

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CARMEL CLAY SCHOOLS
HAMILTON COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/28/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roger McMichael	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Jeff Swensson Dr. R. Stephen Tegarden Dr. Nicholas Wahl	01-01-10 to 06-09-13 06-10-13 to 08-27-13 08-28-13 to 06-30-14
President of the School Board	Patricia Hackett Layla Spanenberg	07-01-11 to 06-30-12 07-01-12 to 06-30-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CARMEL CLAY SCHOOLS, HAMILTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Carmel Clay Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

January 30, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CARMEL CLAY SCHOOLS, HAMILTON COUNTY, INDIANA

We have audited, 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, the financial statement of the Carmel Clay Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 30, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, 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*.

Carmel Clay Schools' Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 30, 2014

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

CARMEL CLAY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 4,784,578	\$ 84,782,629	\$ 83,386,649	\$ (353,241)	\$ 5,827,317	\$ 85,640,437	\$ 86,214,900	\$ (51,335)	\$ 5,201,519
Referendum Tax Levy	2,317,469	15,011,183	12,161,413	-	5,167,239	14,661,459	11,783,211	-	8,045,487
Debt Service	5,536,449	20,176,951	18,580,538	(4,523,113)	2,609,749	20,336,170	19,595,399	(3,350,000)	520
Retirement/Severance Bond Debt Service	710,159	3,476,294	3,853,591	-	332,862	3,724,012	4,006,739	-	50,135
Capital Projects	7,266,470	14,116,231	17,685,180	2,500	3,700,021	14,283,316	17,642,475	249	341,111
School Transportation	808,235	8,606,610	8,933,496	51,374	532,723	9,028,761	9,556,196	54,325	59,613
School Bus Replacement	38,442	2,017,813	2,056,017	-	238	2,144,456	2,144,286	-	408
Rainy Day	-	-	20,565	4,500,000	4,479,435	1,409	5,731,028	3,350,000	2,099,816
Retirement/Severance Bond	2,146,738	271,045	457,149	-	1,960,634	267,128	409,422	-	1,818,340
School Lunch	1,943,886	7,623,765	7,325,131	-	2,242,520	7,621,267	7,935,755	5,800	1,933,832
Textbook Rental	923,081	1,963,521	2,341,799	23,113	567,916	2,055,697	1,028,688	-	1,594,925
Self-Insurance	8,585,580	17,967,855	17,068,400	-	9,485,035	16,295,504	15,512,298	-	10,268,241
Special Ed Co-op Operating	(826,118)	8,437,683	8,067,844	319,067	(137,212)	871,722	733,977	-	533
School Library Printed Material	96	-	-	-	96	-	96	-	-
SAFE School Haven	114	-	-	-	114	-	-	-	114
Early Intervention Grant	-	8,408	8,408	-	-	-	-	-	-
Eric Clark Center	56,641	51,167	79,053	-	28,755	51,167	32,286	-	47,636
Donations	62,214	60,261	34,466	-	88,009	28,937	54,155	-	62,791
Teuscher Memorial	757	-	659	-	98	-	98	-	-
Ball State Grant	9,085	-	3,374	-	5,711	-	5,300	-	411
CEC Grant	267	-	-	-	267	-	-	-	267
Construction, Remodeling, and Equipping Buildings	6,798	-	-	-	6,798	-	6,798	-	-
Writing Initiative	1,665	-	-	-	1,665	-	-	-	1,665
Gifted and Talented 2010-11	21,582	-	21,582	-	-	-	-	-	-
Gifted and Talented 2011-12	-	89,387	85,079	-	4,308	-	4,308	-	-
Gifted and Talented 2012-13	-	-	-	-	-	124,112	95,436	-	28,676
Economic Education Mini Grant	1	-	-	-	1	-	-	-	1
Recreational Activities	11,842	12,420	4,303	-	19,959	-	4,977	-	14,982
Scholarships and Awards	-	-	-	-	-	359	359	-	-
Non-English Speaking Programs P.L. 273-1999	18,262	-	17,185	-	1,077	-	-	-	1,077
Non-English Speaking Programs P.L. 273-1999 2011-12	-	41,446	20,514	-	20,932	-	20,932	-	-
Non-English Speaking Programs P.L. 273-1999 2012-13	-	-	-	-	-	45,410	18,359	-	27,051

The notes to the financial statement are an integral part of this statement.

