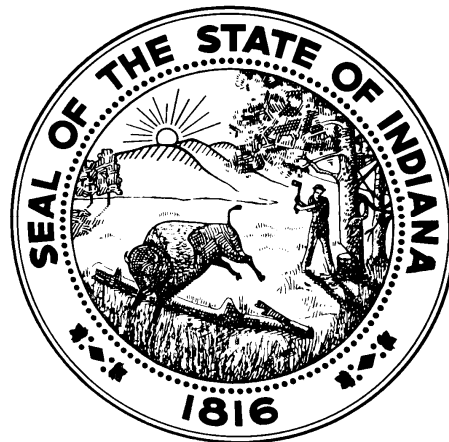


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
OPTIONS CHARTER SCHOOL - NOBLESVILLE
HAMILTON COUNTY, INDIANA
July 1, 2007 to June 30, 2009



FILED
02/24/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathleen Hammonds Sherrie Bly	07-01-07 to 06-30-09 07-01-09 to 06-30-10
President of Schools	Kevin Davis	07-01-07 to 06-30-10
President of the School Board	Bob Smith Scott Bova	07-01-07 to 09-15-08 09-16-08 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement presented herein of Options Charter School - Noblesville (School Corporation), for the period of July 1, 2007 to June 30, 2009. The School Corporation's management is responsible for the financial statement 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 statement 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 statement referred to above presents fairly, in all material respects, the financial statement of the School Corporation for the years ended June 30, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Combining Schedule and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statement. The Combining Schedules have been subjected to the examination procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the examination procedures applied to the basic financial statement, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 22, 2009

OPTIONS CHARTER SCHOOL - NOBLESVILLE
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 856,941	\$ -	\$ 11,161	\$ -	\$ (845,780)
Support services	123,287	8,580	-	-	(114,707)
Noninstructional services	1,125	-	-	-	(1,125)
Facilities acquisition and construction	6,606	-	-	-	(6,606)
Debt service	217,441	-	-	-	(217,441)
Nonprogrammed charges	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>
Total governmental activities	<u>\$ 1,208,900</u>	<u>\$ 8,580</u>	<u>\$ 11,161</u>	<u>\$ -</u>	<u>(1,189,159)</u>
General receipts:					
Property taxes					299,849
Other local sources					35,382
State aid					501,947
Bonds and loans					65,805
Grants and contributions not restricted to specific programs					269,986
Other					<u>4,386</u>
Total general receipts					<u>1,177,355</u>
Change in net assets					(11,804)
Net assets - beginning					<u>44,289</u>
Net assets - ending					<u>\$ 32,485</u>
<u>Assets</u>					
Cash and investments					<u>\$ 32,485</u>
Total assets					<u>\$ 32,485</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 32,485</u>
Total net assets					<u>\$ 32,485</u>

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

OPTIONS CHARTER SCHOOL - NOBLESVILLE
SCHEDULE OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Governmental activities:					
Instruction	\$ 720,684	\$ -	\$ 3,878	\$ -	\$ (716,806)
Support services	149,792	10,260	-	-	(139,532)
Facilities acquisition and construction	3,497	-	-	-	(3,497)
Debt service	<u>167,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,074)</u>
Total governmental activities	<u>\$ 1,041,047</u>	<u>\$ 10,260</u>	<u>\$ 3,878</u>	<u>\$ -</u>	<u>(1,026,909)</u>
General receipts:					
Property taxes					175,517
Other local sources					102,376
State aid					633,059
Bonds and loans					10,000
Grants and contributions not restricted to specific programs					<u>157,351</u>
Total general receipts					<u>1,078,303</u>
Change in net assets					51,394
Net assets - beginning					<u>32,485</u>
Net assets - ending					<u>\$ 83,879</u>
<u>Assets</u>					
Cash and investments					<u>\$ 83,879</u>
Total assets					<u>\$ 83,879</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 83,879</u>
Total net assets					<u>\$ 83,879</u>

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

OPTIONS CHARTER SCHOOL - NOBLESVILLE
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, 2008

