

# **Imboden Area Charter School**

**Lawrence County, Arkansas**

## **Regulatory Basis Financial Statements And Other Reports**

**June 30, 2009**

LEGISLATIVE JOINT AUDITING COMMITTEE

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LAWRENCE COUNTY, ARKANSAS  
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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

Imboden Area Charter School and Charter School Board Members  
Legislative Joint Auditing Committee

We have audited the accompanying financial statements of each major governmental fund of the Imboden Area Charter School (the "Charter School"), as of and for the year ended June 30, 2009, which collectively comprise the Charter School's regulatory basis financial statements as listed in the table of contents. These financial statements are the responsibility of Charter School 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 Charter School 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.

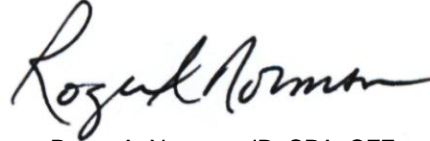
In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Charter School as of June 30, 2009, or the changes in financial position for the year then ended. Further, the Charter School 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 of the Charter School 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 May 12, 2010 on our consideration of the Charter School'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 Charter School's regulatory basis financial statements. The Schedule of Capital Assets (Schedule 1) and the Schedule of Selected Information for the Last Four Years – Regulatory Basis (Schedule 2) are presented for purposes of additional analysis and are 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 Four 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 written in a cursive, flowing style.

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

Little Rock, Arkansas  
May 12, 2010  
EDCS00509

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*

Imboden Area Charter School and Charter School Board Members  
Legislative Joint Auditing Committee

We have audited the financial statements of each major governmental fund of the Imboden Area Charter School (the "Charter School"), as of and for the year ended June 30, 2009, which collectively comprise the Charter School's regulatory basis financial statements, and have issued our report thereon dated May 12, 2010. We issued an adverse opinion because the Charter School 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 of the Charter School 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 Charter School'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 Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School'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 Charter School's financial statements that is more than inconsequential will not be prevented or detected by the Charter School'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 Charter School'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 Charter School'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

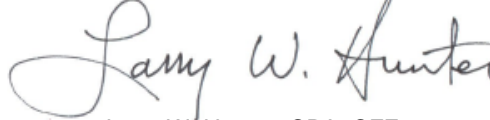
Internal control is a process consisting of five interrelated components - *control environment, risk assessment, information and communication, control activities, and monitoring*. Financial accounting duties should be distributed among the appropriate employees to enhance the design of the internal control process to ensure the preparation of reliable financial statements that are fairly presented to conformity with the regulatory basis of accounting. The Charter School, 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 Charter School'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 Charter School assets, was adversely affected by the identified weakness. Charter School 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 Charter School assets.

Management Response: Management personnel concur with the recommendation and will implement corrective procedures to the extent possible.

The Charter School's response to the finding identified in our audit is described above. We did not audit the Charter School'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 Charter School board and Charter School 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  
May 12, 2010

IMBODEN AREA CHARTER SCHOOL  
 LAWRENCE COUNTY, ARKANSAS  
 BALANCE SHEET - REGULATORY BASIS  
 JUNE 30, 2009

Exhibit A

	Governmental Funds	
	Major	
	General	Special Revenue
ASSETS		
Cash	\$ 42,687	\$ 4,697
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 4,122	\$ 3,004
 Fund Balances:		
Unreserved:		
Undesignated	38,565	1,693
 TOTAL LIABILITIES AND FUND BALANCES	\$ 42,687	\$ 4,697

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

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS

Exhibit B

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

	Major	
	General	Special Revenue
<b>REVENUES</b>		
State assistance	\$ 353,223	\$ 140
Federal assistance		51,245
Meal sales		1,339
Investment income	583	
Other revenues	3,350	
<b>TOTAL REVENUES</b>	<b>357,156</b>	<b>52,724</b>
<b>EXPENDITURES</b>		
Regular programs	189,240	2,407
Special education	1,236	13,847
Compensatory education		30,214
Student support services	7,458	1,447
Instructional staff support services	8,557	5,740
General administration support services	73,080	379
Central services support services	31,367	172
Operation and maintenance of plant services	43,462	94
Student transportation services	12,169	
Food services operations		14,480
Facilities acquisition and construction services	100	
Non-programmed costs		247
<b>TOTAL EXPENDITURES</b>	<b>366,669</b>	<b>69,027</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,513)</b>	<b>(16,303)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	1,002	
Transfers out		(1,002)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,002</b>	<b>(1,002)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(8,511)</b>	<b>(17,305)</b>
<b>FUND BALANCES - JULY 1</b>	<b>47,076</b>	<b>18,998</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 38,565</b>	<b>\$ 1,693</b>