CARMEL CLAY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
School Technology	109,072	224,842	112,323	-	221,591	130,275	136,247	-	215,619
Miscellaneous Programs	-	2,900	2,900	-	-	3,300	3,300	-	-
DC Trip	142	14,795	12,523	-	2,414	16,795	18,655	-	554
Title I	(2,652)	1,152	820	-	(2,320)	-	-	-	(2,320)
Title I 2011-12	-	503,502	508,705	-	(5,203)	62,774	57,571	-	-
Title I 2012-13	-	-	-	-	-	440,965	452,122	-	(11,157)
Special Education Grant	(1,015)	-	-	1,015	-	-	-	-	-
5220 Federal Carry-Over	(2,858)	-	-	-	(2,858)	-	-	-	(2,858)
5230 Federal Carry-Over	1,552	-	-	-	1,552	-	-	-	1,552
Federal Part B 2011-12	(323,592)	9,697,348	10,021,450	-	(647,694)	2,533,169	1,885,475	-	-
Federal Part B 2012-13	-	-	-	-	-	2,343,965	2,435,491	-	(91,526)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	1,655	-	-	-	1,655	-	-	-	1,655
Silver Funds	1,512	-	-	-	1,512	-	-	-	1,512
Asst Tech Grant 2011-12	-	54,640	54,640	-	-	-	-	-	-
Asst Tech Grant 2012-13	-	-	41,700	-	(41,700)	69,703	28,003	-	-
Federal Preschool	(9,068)	329,404	367,309	-	(46,973)	96,110	48,984	-	153
Early Childhood	-	-	-	-	-	61,935	64,397	-	(2,462)
Federal Preschool Carry-Over	1,081	-	-	-	1,081	-	-	-	1,081
Milken Educator Grant	1,090	-	-	-	1,090	-	70	-	1,020
Title IV	(4,474)	12,450	7,609	-	367	-	-	-	367
Federal Special Ed Subgrant 2010-11	-	49,861	48,846	(1,015)	-	-	-	-	-
Federal Special Ed Subgrant 2011-12	-	510,568	602,616	-	(92,048)	113,306	25,378	-	(4,120)
Federal Mental Health Grant	-	69,200	82,862	-	(13,662)	24,806	11,144	-	-
Improving Teaching Quality, No Child Left, Title II, Part A 2010-11	(2,856)	192,711	189,855	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A 2011-12	-	133,184	140,228	-	(7,044)	110,216	103,172	-	-
Improving Teaching Quality, No Child Left, Title II, Part A 2012-13	-	-	-	-	-	34,147	37,263	-	(3,116)
Title III, Language Instruction 2010-11	-	40,437	40,437	-	-	-	-	-	-
Title III, Language Instruction 2011-12	-	24,405	25,902	-	(1,497)	27,656	26,159	-	-
Title III, Language Instruction 2012-13	-	-	-	-	-	46,146	48,765	-	(2,619)
Special Education - Part B	121,235	858,278	979,513	-	-	-	-	-	-
Special Education - Part B - Preschool	(2,009)	57,730	55,721	-	-	-	-	-	-
Education Jobs	-	1,821,513	1,960,965	-	(139,452)	865,218	725,766	-	-
Payroll	424,818	28,439,566	28,440,964	-	423,420	26,782,678	26,894,337	-	311,761
Totals	\$ 34,737,926	\$ 227,753,155	\$ 225,910,283	\$ 19,700	\$ 36,600,498	\$ 210,944,487	\$ 215,539,777	\$ 9,039	\$ 32,014,247

The notes to the financial statement are an integral part of this statement.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. Risk Management

The School Corporation may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 percent 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.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

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.

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012, and June 30, 2013.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

In addition, one fund was created to account for the transactions of the Special Education Cooperative, of which the School Corporation was the Local Educational Agency. Billings were made to other participating schools to fund the cooperative and the receipts were posted to Special Education Co-operating Fund. The final billing amount to settle up for the preceding year was not completed until after June 30, 2012, and as a result, the fund had a deficit balance at June 30, 2012.

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with Carmel 2002 School Building Corporation and Carmel High School Building Corporation (the lessors). The lessors were organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation. Lease payments during the years 2012 and 2013 totaled \$18,580,538 and \$19,099,899, respectively.

Note 9. Subsequent Events

- A. 2012-2013 Collective Bargaining Agreement - The parties were not able to reach a negotiated agreement. Mediation was unsuccessful. In the fall of 2012, Factfinding began. The Carmel Clay Education Association (CCEA) filed an unfair labor practice (ULP) charge against Carmel Clay Schools (CCS). The CCEA also sought and received a stay of the Factfinding during the pendency of the ULP charge. The Hearing Officer ruled in favor of the CCS and found the ULP to be without merit. The CCEA appealed to Indiana Education Employment Relations Board (IEERB). The IEERB also found the ULP to be without merit and ruled in favor of the CCS. The stay then was lifted, and a Factfinding hearing was held on September 20, 2013. The Factfinder issued her decision on September 27, 2013, in which she ruled in favor of the CCS and held that the CCS's Last Best Offer (LBO) should be implemented. The CCEA appealed the decision to the IEERB. On November 18, 2013, the IEERB held oral argument on the appeal. At the conclusion of the oral argument, the IEERB affirmed the selection of the CCS LBO as the contract between the parties, but indicated it wanted to modify certain portions of the Factfinder's Decision. We expect to receive the IEERB Order soon. As required by law, the CCS continues to work under the terms of the prior agreement that remain negotiable under the new bargaining law. The CCS anticipates being able to implement its LBO in the very near future.
- B. 2013-2014 - The parties have been unable to reach a negotiated agreement. A mediator has been assigned, and mediation now is in process.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. Retired Administrators may also receive life insurance; however, the retirees must pay the full premium. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

