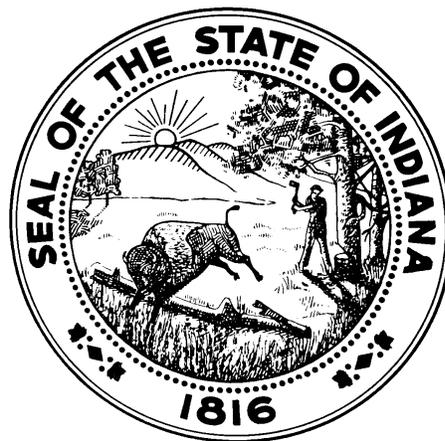


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
OPTIONS CHARTER SCHOOL - CARMEL  
HAMILTON COUNTY, INDIANA  
July 1, 2005 to June 30, 2007



**FILED**

05/02/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathleen Hammonds	07-01-05 to 06-30-08
Co-Directors of Schools	Kevin Davis Barbara Maschino	07-01-05 to 06-30-08 07-01-05 to 06-30-08
President of the School Board	Bruce Clayton Scott Bova	07-01-05 to 06-30-07 07-01-07 to 06-30-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OPTIONS CHARTER SCHOOL - CARMEL,  
HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of the Options Charter School - Carmel (School Corporation), for the period of July 1, 2005 to June 30, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial schedules but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 12, 2008

OPTIONS CHARTER SCHOOL - CARMEL  
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u> Operating Grants and Contributions	<u>Net</u> (Disbursement) Receipts and Changes in Net Assets <u>Totals</u>
Governmental activities:			
Instruction	\$ 487,456	\$ 8,008	\$ (479,448)
Support services	510,807	49	(510,758)
Community services	2,174	-	(2,174)
Nonprogrammed charges	1,000	-	(1,000)
Debt service	<u>75,875</u>	<u>-</u>	<u>(75,875)</u>
Total governmental activities	<u>\$ 1,077,312</u>	<u>\$ 8,057</u>	<u>(1,069,255)</u>
General receipts:			
Property taxes			223,413
Other local sources			16,188
State aid			615,174
Bonds and loans			150,000
Grants and contributions not restricted to specific programs			33,575
Sale of property, adjustments, and refunds			<u>440</u>
Total general receipts			<u>1,038,790</u>
Change in net assets			(30,465)
Net assets - beginning			<u>67,455</u>
Net assets - ending			<u>\$ 36,990</u>
<u>Assets</u>			
Cash and investments			<u>\$ 36,990</u>
Total assets			<u>\$ 36,990</u>
<u>Net Assets</u>			
Unrestricted			<u>\$ 36,990</u>
Total net assets			<u>\$ 36,990</u>

The accompanying notes are an integral part of the financial information.

OPTIONS CHARTER SCHOOL - CARMEL  
SCHEDULE OF ACTIVATES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 540,149	\$ -	\$ 8,115	\$ (532,034)
Support services	396,453	18,538	-	(377,915)
Community services	292	-	-	(292)
Nonprogrammed charges	1,500	-	-	(1,500)
Debt service	228,562	-	-	(228,562)
<b>Total governmental activities</b>	<b><u>\$ 1,166,956</u></b>	<b><u>\$ 18,538</u></b>	<b><u>\$ 8,115</u></b>	<b><u>(1,140,303)</u></b>
General receipts:				
Property taxes				172,423
Other local sources				33,329
State aid				659,499
Bonds and loans				45,000
Grants and contributions not restricted to specific programs				217,396
Sale of property, adjustments, and refunds				17,089
<b>Total general receipts</b>				<b><u>1,144,736</u></b>
<b>Change in net assets</b>				<b>4,433</b>
<b>Net assets - beginning</b>				<b><u>36,990</u></b>
<b>Net assets - ending</b>				<b><u>\$ 41,423</u></b>
<u>Assets</u>				
Cash and investments				<u>\$ 41,423</u>
<b>Total assets</b>				<b><u>\$ 41,423</u></b>
<u>Net Assets</u>				
Unrestricted				<u>\$ 41,423</u>
<b>Total net assets</b>				<b><u>\$ 41,423</u></b>

The accompanying notes are an integral part of the financial information.

