
EXPENDITURES			
Regular programs	1,690,763		
Special education	600,804	228,632	
Workforce education	979	169,865	
Compensatory education	399,821		
Other instructional programs	51,782		
Student support services	348,930	979	
Instructional staff support services	1,701,583	103,220	
General administration support services	131,504		
Central services support services	172,168		
Operation and maintenance of plant services	308,038		
Food services operations		13,866	
Facilities acquisition and construction services	18,939		\$ 990,159
Debt Service:			
Interest and fiscal charges	7,065		
<b>TOTAL EXPENDITURES</b>	<b>5,432,376</b>	<b>516,562</b>	<b>990,159</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>474,059</b>	<b>(8,026)</b>	<b>(990,159)</b>
OTHER FINANCING SOURCES (USES)			
Transfers in	8,132		687,559
Transfers out	(687,559)	(8,132)	
Proceeds of certificate of indebtedness	204,309		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(475,118)</b>	<b>(8,132)</b>	<b>687,559</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(1,059)</b>	<b>(16,158)</b>	<b>(302,600)</b>
FUND BALANCES - JULY 1	1,026,317	347,212	500,000
FUND BALANCES - JUNE 30	\$ 1,025,258	\$ 331,054	\$ 197,400

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



OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State assistance	\$ 4,099,106	\$ 3,902,574	\$ (196,532)		\$ 26,504	\$ 26,504
Federal assistance				\$ 442,948	422,716	(20,232)
Investment income	75,000	69,948	(5,052)			
Other revenues	1,671,061	1,933,913	262,852	3,000	59,316	56,316
<b>TOTAL REVENUES</b>	<b>5,845,167</b>	<b>5,906,435</b>	<b>61,268</b>	<b>445,948</b>	<b>508,536</b>	<b>62,588</b>
EXPENDITURES						
Regular programs	1,932,937	1,690,763	242,174			
Special education	618,189	600,804	17,385	478,465	228,632	249,833
Workforce education	4,474	979	3,495	195,942	169,865	26,077
Compensatory education	388,953	399,821	(10,868)			
Other instructional programs	47,735	51,782	(4,047)			
Student support services	336,108	348,930	(12,822)	900	979	(79)
Instructional staff support services	1,849,337	1,701,583	147,754	141,298	103,220	38,078
General administration support services	137,737	131,504	6,233			
Central services support services	168,996	172,168	(3,172)			
Operation and maintenance of plant services	321,981	308,038	13,943			
Food services operations					13,866	(13,866)
Facilities acquisition and construction services	32,000	18,939	13,061	20,000		20,000
Debt Service:						
Interest and fiscal charges		7,065	(7,065)			
<b>TOTAL EXPENDITURES</b>	<b>5,838,447</b>	<b>5,432,376</b>	<b>406,071</b>	<b>836,605</b>	<b>516,562</b>	<b>320,043</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,720	474,059	467,339	(390,657)	(8,026)	382,631

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit C

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)						
Transfers in		\$ 8,132	\$ 8,132			
Transfers out	\$ (554,309)	(687,559)	(133,250)		\$ (8,132)	\$ (8,132)
Proceeds of certificate of indebtedness	204,309	204,309				
 TOTAL OTHER FINANCING SOURCES (USES)	 (350,000)	 (475,118)	 (125,118)		 (8,132)	 (8,132)
 EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (343,280)	 (1,059)	 342,221	\$ (390,657)	(16,158)	374,499
 FUND BALANCES - JULY 1	 1,023,085	 1,026,317	 3,232	 345,300	 347,212	 1,912
 FUND BALANCES - JUNE 30	 <u>\$ 679,805</u>	 <u>\$ 1,025,258</u>	 <u>\$ 345,453</u>	 <u>\$ (45,357)</u>	 <u>\$ 331,054</u>	 <u>\$ 376,411</u>

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

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Board of Education, a 16 member group, is the level of government, which has responsibilities over all activities within the jurisdiction of the Ozarks Unlimited Resources Educational Cooperative (Cooperative). There are no component units.