CARMEL CLAY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 4,784,578	\$ 2,317,469	\$ 5,536,449	\$ 710,159	\$ 7,266,470	\$ 808,235	\$ 38,442	\$ -	\$ 2,146,738	\$ 1,943,886
Receipts:										
Local sources	3,668,966	15,011,183	20,176,951	3,476,294	14,116,231	8,106,610	1,462,813	-	271,045	6,195,970
Intermediate sources	9	-	-	-	-	-	-	-	-	-
State sources	81,110,520	-	-	-	-	-	-	-	-	124,899
Federal sources	-	-	-	-	-	-	-	-	-	1,183,194
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	500,000	555,000	-	-	-
Other	3,134	-	-	-	-	-	-	-	-	119,702
Total receipts	84,782,629	15,011,183	20,176,951	3,476,294	14,116,231	8,606,610	2,017,813	-	271,045	7,623,765
Disbursements:										
Current:										
Instruction	63,422,248	4,717,375	-	-	-	-	-	-	306,366	-
Support services	18,622,895	7,444,038	-	-	6,124,614	8,378,496	1,556,017	-	129,456	2,508
Noninstructional services	1,341,506	-	-	-	-	-	-	-	14,299	7,322,623
Facilities acquisition and construction	-	-	-	-	11,560,566	-	-	20,565	7,028	-
Debt services	-	-	18,580,538	3,853,591	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	555,000	500,000	-	-	-
Total disbursements	83,386,649	12,161,413	18,580,538	3,853,591	17,685,180	8,933,496	2,056,017	20,565	457,149	7,325,131
Excess (deficiency) of receipts over disbursements	1,395,980	2,849,770	1,596,413	(377,297)	(3,568,949)	(326,886)	(38,204)	(20,565)	(186,104)	298,634
Other financing sources (uses):										
Sale of capital assets	11,200	-	-	-	2,500	-	-	-	-	-
Transfers in	-	-	-	-	-	51,374	-	4,500,000	-	-
Transfers out	(364,441)	-	(4,523,113)	-	-	-	-	-	-	-
Total other financing sources (uses)	(353,241)	-	(4,523,113)	-	2,500	51,374	-	4,500,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,042,739	2,849,770	(2,926,700)	(377,297)	(3,566,449)	(275,512)	(38,204)	4,479,435	(186,104)	298,634
Cash and investments - ending	\$ 5,827,317	\$ 5,167,239	\$ 2,609,749	\$ 332,862	\$ 3,700,021	\$ 532,723	\$ 238	\$ 4,479,435	\$ 1,960,634	\$ 2,242,520

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Self- Insurance	Special Ed Co-op Operating	School Library Printed Material	SAFE School Haven	Early Intervention Grant	Eric Clark Center	Donations	Teuscher Memorial	Ball State Grant
Cash and investments - beginning	\$ 923,081	\$ 8,585,580	\$ (826,118)	\$ 96	\$ 114	\$ -	\$ 56,641	\$ 62,214	\$ 757	\$ 9,085
Receipts:										
Local sources	1,851,381	15,479,883	8,437,683	-	-	-	-	60,261	-	-
Intermediate sources	-	-	-	-	-	-	51,167	-	-	-
State sources	112,140	-	-	-	-	8,408	-	-	-	-
Federal sources	-	479,358	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	2,008,614	-	-	-	-	-	-	-	-
Total receipts	1,963,521	17,967,855	8,437,683	-	-	8,408	51,167	60,261	-	-
Disbursements:										
Current:										
Instruction	-	-	6,631,195	-	-	17	-	28,344	-	572
Support services	2,341,799	184,540	1,418,414	-	-	-	-	1,391	659	2,802
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	18,235	-	-	8,391	79,053	4,731	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	16,883,860	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,341,799	17,068,400	8,067,844	-	-	8,408	79,053	34,466	659	3,374
Excess (deficiency) of receipts over disbursements	(378,278)	899,455	369,839	-	-	-	(27,886)	25,795	(659)	(3,374)
Other financing sources (uses):										
Sale of capital assets	-	-	6,000	-	-	-	-	-	-	-
Transfers in	23,113	-	313,067	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	23,113	-	319,067	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(355,165)	899,455	688,906	-	-	-	(27,886)	25,795	(659)	(3,374)
Cash and investments - ending	\$ 567,916	\$ 9,485,035	\$ (137,212)	\$ 96	\$ 114	\$ -	\$ 28,755	\$ 88,009	\$ 98	\$ 5,711

CARMEL CLAY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	CEC Grant	Construction, Remodeling, and Equipping Buildings	Writing Initiative	Gifted and Talented 2010-11	Gifted and Talented 2011-12	Gifted and Talented 2012-13	Economic Education Mini Grant	Recreational Activities	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ 267	\$ 6,798	\$ 1,665	\$ 21,582	\$ -	\$ -	\$ 1	\$ 11,842	\$ -	\$ 18,262
Receipts:										
Local sources	-	-	-	-	-	-	-	7,420	-	-
Intermediate sources	-	-	-	-	-	-	-	5,000	-	-
State sources	-	-	-	-	89,387	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	89,387	-	-	12,420	-	-
Disbursements:										
Current:										
Instruction	-	-	-	14,945	48,259	-	-	-	-	-
Support services	-	-	-	6,637	36,820	-	-	4,303	-	17,185
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	21,582	85,079	-	-	4,303	-	17,185
Excess (deficiency) of receipts over disbursements	-	-	-	(21,582)	4,308	-	-	8,117	-	(17,185)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(21,582)	4,308	-	-	8,117	-	(17,185)
Cash and investments - ending	\$ 267	\$ 6,798	\$ 1,665	\$ -	\$ 4,308	\$ -	\$ 1	\$ 19,959	\$ -	\$ 1,077

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Non-English Speaking Programs P.L. 273-1999 2011-12	Non-English Speaking Programs P.L. 273-1999 2012-13	School Technology	Miscellaneous Programs	DC Trip	Title I	Title I 2011-12	Title I 2012-13	Special Education Grant	5220 Federal Carry-Over
Cash and investments - beginning	\$ -	\$ -	\$ 109,072	\$ -	\$ 142	\$ (2,652)	\$ -	\$ -	\$ (1,015)	\$ (2,858)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	215,307	-	-	-	-	-	-	-
State sources	41,446	-	9,535	2,900	-	-	-	-	-	-
Federal sources	-	-	-	-	-	1,152	503,502	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	14,795	-	-	-	-	-
Total receipts	41,446	-	224,842	2,900	14,795	1,152	503,502	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	2,900	-	-	401,741	-	-	-
Support services	20,514	-	112,323	-	-	820	105,904	-	-	-
Noninstructional services	-	-	-	-	12,523	-	1,060	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	20,514	-	112,323	2,900	12,523	820	508,705	-	-	-
Excess (deficiency) of receipts over disbursements	20,932	-	112,519	-	2,272	332	(5,203)	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	1,015	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,015	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,932	-	112,519	-	2,272	332	(5,203)	-	1,015	-
Cash and investments - ending	\$ 20,932	\$ -	\$ 221,591	\$ -	\$ 2,414	\$ (2,320)	\$ (5,203)	\$ -	\$ -	\$ (2,858)