	General	Hoover Family Foundation Grant	Charter School Grant Phase III	Other	Totals
Receipts:					
Local sources	\$ 328,056	\$ 10,000	\$ -	\$ -	\$ 338,056
Intermediate sources	5,755	-	-	-	5,755
State sources	513,936	-	-	64,158	578,094
Federal sources	-	-	199,775	5,225	205,000
Temporary loans	65,805	-	-	-	65,805
Other	707	-	-	3,679	4,386
Total receipts	914,259	10,000	199,775	73,062	1,197,096
Disbursements:					
Current:					
Instruction	690,455	-	132,227	34,259	856,941
Support services	115,356	-	500	7,431	123,287
Noninstructional services	1,125	-	-	-	1,125
Facilities acquisition and construction	1,056	-	2,875	2,675	6,606
Debt services	217,441	-	-	-	217,441
Nonprogrammed charges	3,500	-	-	-	3,500
Total disbursements	1,028,933	-	135,602	44,365	1,208,900
Excess (deficiency) of receipts over disbursements	(114,674)	10,000	64,173	28,697	(11,804)
Other financing sources (uses):					
Transfers in	113,058	-	-	34,361	147,419
Transfers out	(188)	-	(64,173)	(83,058)	(147,419)
Total other financing sources (uses)	112,870	-	(64,173)	(48,697)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,804)	10,000	-	(20,000)	(11,804)
Cash and investments - beginning	24,289	-	-	20,000	44,289
Cash and investments - ending	\$ 22,485	\$ 10,000	\$ -	\$ -	\$ 32,485
Cash and Investment Assets - Ending					
Cash and investments	\$ 22,485	\$ 10,000	\$ -	\$ -	\$ 32,485
Total cash and investment assets - ending	\$ 22,485	\$ 10,000	\$ -	\$ -	\$ 32,485
Cash and Investment Fund Balance - Ending					
Unrestricted	\$ 22,485	\$ 10,000	\$ -	\$ -	\$ 32,485
Total cash and investment fund balance - ending	\$ 22,485	\$ 10,000	\$ -	\$ -	\$ 32,485

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

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 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, 2009

	General	Hoover Family Foundation Grant	Fiscal Stabilization	Other	Totals
Receipts:					
Local sources	\$ 196,566	\$ -	\$ -	\$ -	\$ 196,566
Intermediate sources	27,359	-	-	64,227	91,586
State sources	639,562	-	-	74,896	714,458
Federal sources	-	-	70,107	9,724	79,831
Temporary loans	10,000	-	-	-	10,000
Total receipts	873,487	-	70,107	148,847	1,092,441
Disbursements:					
Current:					
Instruction	635,515	2,030	22,714	60,425	720,684
Support services	130,262	5,000	4,211	10,319	149,792
Facilities acquisition and construction	3,497	-	-	-	3,497
Debt services	166,139	-	935	-	167,074
Total disbursements	935,413	7,030	27,860	70,744	1,041,047
Excess (deficiency) of receipts over disbursements	(61,926)	(7,030)	42,247	78,103	51,394
Other financing sources (uses):					
Transfers in	74,896	-	-	450	75,346
Transfers out	(450)	-	-	(74,896)	(75,346)
Total other financing sources (uses)	74,446	-	-	(74,446)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,520	(7,030)	42,247	3,657	51,394
Cash and investments - beginning	22,485	10,000	-	-	32,485
Cash and investments - ending	<u>\$ 35,005</u>	<u>\$ 2,970</u>	<u>\$ 42,247</u>	<u>\$ 3,657</u>	<u>\$ 83,879</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 35,005	\$ 2,970	\$ 42,247	\$ 3,657	\$ 83,879
Total cash and investment assets - ending	<u>\$ 35,005</u>	<u>\$ 2,970</u>	<u>\$ 42,247</u>	<u>\$ 3,657</u>	<u>\$ 83,879</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	\$ 35,005	\$ 2,970	\$ 42,247	\$ 3,657	\$ 83,879
Total cash and investment fund balance - ending	<u>\$ 35,005</u>	<u>\$ 2,970</u>	<u>\$ 42,247</u>	<u>\$ 3,657</u>	<u>\$ 83,879</u>

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

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

	Private-Purpose Trust Funds
Additions:	
Contributions:	
Other	\$ <u>291</u>
Deductions:	
Administrative and general	<u>291</u>
Excess (deficiency) of total additions over total deductions	-
Cash and investment fund balance - beginning	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>
Net assets:	
Cash and investments	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>

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

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Options Charter School - Noblesville

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements 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, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

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 Hoover Family Foundation grant fund accounts for receipts and disbursements of the Hoover Family Foundation grant. This grant money is used in various ways for new charter school students to get acclimated with the charter school.

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The charter school grant phase III fund accounts for receipts and disbursements of federal charter school grant awards.

The fiscal stabilization fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the various activities at the schools.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements 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 statements.