B. Description of Funds

Major governmental funds (per the regulatory basis of accounting) are defined as General and Special Revenue.

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

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Other governmental funds, presented in the aggregate, consist of the following:

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments).

C. Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Arkansas Code Annotated § 10-4-413(c), as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. 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. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to the financial statements.

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009

**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA.

E. Capital Assets

Information on capital assets and related depreciation is reported at Schedule 1. Capital assets are capitalized at historical cost or estimated historical cost, if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at fair value when received. The Cooperative maintains a threshold level of \$1,000 for capitalizing equipment. Library holdings are not capitalized.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Life in Years
Improvements/infrastructure	20
Buildings	50
Equipment	5-20

F. Fund Balance Designations

1. Designated fund balance - represents that portion of the fund balance which indicates tentative plans for financial resource utilization in a future period.
2. Undesignated fund balance - indicates that portion of the fund balance not reserved or designated.

G. Budget and Budgetary Accounting

The Cooperative is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The Cooperative does not prepare and submit amended budgets during the fiscal year. The State Department of Education's regulations allow for the cash basis or the modified accrual basis. However, the majority of the cooperatives employ the cash basis method.

Budgetary perspective differences are not considered to be significant, because the structure of the information utilized in preparing the budget and the applicable fund financial statements is essentially the same.

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

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)	\$ 250,000	\$ 250,000
Collateralized:		
Collateral held by the pledging bank or pledging bank's trust department in the Cooperative's name	1,277,804	1,733,382
Total Deposits	\$ 1,527,804	\$ 1,983,382

The above total deposits include certificates of deposit of \$536,054 reported as investments and classified as nonparticipating contracts.

**3: ACCOUNTS RECEIVABLE**

The accounts receivable balance of \$74,854 at June 30, 2009 was comprised of the following:

Description	Governmental Funds		Total
	Major		
	General	Special Revenue	
Federal assistance		\$ 44,799	\$ 44,799
Other	\$ 30,055		30,055
Totals	\$ 30,055	\$ 44,799	\$ 74,854

**4: COMMITMENTS**

The Cooperative was contractually obligated for the following at June 30, 2009:

A. Construction Contract

Project Name	Estimated Completion Date	Contract Balance
Cooperative building	August 5, 2009	\$ 89,644

B. Long-term Debt Issued and Outstanding

The Cooperative 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, 2009	Maturities To June 30, 2009
8/19/08	11/12/17	4.95%	\$ 204,309	\$ 204,309	\$ 0

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**4: COMMITMENTS (Continued)**

B. Long-term Debt Issued and Outstanding (Continued)

Changes in Long-term Debt

	Balance July 1, 2008	Issued	Retired	Balance June 30, 2009
Certificates of indebtedness	\$ 0	\$ 204,309	\$ 0	\$ 204,309

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

Year Ended June 30,	Principal	Interest	Total
2010	\$ 22,701	\$ 9,556	\$ 32,257
2011	22,701	8,432	31,133
2012	22,701	7,327	30,028
2013	22,701	6,185	28,886
2014	22,701	5,061	27,762
2015-2018	90,804	9,014	99,818
Totals	\$ 204,309	\$ 45,575	\$ 249,884

**5: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities balance of \$48,946 at June 30, 2009 was comprised of the following:

Description	Governmental Funds			Total
	Major			
	General	Special Revenue	Other Aggregate	
Vendor payables	\$ 30,336	\$ 6,332	\$ 8,580	\$ 45,248
Other	2,868	830		3,698
Totals	\$ 33,204	\$ 7,162	\$ 8,580	\$ 48,946

**6: INTERFUND TRANSFERS**

The Cooperative transferred \$687,559 from the general fund to the other aggregate funds for capital expenditures and \$8,132 from the special revenue fund to the general fund for reimbursement of expenditures.