CARMEL CLAY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	5230 Federal Carry-Over	Federal Part B 2011-12	Federal Part B 2012-13	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Silver Funds	Asst Tech Grant 2011-12	Asst Tech Grant 2012-13	Federal Preschool	Early Childhood	Federal Preschool Carry-Over
Cash and investments - beginning	\$ 1,552	\$ (323,592)	\$ -	\$ 1,655	\$ 1,512	\$ -	\$ -	\$ (9,068)	\$ -	\$ 1,081
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	9,697,348	-	-	-	54,640	-	329,404	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	9,697,348	-	-	-	54,640	-	329,404	-	-
Disbursements:										
Current:										
Instruction	-	10,021,357	-	-	-	-	41,700	367,309	-	-
Support services	-	93	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	54,640	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	10,021,450	-	-	-	54,640	41,700	367,309	-	-
Excess (deficiency) of receipts over disbursements	-	(324,102)	-	-	-	-	(41,700)	(37,905)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(324,102)	-	-	-	-	(41,700)	(37,905)	-	-
Cash and investments - ending	\$ 1,552	\$ (647,694)	\$ -	\$ 1,655	\$ 1,512	\$ -	\$ (41,700)	\$ (46,973)	\$ -	\$ 1,081

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Milken Education Grant	Title IV	Federal Special Ed Subgrant 2010-11	Federal Special Ed Subgrant 2011-12	Federal Mental Health Grant	Improving Teaching Quality, No Child Left, Title II, Part A 2010-11	Improving Teaching Quality, No Child Left, Title II, Part A 2011-12	Improving Teaching Quality, No Child Left, Title II, Part A 2012-13
Cash and investments - beginning	\$ 1,090	\$ (4,474)	\$ -	\$ -	\$ -	\$ (2,856)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	12,450	-	-	69,200	192,711	133,184	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	49,861	510,568	-	-	-	-
Total receipts	-	12,450	49,861	510,568	69,200	192,711	133,184	-
Disbursements:								
Current:								
Instruction	-	-	18,755	422,769	81,284	-	-	-
Support services	-	7,609	30,091	179,847	-	185,567	140,228	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,578	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	4,288	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	7,609	48,846	602,616	82,862	189,855	140,228	-
Excess (deficiency) of receipts over disbursements	-	4,841	1,015	(92,048)	(13,662)	2,856	(7,044)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,015)	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,015)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,841	-	(92,048)	(13,662)	2,856	(7,044)	-
Cash and investments - ending	\$ 1,090	\$ 367	\$ -	\$ (92,048)	\$ (13,662)	\$ -	\$ (7,044)	\$ -

CARMEL CLAY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	Title III, Language Instruction 2010-11	Title III, Language Instruction 2011-12	Title III, Language Instruction 2012-13	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 121,235	\$ (2,009)	\$ -	\$ 424,818	\$ 34,737,926
Receipts:								
Local sources	-	-	-	65	-	-	-	98,322,756
Intermediate sources	-	-	-	-	-	-	-	271,483
State sources	-	-	-	-	-	-	-	81,499,235
Federal sources	40,437	24,405	-	858,213	57,730	1,821,513	-	15,458,441
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	1,055,000
Other	-	-	-	-	-	-	28,439,566	31,146,240
Total receipts	40,437	24,405	-	858,278	57,730	1,821,513	28,439,566	227,753,155
Disbursements:								
Current:								
Instruction	-	-	-	888,098	44,052	1,744,446	-	89,203,732
Support services	40,394	25,902	-	74,689	6,552	216,519	-	47,419,626
Noninstructional services	-	-	-	-	-	-	-	8,692,011
Facilities acquisition and construction	-	-	-	16,726	5,117	-	-	11,776,630
Debt services	-	-	-	-	-	-	-	22,434,129
Nonprogrammed charges	43	-	-	-	-	-	-	16,888,191
Interfund loans	-	-	-	-	-	-	28,440,964	29,495,964
Total disbursements	40,437	25,902	-	979,513	55,721	1,960,965	28,440,964	225,910,283
Excess (deficiency) of receipts over disbursements	-	(1,497)	-	(121,235)	2,009	(139,452)	(1,398)	1,842,872
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	19,700
Transfers in	-	-	-	-	-	-	-	4,888,569
Transfers out	-	-	-	-	-	-	-	(4,888,569)
Total other financing sources (uses)	-	-	-	-	-	-	-	19,700
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,497)	-	(121,235)	2,009	(139,452)	(1,398)	1,862,572
Cash and investments - ending	\$ -	\$ (1,497)	\$ -	\$ -	\$ -	\$ (139,452)	\$ 423,420	\$ 36,600,498