OPTIONS CHARTER SCHOOL - CARMEL  
 SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	General	Alternative Education	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 239,601	\$ -	\$ -	\$ 239,601
State sources	624,078	30,521	49	654,648
Federal sources	-	-	2,158	2,158
Bonds and loans	150,000	-	-	150,000
Sale of property, adjustments and refunds	440	-	-	440
<b>Total receipts</b>	<b>1,014,119</b>	<b>30,521</b>	<b>2,207</b>	<b>1,046,847</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	468,157	-	19,299	487,456
Support services	464,679	-	46,128	510,807
Community services	2,174	-	-	2,174
Nonprogrammed charges	1,000	-	-	1,000
Debt services	75,875	-	-	75,875
<b>Total disbursements</b>	<b>1,011,885</b>	<b>-</b>	<b>65,427</b>	<b>1,077,312</b>
Excess (deficiency) of receipts over disbursements	2,234	30,521	(63,220)	(30,465)
<b>Other financing sources (uses):</b>				
Transfers in	28,672	-	-	28,672
Transfers out	-	(28,672)	-	(28,672)
<b>Total other financing sources (uses)</b>	<b>28,672</b>	<b>(28,672)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,906	1,849	(63,220)	(30,465)
Cash and investments - beginning	29,443	28,672	9,340	67,455
Cash and investments - ending	\$ 60,349	\$ 30,521	\$ (53,880)	\$ 36,990
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	\$ 60,349	\$ 30,521	\$ (53,880)	\$ 36,990
Total cash and investment assets - ending	\$ 60,349	\$ 30,521	\$ (53,880)	\$ 36,990
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
Unrestricted	\$ 60,349	\$ 30,521	\$ (53,880)	\$ 36,990
Total cash and investment fund balance - ending	\$ 60,349	\$ 30,521	\$ (53,880)	\$ 36,990

The accompanying notes are an integral part of the financial information.

OPTIONS CHARTER SCHOOL - CARMEL  
 SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	General	Alternative Education	Other	Totals
<b>Receipts:</b>				
Local sources	\$ 224,290	\$ -	\$ -	\$ 224,290
State sources	818,368	63,952	-	882,320
Federal sources	-	-	2,690	2,690
Bonds and loans	45,000	-	-	45,000
Sale of property, adjustments and refunds	17,089	-	-	17,089
<b>Total receipts</b>	<b>1,104,747</b>	<b>63,952</b>	<b>2,690</b>	<b>1,171,389</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	538,581	-	1,568	540,149
Support services	396,453	-	-	396,453
Community services	292	-	-	292
Nonprogrammed charges	1,500	-	-	1,500
Debt services	228,562	-	-	228,562
<b>Total disbursements</b>	<b>1,165,388</b>	<b>-</b>	<b>1,568</b>	<b>1,166,956</b>
Excess (deficiency) of receipts over disbursements	(60,641)	63,952	1,122	4,433
<b>Other financing sources (uses):</b>				
Transfers in	-	-	55,448	55,448
Transfers out	(55,448)	-	-	(55,448)
<b>Total other financing sources (uses)</b>	<b>(55,448)</b>	<b>-</b>	<b>55,448</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(116,089)	63,952	56,570	4,433
Cash and investments - beginning	60,349	30,521	(53,880)	36,990
Cash and investments - ending	\$ (55,740)	\$ 94,473	\$ 2,690	\$ 41,423
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	\$ (55,740)	\$ 94,473	\$ 2,690	\$ 41,423
Total cash and investment assets - ending	\$ (55,740)	\$ 94,473	\$ 2,690	\$ 41,423
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
Unrestricted	\$ (55,740)	\$ 94,473	\$ 2,690	\$ 41,423
Total cash and investment fund balance - ending	\$ (55,740)	\$ 94,473	\$ 2,690	\$ 41,423

The accompanying notes are an integral part of the financial information.

OPTIONS CHARTER SCHOOL - CARMEL  
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Funds
Additions: Contributions: Other	<u>\$ 1,584</u>	
Deductions: Administrative and general	<u>1,554</u>	
Excess of total additions over total deductions	30	
Cash and investment fund balance - beginning	<u>-</u>	
Cash and investment fund balance - ending	<u><u>\$ 30</u></u>	
Net assets: Cash and investments	<u>\$ 30</u>	<u>\$ (365)</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 30</u></u>	<u><u>\$ (365)</u></u>

The accompanying notes are an integral part of the financial information.