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

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS

Exhibit C

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

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State assistance	\$ 411,320	\$ 353,223	\$ (58,097)		\$ 140	\$ 140
Federal assistance				\$ 40,501	51,245	10,744
Meal sales					1,339	1,339
Investment income		583	583			
Other revenues		3,350	3,350			
<b>TOTAL REVENUES</b>	<b>411,320</b>	<b>357,156</b>	<b>(54,164)</b>	<b>40,501</b>	<b>52,724</b>	<b>12,223</b>
EXPENDITURES						
Regular programs	160,731	189,240	(28,509)		2,407	(2,407)
Special education		1,236	(1,236)	13,672	13,847	(175)
Compensatory education					30,214	(30,214)
Student support services	15,025	7,458	7,567		1,447	(1,447)
Instructional staff support services		8,557	(8,557)		5,740	(5,740)
General administration support services	64,786	73,080	(8,294)		379	(379)
School administration support services	1,200		1,200			
Central services support services	27,374	31,367	(3,993)		172	(172)
Operation and maintenance of plant services	44,291	43,462	829		94	(94)
Student transportation services	15,945	12,169	3,776			
Food services operations					14,480	(14,480)
Facilities acquisition and construction services		100	(100)			
Non-programmed costs					247	(247)
<b>TOTAL EXPENDITURES</b>	<b>329,352</b>	<b>366,669</b>	<b>(37,317)</b>	<b>13,672</b>	<b>69,027</b>	<b>(55,355)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>81,968</b>	<b>(9,513)</b>	<b>(91,481)</b>	<b>26,829</b>	<b>(16,303)</b>	<b>(43,132)</b>

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
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	\$ 213,746	\$ 1,002	\$ (212,744)			
Transfers out	(213,746)		213,746		\$ (1,002)	\$ (1,002)
TOTAL OTHER FINANCING SOURCES (USES)	0	1,002	1,002		(1,002)	(1,002)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	81,968	(8,511)	(90,479)	\$ 26,829	(17,305)	(44,134)
FUND BALANCES - JULY 1	49,068	47,076	(1,992)	20,871	18,998	(1,873)
FUND BALANCES - JUNE 30	<u>\$ 131,036</u>	<u>\$ 38,565</u>	<u>\$ (92,471)</u>	<u>\$ 47,700</u>	<u>\$ 1,693</u>	<u>\$ (46,007)</u>

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

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**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 within the jurisdiction of the Imboden Area Charter School (Charter School). There are no component units. The Charter School is an open-enrollment charter school and the sponsoring entity is the Imboden Area Charter School, Inc., a nonprofit corporation.

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.

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.

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
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 Charter School 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
Equipment	5-20

F. Fund Balance Designation

Undesignated fund balance - indicates that portion of the fund balance not reserved or designated.

G. Budget and Budgetary Accounting

The Charter School is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The Charter School 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 charter schools employ the cash basis method.

The Charter School budgets intra-fund transfers. Significant variances may result in the comparison of transfers at the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General and Special Revenue Funds – Regulatory Basis because only interfund transfers are reported at the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Regulatory Basis.

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.

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
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)	\$ 47,184	\$ 92,087

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

**3: ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities balance of \$7,126 at June 30, 2009 was comprised of the following:

Description	Governmental Funds		Total
	Major		
	General	Special Revenue	
Vendor payables	\$ 1,752	\$ 753	\$ 2,505
Salaries payable	1,948	1,851	3,799
Payroll withholdings and matching	422	400	822
Totals	\$ 4,122	\$ 3,004	\$ 7,126

**4: INTERFUND TRANSFERS**

The Charter School transferred \$1,002 from the special revenue fund to the general fund for partial repayment of a prior year transfer that supplemented its food services operations.

**5: RETIREMENT PLAN**

Arkansas Teacher Retirement System

**Plan Description.** The Charter School 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 Charter School's contributions to ATRS for the years ended June 30, 2009, 2008, and 2007 were \$35,366, \$28,503, and \$31,135, respectively, equal to the required contributions for each year.

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**6: RISK MANAGEMENT**

The Charter School 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 Charter School carries commercial insurance for general liability 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 Charter School 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 schools. The Charter School contributes annually to this program.

The Charter School 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 Charter School 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 schools, 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 Charter School pays an annual premium for its coverage of contents and vehicles.

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
SCHEDULE OF CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)

Schedule 1

	<u>Balance</u> <u>June 30, 2009</u>
<i>Depreciable capital assets:</i>	
Equipment	\$ 81,280
Less accumulated depreciation for:	
Equipment	<u>40,337</u>
Capital assets, net	<u><u>\$ 40,943</u></u>

IMBODEN AREA CHARTER SCHOOL  
LAWRENCE COUNTY, ARKANSAS  
SCHEDULE OF SELECTED INFORMATION FOR THE LAST FOUR YEARS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Unaudited)

	Year Ended June 30,			
	2009	2008	2007	2006
<b><u>General Fund</u></b>				
Total Assets	\$ 42,687	\$ 49,068	\$ 88,500	\$ 200
Total Liabilities	4,122	1,992	50,997	66,208
Total Fund Balances	38,565	47,076	37,503	(66,008)
Total Revenues	357,156	354,570	418,354	256,497
Total Expenditures	366,669	343,443	314,843	310,861
Total Other Financing Sources (Uses)	1,002	(1,554)		
<b><u>Special Revenue Fund</u></b>				
Total Assets	4,697	20,871	13,870	39,149
Total Liabilities	3,004	1,873	135	6,110
Total Fund Balances	1,693	18,998	13,735	33,039
Total Revenues	52,724	51,814	48,923	45,380
Total Expenditures	69,027	46,851	68,227	60,357
Total Other Financing Sources (Uses)	(1,002)	300		