CARMEL CLAY SCHOOLS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 5,827,317	\$ 5,167,239	\$ 2,609,749	\$ 332,862	\$ 3,700,021	\$ 532,723	\$ 238	\$ 4,479,435	\$ 1,960,634	\$ 2,242,520
Receipts:										
Local sources	2,569,728	14,661,459	19,352,170	3,571,012	13,590,940	8,473,761	1,531,456	1,409	267,128	6,160,454
Intermediate sources	5	-	-	-	-	-	-	-	-	-
State sources	83,056,099	-	-	-	-	-	-	-	-	129,948
Federal sources	-	-	-	-	-	-	-	-	-	1,298,575
Temporary loans	-	-	-	-	685,000	-	-	-	-	-
Interfund loans	-	-	984,000	153,000	-	555,000	613,000	-	-	-
Other	14,605	-	-	-	7,376	-	-	-	-	32,290
Total receipts	85,640,437	14,661,459	20,336,170	3,724,012	14,283,316	9,028,761	2,144,456	1,409	267,128	7,621,267
Disbursements:										
Current:										
Instruction	64,690,855	4,498,209	-	-	-	-	-	-	285,389	-
Support services	20,109,242	7,285,002	-	-	6,572,778	8,943,196	1,589,286	-	107,848	12,031
Noninstructional services	1,414,803	-	-	-	-	-	-	-	11,536	7,923,724
Facilities acquisition and construction	-	-	-	-	9,758,697	-	-	5,731,028	4,649	-
Debt services	-	-	19,442,399	3,853,739	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	153,000	153,000	1,311,000	613,000	555,000	-	-	-
Total disbursements	86,214,900	11,783,211	19,595,399	4,006,739	17,642,475	9,556,196	2,144,286	5,731,028	409,422	7,935,755
Excess (deficiency) of receipts over disbursements	(574,463)	2,878,248	740,771	(282,727)	(3,359,159)	(527,435)	170	(5,729,619)	(142,294)	(314,488)
Other financing sources (uses):										
Sale of capital assets	39	-	-	-	249	2,951	-	-	-	5,800
Transfers in	-	-	-	-	-	51,374	-	3,350,000	-	-
Transfers out	(51,374)	-	(3,350,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	(51,335)	-	(3,350,000)	-	249	54,325	-	3,350,000	-	5,800
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(625,798)	2,878,248	(2,609,229)	(282,727)	(3,358,910)	(473,110)	170	(2,379,619)	(142,294)	(308,688)
Cash and investments - ending	\$ 5,201,519	\$ 8,045,487	\$ 520	\$ 50,135	\$ 341,111	\$ 59,613	\$ 408	\$ 2,099,816	\$ 1,818,340	\$ 1,933,832

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Textbook Rental	Self- Insurance	Special Ed Co-op Operating	School Library Printed Material	SAFE School Haven	Early Intervention Grant	Eric Clark Center	Donations	Teuscher Memorial	Ball State Grant
Cash and investments - beginning	\$ 567,916	\$ 9,485,035	\$ (137,212)	\$ 96	\$ 114	\$ -	\$ 28,755	\$ 88,009	\$ 98	\$ 5,711
Receipts:										
Local sources	1,941,609	14,550,126	391,722	-	-	-	-	28,937	-	-
Intermediate sources	-	-	-	-	-	-	51,167	-	-	-
State sources	114,088	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	480,000	-	-	-	-	-	-	-
Other	-	1,745,378	-	-	-	-	-	-	-	-
Total receipts	2,055,697	16,295,504	871,722	-	-	-	51,167	28,937	-	-
Disbursements:										
Current:										
Instruction	-	-	632,731	-	-	-	-	35,311	-	3,292
Support services	1,028,688	184,239	101,765	96	-	-	-	446	98	2,008
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	(519)	-	-	-	32,286	18,398	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	15,328,059	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,028,688	15,512,298	733,977	96	-	-	32,286	54,155	98	5,300
Excess (deficiency) of receipts over disbursements	1,027,009	783,206	137,745	(96)	-	-	18,881	(25,218)	(98)	(5,300)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,027,009	783,206	137,745	(96)	-	-	18,881	(25,218)	(98)	(5,300)
Cash and investments - ending	\$ 1,594,925	\$ 10,268,241	\$ 533	\$ -	\$ 114	\$ -	\$ 47,636	\$ 62,791	\$ -	\$ 411

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	CEC Grant	Construction, Remodeling, and Equipping Buildings	Writing Initiative	Gifted and Talented 2010-11	Gifted and Talented 2011-12	Gifted and Talented 2012-13	Economic Education Mini Grant	Recreational Activities	Scholarships and Awards	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ 267	\$ 6,798	\$ 1,665	\$ -	\$ 4,308	\$ -	\$ 1	\$ 19,959	\$ -	\$ 1,077
Receipts:										
Local sources	-	-	-	-	-	-	-	-	359	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	124,112	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	124,112	-	-	359	-
Disbursements:										
Current:										
Instruction	-	-	-	-	4,106	37,016	-	-	359	-
Support services	-	6,798	-	-	202	58,420	-	4,977	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	6,798	-	-	4,308	95,436	-	4,977	359	-
Excess (deficiency) of receipts over disbursements	-	(6,798)	-	-	(4,308)	28,676	-	(4,977)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,798)	-	-	(4,308)	28,676	-	(4,977)	-	-
Cash and investments - ending	\$ 267	\$ -	\$ 1,665	\$ -	\$ -	\$ 28,676	\$ 1	\$ 14,982	\$ -	\$ 1,077