OPTIONS CHARTER SCHOOL - CARMEL  
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2007

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 1,089	
Deductions:		
Administrative and general	683	
Excess of total additions over total deductions	406	
Cash and investment fund balance - beginning	30	
Cash and investment fund balance - ending	<u>\$ 436</u>	
Net assets:		
Cash and investments	\$ 436	\$ (2,881)
Total net assets - cash and investment basis held in trust	<u>\$ 436</u>	<u>\$ (2,881)</u>

The accompanying notes are an integral part of the financial information.

OPTIONS CHARTER SCHOOL - CARMEL  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Schedules

Government-Wide Financial Schedules

The Schedules of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Schedules

Fund financial schedules of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial schedules are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial schedules. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial schedules.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The alternative education fund is used to account for state alternative education grant receipts and the related disbursements.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund accounts for senior institute receipts and the related disbursements.

Agency funds account for assets held by the School Corporation as an agent for various payroll taxing agencies.

OPTIONS CHARTER SCHOOL - CARMEL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

B. Measurement Focus and Basis of Accounting

The government-wide, governmental fund and fiduciary fund financial schedules are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial schedules.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial schedules for governmental funds would use the modified accrual basis of accounting, while the fund financial schedules for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund schedules to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial schedules.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

Note 3. Budgets

The operating budget is prepared and approved at the local level.

OPTIONS CHARTER SCHOOL - CARMEL  
 NOTES TO FINANCIAL INFORMATION  
 (Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2006</u>	<u>2007</u>
General Fund	Other governmental funds	\$ -	\$ 55,448
Alternative Education	General Fund	<u>28,672</u>	<u>-</u>
Totals		<u>\$ 28,672</u>	<u>\$ 55,448</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

Note 7. Pension Plan

A. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries.

OPTIONS CHARTER SCHOOL - CARMEL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

OPTIONS CHARTER SCHOOL - CARMEL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 8. Reorganization

The Central Indiana Options in Education, Inc., was created in 2002 to operate a charter school. This organization consisted of the Carmel Charter School. In 2006, a new charter school was approved to be located in Noblesville. As a result of the new school being added, the Central Indiana Options in Education, Inc., was reorganized. The Options in Education Foundation, Inc., a 501c(3) not-for-profit corporation, was created. Also created at this time were two not-for-profits, the Options Charter School - Carmel and the Options Charter School - Noblesville. These two entities will operate the Carmel and Noblesville charter schools as separate school corporations; however, they will have the same board members and share some personnel.

OPTIONS CHARTER SCHOOL - CARMEL  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 5,530	\$ 75,681	\$ (70,151)	7%	\$ 76,489	(92%)
07-01-05	10,381	97,163	(86,782)	11%	102,888	(84%)
07-01-06	17,647	109,740	(92,093)	16%	103,767	(89%)

OPTIONS CHARTER SCHOOL - CARMEL  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2006

	Textbook Rental	Miscellaneous Programs	Title V	Federal Programs	Charter School 691	Charter School 692	Totals
<b>Receipts:</b>							
State sources	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49
Federal sources	-	-	339	1,819	-	-	2,158
<b>Total receipts</b>	<b>49</b>	<b>-</b>	<b>339</b>	<b>1,819</b>	<b>-</b>	<b>-</b>	<b>2,207</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	159	19,140	19,299
Support services	-	713	339	600	8,468	36,008	46,128
<b>Total disbursements</b>	<b>-</b>	<b>713</b>	<b>339</b>	<b>600</b>	<b>8,627</b>	<b>55,148</b>	<b>65,427</b>
Excess (deficiency) of receipts over disbursements	49	(713)	-	1,219	(8,627)	(55,148)	(63,220)
Cash and investments - beginning	-	713	-	-	8,627	-	9,340
Cash and investments - ending	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,219</u>	<u>\$ -</u>	<u>\$ (55,148)</u>	<u>\$ (53,880)</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 49	\$ -	\$ -	\$ 1,219	\$ -	\$ (55,148)	\$ (53,880)
<b>Total cash and investment assets - ending</b>	<b><u>\$ 49</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,219</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (55,148)</u></b>	<b><u>\$ (53,880)</u></b>
<b>Cash and Investment Fund Balance - Ending</b>							
Unrestricted	\$ 49	\$ -	\$ -	\$ 1,219	\$ -	\$ (55,148)	\$ (53,880)
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 49</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,219</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (55,148)</u></b>	<b><u>\$ (53,880)</u></b>