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**7: RETIREMENT PLAN**

Arkansas Teacher Retirement System

Plan Description. The Cooperative 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 before July 1, 1989. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit 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 noncontributory plans. Contributory members are required by State law to contribute 6% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14% of covered salaries, the maximum allowed by State law. The employer contribution was paid by the Arkansas Department of Education from the Public School Fund, except for those employees paid from federal funding. Employer contributions for those employees were paid by the Cooperative. The Arkansas Department of Education's contributions to ATRS for the Cooperative during the years ended June 30, 2009, 2008 and 2007 were \$435,554, \$421,015 and \$333,635, respectively. The Cooperative's contributions to ATRS for the years ended June 30, 2009, 2008 and 2007 were \$7,032, \$4,357 and \$11,452, respectively, equal to the required contributions for each year.

**8: RISK MANAGEMENT**

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Cooperative carries commercial insurance for accident coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from the prior year in the major categories of risk.

The Cooperative participates in the Arkansas School Boards Association – Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating and settling claims that have been filed on behalf of and against member entities. The Cooperative contributes annually to this program.

The Cooperative participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$250,000 with a \$1,000 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

The Cooperative participates in the Public School Property and Vehicle Insurance Trust Fund Program administered by the Risk Management Division of the Arkansas Insurance Department. The program's general objectives are to formulate, develop and administer, on behalf of member entities, a program of insurance to obtain lower costs for property and vehicles coverage, and to develop a comprehensive loss control program. The fund uses a reinsurance policy to reduce exposure to large losses on insured events. The Cooperative pays an annual premium for its coverage of buildings, contents, and vehicles.

OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
 SCHEDULE OF CAPITAL ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2009  
 (Unaudited)

Schedule 1

	Balance June 30, 2009
<i>Nondepreciable capital assets:</i>	
Land	\$ 103,369
Construction in progress	1,031,198
Total nondepreciable capital assets	1,134,567
 <i>Depreciable capital assets:</i>	
Buildings	107,100
Improvements/infrastructure	8,323
Equipment	716,312
Total depreciable capital assets	831,735
 Less accumulated depreciation for:	
Buildings	28,072
Improvements/infrastructure	1,277
Equipment	360,175
Total accumulated depreciation	389,524
Total depreciable capital assets, net	442,211
Capital assets, net	\$ 1,576,778



OZARKS UNLIMITED RESOURCES EDUCATIONAL COOPERATIVE  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)

Schedule 2

	Year Ended June 30,				
	2009	2008	2007	2006	2005
<b><u>General Fund</u></b>					
Total Assets	\$ 1,058,462	\$ 1,069,948	\$ 943,717	\$ 941,493	\$ 1,523,241
Total Liabilities	33,204	43,631	12,337	7,235	
Total Fund Balances	1,025,258	1,026,317	931,380	934,258	1,523,241
Total Revenues	5,906,435	5,747,397	4,680,439	4,604,514	4,237,623
Total Expenditures	5,432,376	5,308,388	4,527,389	5,168,012	3,363,339
Total Other Financing Sources (Uses)	(475,118)	(344,072)	(155,928)	(25,485)	39,687
<b><u>Special Revenue Fund</u></b>					
Total Assets	338,216	348,399	277,140	168,685	114,265
Total Liabilities	7,162	1,187	83	57,937	
Total Fund Balances	331,054	347,212	277,057	110,748	114,265
Total Revenues	508,536	440,673	746,814	1,044,101	693,468
Total Expenditures	516,562	370,518	580,505	1,047,618	622,979
Total Other Financing Sources (Uses)	(8,132)				(37,987)
<b><u>Other Aggregate Funds</u></b>					
Total Assets	205,980	500,000	155,928		
Total Liabilities	8,580				
Total Fund Balances	197,400	500,000	155,928		
Total Revenues					
Total Expenditures	990,159				
Total Other Financing Sources (Uses)	687,559	344,072	155,928		