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Non-English Speaking Programs P.L. 273-1999 2011-12	Non-English Speaking Programs P.L. 273-1999 2012-13	School Technology	Miscellaneous Programs	DC Trip	Title I	Title I 2011-12	Title I 2012-13	Special Education Grant
Cash and investments - beginning	\$ 20,932	\$ -	\$ 221,591	\$ -	\$ 2,414	\$ (2,320)	\$ (5,203)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	120,042	-	-	-	-	-	-
State sources	-	45,410	10,233	3,300	-	-	-	-	-
Federal sources	-	-	-	-	-	-	62,774	440,965	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	16,795	-	-	-	-
Total receipts	-	45,410	130,275	3,300	16,795	-	62,774	440,965	-
Disbursements:									
Current:									
Instruction	-	-	-	3,300	-	-	1,852	356,243	-
Support services	20,932	18,359	136,247	-	-	-	53,692	95,879	-
Noninstructional services	-	-	-	-	18,655	-	2,027	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	20,932	18,359	136,247	3,300	18,655	-	57,571	452,122	-
Excess (deficiency) of receipts over disbursements	(20,932)	27,051	(5,972)	-	(1,860)	-	5,203	(11,157)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,932)	27,051	(5,972)	-	(1,860)	-	5,203	(11,157)	-
Cash and investments - ending	\$ -	\$ 27,051	\$ 215,619	\$ -	\$ 554	\$ (2,320)	\$ -	\$ (11,157)	\$ -

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	5220 Federal Carry-Over	5230 Federal Carry-Over	Federal Part B 2011-12	Federal Part B 2012-13	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Silver Funds	Asst Tech Grant 2011-12	Asst Tech Grant 2012-13	Federal Preschool
Cash and investments - beginning	\$ (2,858)	\$ 1,552	\$ (647,694)	\$ -	\$ 1,655	\$ 1,512	\$ -	\$ (41,700)	\$ (46,973)
Receipts:									
Local sources	-	-	-	10,995	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	2,533,169	2,332,970	-	-	-	69,703	96,110
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,533,169	2,343,965	-	-	-	69,703	96,110
Disbursements:									
Current:									
Instruction	-	-	1,885,475	1,938,687	-	-	-	28,003	48,984
Support services	-	-	-	496,804	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,885,475	2,435,491	-	-	-	28,003	48,984
Excess (deficiency) of receipts over disbursements	-	-	647,694	(91,526)	-	-	-	41,700	47,126
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	647,694	(91,526)	-	-	-	41,700	47,126
Cash and investments - ending	\$ (2,858)	\$ 1,552	\$ -	\$ (91,526)	\$ 1,655	\$ 1,512	\$ -	\$ -	\$ 153

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Early Childhood	Federal Preschool Carry-Over	Milken Education Grant	Title IV	Federal Special Ed Subgrant 2010-11	Federal Special Ed Subgrant 2011-12	Federal Mental Health Grant	Improving Teaching Quality, No Child Left, Title II, Part A 2010-11	Improving Teaching Quality, No Child Left, Title II, Part A 2011-12
Cash and investments - beginning	\$ -	\$ 1,081	\$ 1,090	\$ 367	\$ -	\$ (92,048)	\$ (13,662)	\$ -	\$ (7,044)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	61,935	-	-	-	-	-	24,806	-	110,216
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	113,306	-	-	-
Total receipts	61,935	-	-	-	-	113,306	24,806	-	110,216
Disbursements:									
Current:									
Instruction	64,397	-	-	-	-	28	11,144	-	-
Support services	-	-	70	-	-	25,350	-	-	103,172
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	64,397	-	70	-	-	25,378	11,144	-	103,172
Excess (deficiency) of receipts over disbursements	(2,462)	-	(70)	-	-	87,928	13,662	-	7,044
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,462)	-	(70)	-	-	87,928	13,662	-	7,044
Cash and investments - ending	<u>\$ (2,462)</u>	<u>\$ 1,081</u>	<u>\$ 1,020</u>	<u>\$ 367</u>	<u>\$ -</u>	<u>\$ (4,120)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CARMEL CLAY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A 2012-13	Title III, Language Instruction 2010-11	Title III, Language Instruction 2011-12	Title III, Language Instruction 2012-13	Special Education - Part B	Special Education - Part B - Preschool	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,497)	\$ -	\$ -	\$ -	\$ (139,452)	\$ 423,420	\$ 36,600,498
Receipts:									
Local sources	-	-	-	-	-	-	-	-	87,103,265
Intermediate sources	-	-	-	-	-	-	-	-	171,214
State sources	-	-	-	-	-	-	-	-	83,483,190
Federal sources	34,147	-	27,656	46,146	-	-	865,218	-	8,004,390
Temporary loans	-	-	-	-	-	-	-	-	685,000
Interfund loans	-	-	-	-	-	-	-	-	2,785,000
Other	-	-	-	-	-	-	-	26,782,678	28,712,428
Total receipts	34,147	-	27,656	46,146	-	-	865,218	26,782,678	210,944,487
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	648,330	-	75,173,711
Support services	37,263	-	26,159	48,765	-	-	77,436	-	47,147,248
Noninstructional services	-	-	-	-	-	-	-	-	9,370,745
Facilities acquisition and construction	-	-	-	-	-	-	-	-	15,544,539
Debt services	-	-	-	-	-	-	-	-	23,296,138
Nonprogrammed charges	-	-	-	-	-	-	-	-	15,328,059
Interfund loans	-	-	-	-	-	-	-	26,894,337	29,679,337
Total disbursements	37,263	-	26,159	48,765	-	-	725,766	26,894,337	215,539,777
Excess (deficiency) of receipts over disbursements	(3,116)	-	1,497	(2,619)	-	-	139,452	(111,659)	(4,595,290)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	9,039
Transfers in	-	-	-	-	-	-	-	-	3,401,374
Transfers out	-	-	-	-	-	-	-	-	(3,401,374)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	9,039
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,116)	-	1,497	(2,619)	-	-	139,452	(111,659)	(4,586,251)
Cash and investments - ending	\$ (3,116)	\$ -	\$ -	\$ (2,619)	\$ -	\$ -	\$ -	\$ 311,761	\$ 32,014,247

CARMEL CLAY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,815,877</u>	<u>\$ 171,281</u>