OPTIONS CHARTER SCHOOL - CARMEL  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Textbook Rental	Title V	Federal Programs	Charter School 692	Totals
<b>Receipts:</b>					
Federal sources	\$ -	\$ 164	\$ 2,526	\$ -	\$ 2,690
Total receipts	-	164	2,526	-	2,690
<b>Disbursements:</b>					
Current:					
Instruction	49	-	1,219	300	1,568
Total disbursements	49	-	1,219	300	1,568
Excess (deficiency) of receipts over disbursements	(49)	164	1,307	(300)	1,122
<b>Other financing sources</b>					
Transfers in	-	-	-	55,448	55,448
Total other financing sources	-	-	-	55,448	55,448
Excess (deficiency) of receipts and other financing sources over disbursements	(49)	164	1,307	55,148	56,570
Cash and investments - beginning	49	-	1,219	(55,148)	(53,880)
Cash and investments - ending	\$ -	\$ 164	\$ 2,526	\$ -	\$ 2,690
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ 164	\$ 2,526	\$ -	\$ 2,690
Total cash and investment assets - ending	\$ -	\$ 164	\$ 2,526	\$ -	\$ 2,690
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	\$ -	\$ 164	\$ 2,526	\$ -	\$ 2,690
Total cash and investment fund balance - ending	\$ -	\$ 164	\$ 2,526	\$ -	\$ 2,690

OPTIONS CHARTER SCHOOL - CARMEL  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For the Year Ended June 30, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	\$ <u>287,626</u>
Total governmental activities, capital assets not being depreciated	\$ <u>287,626</u>

OPTIONS CHARTER SCHOOL - CARMEL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Computers and other electronic equipment	\$ 38,752	\$ 20,000
Common School Fund Loan	63,854	5,971
Line of Credit	<u>30,000</u>	<u>30,000</u>
Total governmental activities debt	<u>\$ 132,606</u>	<u>\$ 55,971</u>

OPTIONS CHARTER SCHOOL - CARMEL  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

Funds were overdrawn as noted in the schedule below.

Fund	06-30-06	06-30-07
General	\$ -	\$ 55,740
Charter School Grant No. 692	55,148	-
FICA	-	44
County Tax	583	426
Health/Vision Insurance	658	-
Valic	-	3,725
AFLAC	-	934

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COLLECTION OF AMOUNTS DUE

The School Corporation charges fees to the students each year. The School Board wrote off \$2,130.00 for items that were unpaid from the 2005-2006 school year. However, there was no detail listing presented for examination to support the account write-offs. The School Board contracted with a collection agency to pursue collection of amounts due for items that were unpaid from the 2006-2007 school year.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OPTIONS CHARTER SCHOOL - CARMEL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OFFICIAL BONDS

The official bond for Treasurer Kathy Hammonds was issued by Fidelity and Deposit Company on March 3, 2003. Subsequently, continuation certificates were issued.

Indiana Code 20-26-4-5 provides that for each school year commencing July 1, the treasurer of each governing body and the school corporation and any deputy treasurer, if so appointed, shall give a bond for the faithful performance of duties written by an insurance company licensed to do business in the State of Indiana, in an amount determined by the governing body. The treasurer shall be responsible under his bond for the acts of any deputy treasurer appointed as provided in IC 20-26-4-1.

The treasurer's official bond must be written for a term of one (1) year, the term of office of the treasurer; shall be payable to the State of Indiana as required by IC 5-4-1-10; and, when approved, shall be filed and recorded in the office of the recorder of the county wherein the treasurer resides as provided in IC 5-4-1-5.1. (The School Administrator and Uniform Compliance Guidelines, Volume 171)

OPTIONS CHARTER SCHOOL - CARMEL  
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2008, with Kathleen Hammonds, Treasurer; Barbara Maschino, Carmel Principal and Co-Director; and Kevin Davis, Noblesville Principal and Co-Director. The officials concurred with our findings.