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

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

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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in 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%

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by State statute:

Fund	2008-09
IDEA, Part B	\$ (2)
Special Education Part B	(4,631)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the (underestimate of current requirements; these deficits are to be repaid from future receipts.)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$84,098.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2007-08	2008-09
General Fund	Other governmental funds	\$ 188	\$ 450
Charter School Grant Phase III	General Fund	30,000	-
Other governmental funds	General Fund	83,058	74,896
	Other governmental funds	34,173	-
Totals		<u>\$ 147,419</u>	<u>\$ 75,346</u>

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

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

B. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plans

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. All full-time employees are eligible to participate in the 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 member's 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. The 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 plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

OPTIONS CHARTER SCHOOL - NOBLESVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ -
Interest on net pension obligation	-
Adjustment to annual required contribution	-
	-
Annual pension cost	-
Contributions made	5,076
	-
Increase (decrease) in net pension obligation	(5,076)
Net pension obligation, beginning of year	-
	-
Net pension obligation, end of year	\$ (5,076)
	(5,076)
Contribution rates:	
School Corporation	5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-06	\$ N/A	N/A	\$ N/A
	06-30-07	N/A	N/A	N/A
	06-30-08	-	0%	(5,076)

N/A – Not applicable.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

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 member's 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

Funding Policy and Annual Pension Costs

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.

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

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
07-01-07	959	271	688	354%	-	0%
07-01-08	6,742	22,047	(15,305)	31%	102,042	(15%)

N/A – Not applicable.

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 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, 2008

	Alternative Education	Title II Part A	Federal Programs	Charter School Grant	Totals
Receipts:					
State sources	\$ 64,158	\$ -	\$ -	\$ -	\$ 64,158
Federal sources	-	-	-	5,225	5,225
Other	-	-	-	3,679	3,679
Total receipts	64,158	-	-	8,904	73,062
Disbursements:					
Current:					
Instruction	-	-	-	34,259	34,259
Support services	-	188	1,100	6,143	7,431
Facilities acquisition and construction	-	-	-	2,675	2,675
Total disbursements	-	188	1,100	43,077	44,365
Excess (deficiency) of receipts over disbursements	64,158	(188)	(1,100)	(34,173)	28,697
Other financing sources (uses):					
Transfers in	-	188	-	34,173	34,361
Transfers out	(64,158)	-	(18,900)	-	(83,058)
Total other financing sources (uses)	(64,158)	188	(18,900)	34,173	(48,697)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(20,000)	-	(20,000)
Cash and investments - beginning	-	-	20,000	-	20,000
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 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, 2009

	Alternative Education	Innovative Programs	IDEA, Part B	Title II Part A	Title I	Special Education Part B	Totals
Receipts:							
Intermediate sources	\$ -	\$ -	\$ 64,227	\$ -	\$ -	\$ -	\$ 64,227
State sources	74,896	-	-	-	-	-	74,896
Federal sources	-	2,243	-	2,856	4,625	-	9,724
Total receipts	74,896	2,243	64,227	2,856	4,625	-	148,847
Disbursements:							
Current:							
Instruction	-	759	54,085	950	-	4,631	60,425
Support services	-	39	10,144	136	-	-	10,319
Total disbursements	-	798	64,229	1,086	-	4,631	70,744
Excess (deficiency) of receipts over disbursements	74,896	1,445	(2)	1,770	4,625	(4,631)	78,103
Other financing sources (uses):							
Transfers in	-	-	-	450	-	-	450
Transfers out	(74,896)	-	-	-	-	-	(74,896)
Total other financing sources (uses)	(74,896)	-	-	450	-	-	(74,446)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,445	(2)	2,220	4,625	(4,631)	3,657
Cash and investments - beginning	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,445</u>	<u>\$ (2)</u>	<u>\$ 2,220</u>	<u>\$ 4,625</u>	<u>\$ (4,631)</u>	<u>\$ 3,657</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 1,445	\$ (2)	\$ 2,220	\$ 4,625	\$ (4,631)	\$ 3,657
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 1,445</u>	<u>\$ (2)</u>	<u>\$ 2,220</u>	<u>\$ 4,625</u>	<u>\$ (4,631)</u>	<u>\$ 3,657</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 1,445	\$ (2)	\$ 2,220	\$ 4,625	\$ (4,631)	\$ 3,657
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,445</u>	<u>\$ (2)</u>	<u>\$ 2,220</u>	<u>\$ 4,625</u>	<u>\$ (4,631)</u>	<u>\$ 3,657</u>

OPTIONS CHARTER SCHOOL - NOBLESVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

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	\$ 6,876	\$ 7,027
Notes and loans payable		
Common School Loan	322,169	-
Bus Loan	3,477	3,477
National City Bank Credit Line	59,903	59,903
Loan from Options Carmel	<u>38,936</u>	<u>-</u>
Total governmental activities debt	<u>\$ 431,361</u>	<u>\$ 70,407</u>

OPTIONS CHARTER SCHOOL - NOBLESVILLE
EXIT CONFERENCE

The contents of this report were discussed on December 22, 2009, with Kathleen Hammonds, former Treasurer; Sherrie Bly, Treasurer; and Kevin Davis, President of Schools. Our examination disclosed no material items that warrant comment at this time.