CARMEL CLAY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Carmel HS Building Corporation	Additions and Improvements to Carmel HS	\$ 2,945,500	03-15-05	12-31-17
Carmel 2002 School Bldg Corp	West Clay Elem; additions to 4 elem schools	2,128,500	06-22-05	12-31-23
Carmel HS Building Corporation	Construction and improvements to Carmel HS	1,243,250	03-03-04	12-31-15
Carmel 2002 School Bldg Corp	Creekside Middle Sch; improvemens to Carmel MS, Clay MS and Forest Dale Elem	<u>10,626,500</u>	10-02-12	12-31-24
Total of annual lease payments		<u>\$ 16,943,750</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds of 2003	\$ 1,880,000	\$ 1,929,350
Other debt	Loan from State of IN General Fund	<u>342,500</u>	<u>342,500</u>
Totals		<u>\$ 2,222,500</u>	<u>\$ 2,271,850</u>

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CARMEL CLAY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 10,656,624
Buildings	349,815,042
Improvements other than buildings	11,418,478
Machinery, equipment, and vehicles	<u>27,892,944</u>
Total capital assets	<u>\$ 399,783,087</u>

CARMEL CLAY SCHOOLS
AUDIT RESULTS AND COMMENTS

RECEIPT ISSUANCE (Cherry Tree Elementary, Smoky Row Elementary)

Receipts were not always issued at the time of the transaction. For Cherry Tree Elementary School, the result of testing receipts indicated that 60 percent of the receipts tested were issued after the time of the transaction and, in one case, the receipt was not written until 15 days after the collection of the money. For Smoky Row Elementary, the result of testing receipts indicated that 15 percent of the receipts were issued after the time of the transaction and one receipt was noted to have been prepared after the money had been deposited in the bank.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following fund with an overdrawn cash balance at June 30, 2012:

Fund	Amount Overdrawn
Special Ed Co-Op Operating	\$ 137,212

The cash 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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance. A comparison of the records to the bank accounts indicated cash necessary to balance of \$1,510.81 at June 30, 2012, and \$2,679.28 at June 30, 2013.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CARMEL CLAY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

SALE OF SCRAP METAL

Carmel Clay Schools' Maintenance and Transportation Department (Maintenance Department) employees disposed of School Corporation assets by selling them as scrap metal to an outside vendor. The cash proceeds from these sales were kept in a drawer at the Maintenance Department office with the Maintenance Department Director (Director) acting as the custodian. The Director claimed the cash was used to purchase donuts, lunches, pitch-ins, and supplies relating to meals for the Maintenance Department employees. The Director claimed that records were not maintained to account for the proceeds received from the scrap metal sales, and supporting documentation, such as receipts, for the items purchased with the proceeds were only retained for 30 days. None of the cash proceeds were remitted to the School Treasurer to be accounted for in the School Corporation records prior to the date of the audit of these funds.

The following table illustrates the information for scrap metal sales that was obtained during the audit:

Total proceeds from sales, information obtained from outside vendor	\$ 3,415.70
Less: Purchases made with supporting documentation provided	<u>(198.10)</u>
Net proceeds from sales	3,217.60
Less: Amount remitted to School Corporation Treasurer after audit	<u>(2,951.41)</u>
Unaccounted for variance	<u><u>\$ 266.10</u></u>

School Corporation officials provided records to show that the outside vendor now sends checks for the sale of scrap metal sales by school employees directly to the School Corporation Treasurer.

Proceeds generated by the sale or rental of property should be receipted into the fund which originally purchased the property unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CARMEL CLAY SCHOOLS, HAMILTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Carmel Clay Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 30, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

CARMEL CLAY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2012	\$ 155,348	\$ -
			FY 2013	-	195,137
Total - School Breakfast Program				155,348	195,137
National School Lunch Program	Indiana Department of Education	10.555			
			FY 2012	1,463,201	-
			FY 2013	-	1,547,630
Total - National School Lunch Program				1,463,201	1,547,630
Total - Child Nutrition Cluster				1,618,549	1,742,767
Total - Department of Agriculture				1,618,549	1,742,767
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			11-3060	1,152	-
			12-3060	503,502	62,774
			13-3060	-	440,965
Total - Title I Grants to Local Educational Agencies				504,653	503,738
Total - Title I, Part A Cluster				504,653	503,738
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14210-025-PN01	405,024	-
			14211-025-PN01	1,840,342	351,824
			14212-025-PN01	7,451,982	2,181,345
			14213-025-PN01	-	2,332,970
IDEA Technology Grant			12-3060	54,640	-
Special Education Improvement Award			13-3060	-	69,703
Total - Special Education - Grants to States				9,751,988	4,935,842
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45710-025-PN01	34,179	-
			45711-025-PN01	96,076	159
			45712-025-PN01	199,148	95,952
			45713-025-PN01	-	61,935
Total - Special Education - Preschool Grants				329,404	158,046

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CARMEL CLAY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Education (continued)</u>					
Special Education Cluster (continued)					
ARRA - Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391	33310-025-PN01	858,213	-
ARRA - Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392	44410-025-SN01	57,730	-
Total - Special Education Cluster				10,997,335	5,093,888
Fund for the Improvement of Education	Direct Grant	84.215	Q215M090059	69,200	24,806
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			09-3060	192,711	-
			10-3060	133,184	110,216
			11-3060	-	34,147
Total - Improving Teacher Quality State Grants				325,895	144,363
Education Jobs Fund	Indiana Department of Education	84.410			
			12-3060	1,821,513	-
			13-3060	-	865,218
Total - Education Jobs Fund				1,821,513	865,218
English Language Acquisition Grants	Indiana Department of Education	84.365			
			10/11	40,437	-
			01112-025-PN01	24,405	27,656
			01113-025-PN01	-	46,146
Total - English Language Acquisition Grants				64,843	73,802
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	09/10	12,450	-
Total - Department of Education				13,795,889	6,705,815
<u>Department of Health and Human Services</u>					
Early Retiree Reinsurance Program	Direct Grant	93.546	FY 2012-2013	141,429	137,810
Total - Department of Health and Human Services				141,429	137,810
Total federal awards expended				\$ 15,555,867	\$ 8,586,392

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CARMEL CLAY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Carmel Clay Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2012 and 2013:

Program Title	Federal CFDA Number	2012	2013
Special Education - Grants to States	84.027	\$ 2,276,140	\$ 573,617
Special Education - Preschool Grants	84.173	3,331	1,601
ARRA - Special Education Grants to States, Recovery Act	84.391	623,811	-
ARRA - Special Education Preschool, Recovery Act	84.392	44,052	-

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	\$ 29,896	\$ 50,434
National School Lunch Program	10.555	405,460	393,758

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$724,268

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting related to receipts. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed.

Controls have been designed and implemented by the School Corporation for the receipting process. However, the documentation that would provide assurance the controls are operating effectively is not retained by the School Corporation.

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE EDUCATION JOBS, TITLE I AND SPECIAL EDUCATION PROGRAMS

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 11-3060, 12-3060, 13-3060

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States, Special Education - Preschool Grants, ARRA - Special Education Grants to States, Recovery Act, ARRA - Special Education Preschool Grants, Recovery Act, IDEA Technology Grant, Special Education Improvement Award

CFDA Number: 84.027, 84.173, 84.391, 84.392

Federal Award Number and Year (or Other Identifying Number): 14210-025-PN01, 1421-025-PN01, 14212-025-PN01, 14213-025-PN01, 33310-025-PN01, 44410-025-PN01, 12-3060, 13-3060, 45710-025-PN01; 45711-025-PN01, 45712-025-PN01, 45713-025-PN01

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number and Year (or Other Identifying Number): 12-3060; 13-3060

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect to the programs. This includes the compliance requirements for Cash Management and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash Management

While reviewing the School Corporation's process of submitting reimbursement requests, it was noted they were submitted accurately; however, there is no evidence of review by someone other than the preparer prior to submission, which would ensure that the School Corporation is in compliance with Cash Management requirements.

Reporting

While reviewing the School Corporation's process for preparing reports, it was noted that the reports were filed appropriately; however, there was no evidence of review by someone other than the preparer prior to submission, which would ensure the School Corporation is in compliance with Reporting requirements.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.



CARMEL CLAY SCHOOLS

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Superintendent of Schools

Amy Dudley, Ed.D.
Assistant Superintendent
Curriculum, Instruction & Assessment

Roger McMichael, M.B.A.
Assistant Superintendent
Business Affairs

Ryan Newman, M.S.
Director
Human Resources

Corrective Action Plan

FEDERAL FINDING 2013-001, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Auditee Contact Person: David Stowers
Contact Person Title: Deputy Treasurer/Supervisor of Accounting
Contact Phone Number: 317-844-9961

Carmel Clay Schools has implemented new internal controls subsequent to the State Board of Accounts finding referenced above. Supporting documentation for receipts is now given to the Deputy Treasurer for review and signature, and said documentation will be retained for audit purposes.

David Stowers

David Stowers
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools

Carmel Clay Schools Board of Trustees

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Corrective Action Plan

FEDERAL FINDING 2013-002, INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS

Federal Agency:	United States Department of Education
Federal Program:	Title I Grants to Local Educational Agencies
CFDA Number:	84.010
Federal Award # and Year:	11-3060, 12-3060, 13-3060
Pass-Through Entity	Indiana Department of Education

Carmel Clay Schools has implemented new internal controls subsequent to the State Board of Accounts finding referenced above. Preparation of reimbursement forms is now completed by one person, and another person reviews. Both the preparer and the reviewer sign off on the form.

David Stowers
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools

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FEDERAL FINDING 2013-002, INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS

Federal Agency:	United States Department of Education
Federal Program:	Special Education – Grants to States, Special Education – Preschool Grants, ARRA – Special Education Grants to States, Recovery Act, ARRA – Special Education Preschool Grants, Recovery Act, IDEA Technology Grant, Special Education Improvement Award
CFDA Numbers:	84.027, 84.173, 84.391, 84.392
Federal Award # and Year:	45710-025-PN01, 45711-025-PN01, 45712-025-PN01, 45713-025-PN01, 12-3060, 13-3060
Pass-Through Entity	Indiana Department of Education

Carmel Clay Schools has implemented new internal controls subsequent to the State Board of Accounts finding referenced above. Preparation of reimbursement forms is now completed by one person, and another person reviews. Both the preparer and the reviewer sign off on the form.

David Stowers

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FEDERAL FINDING 2013-002, INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS

Federal Agency: United States Department of Education
Federal Program: Education Jobs
CFDA Number: 84.410
Federal Award # and Year: 12-3060, 13-3060
Pass-Through Entity: Indiana Department of Education

Carmel Clay Schools has implemented new internal controls subsequent to the State Board of Accounts finding referenced above. Preparation of reimbursement forms is now completed by one person, and another person reviews. Both the preparer and the reviewer sign off on the form.

David Stowers

David Stowers
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CARMEL CLAY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2014, with Dr. Nicholas Wahl, Superintendent of Schools; Roger McMichael, Treasurer; David Stowers, Deputy Treasurer/Supervisor of Accounting; and Layla Spanenberg, President of the School Board.