

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

AUDIT REPORT
OF
INDIANAPOLIS PUBLIC SCHOOLS
MARION COUNTY, INDIANA
July 1, 2006 to June 30, 2007



FILED

03/31/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rodney M. Black	07-01-06 to 06-30-08
Superintendent of Schools	Dr. Eugene G. White	07-01-06 to 06-30-08
President of the School Board	Clarke C. Campbell Dr. Mary E. Busch	07-01-06 to 06-30-07 07-01-07 to 06-30-08



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS PUBLIC SCHOOLS, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indianapolis Public Schools (School Corporation), as of and for the year ended June 30, 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 12, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The Management's Discussion and Analysis, Schedule of Funding Progress, and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 12, 2008



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

TO: THE OFFICIALS OF THE INDIANAPOLIS PUBLIC SCHOOLS, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indianapolis Public Schools (School Corporation), as of and for the year ended June 30, 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 12, 2008



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Fiscal Year Ended June 30, 2007

As management of the Indianapolis Public Schools (IPS), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007. The intent of this management discussion and analysis is to look at the IPS financial performance as a whole; readers should also review the introduction, transmittal letter, financial statements and notes to the financial statements to enhance their understanding of the IPS financial performance.

These financial reports were prepared using GASB 34 as its financial reporting model.



FINANCIAL HIGHLIGHTS

- The total cash balance (cash and investments all funds) of IPS was \$258 million at the close of the fiscal year (\$194 million total governmental funds), an increase of approximately \$3 million from the June 30, 2006 amount. This increase was primarily due to the following changes: a reduction of \$32.9 million in the general fund, a decrease of \$6.6 million in Transportation, an increase of \$2.9 million in Food Service, a decrease of \$6.1 million in Debt Service, a decrease of \$8.7 million in Capital Projects, an increase of \$337 thousand in School Bus Replacement, an overall increase of \$45.9 million within the 2006B Series Bond and all Other funds. Agency Funds had an increase of \$7 million, while the increase in Internal Service Fund was \$1.2 million.
- Total cash receipts of \$530 million for Government Funds (excluding agency funds) decreased by \$19 million in Fiscal Year 2006/07 from \$549 million in Fiscal Year 2005/06.



FINANCIAL HIGHLIGHTS *(concluded)*

- Total cash disbursements (excluding Agency Funds) decreased from \$568 million in Fiscal Year 2005/06 to \$543 million in Fiscal Year 2006/07. This decrease of \$25 million was primarily due to: a \$19 million decrease in General Fund expenditures, a \$4.9 million increase in Transportation disbursements, a decrease of \$1.5 million in Food Service disbursements, a \$2.7 million increase in Debt Service, a \$1.7 million increase in the Capital Project Fund, a decrease in the Bus Replacement fund of \$2.9 million, a \$25 million decrease in payments from the Bond Funds, in addition to an overall increase of \$14.2 million in all other fund balances.
- The total Capital Assets changed from \$495 to \$516 million for the fiscal year. This increase is due primarily to an increase of Construction in Progress of \$10.1 million, and an increase in Buildings and land of \$11.1 million. (Historical note: Arlington HS (\$18,170,064) and Broad Ripple HS (\$21,243,033) were transferred to the Multi School Building Corp. in June 2003. In July of 2004, Emmerich Manual HS (\$19,378,453) and Northwest HS (\$16,149,585) building assets were transferred to the Multi School Building Corp. In March of 2006, Washington MS (\$17,133,785), T. C. Howe Academy (\$16,961,047) and Shortridge MS (\$16,055,047) were transferred to the Holding Corp.)
- Among major funds, the General Fund reported \$288 million in fiscal year 2006/2007 cash receipts, which consisted mainly of local taxes, state aid, temporary borrowing and inter fund transfers and \$321 million in cash expenditures.
- The other major funds had the following changes in cash balances for the fiscal year: Capital Projects Funds cash balance decreased approximately \$8.7 million, Transportation cash balance decreased by \$6.6 million, Bus Replacement cash balance increased approximately \$300 thousand, and Debt Service cash balance decreased by \$ 6.1 million, Food Service increased approximately \$2.8 million. The 2006 Series Bond was added in February 2007, refunding the 2003 and 2004 (partial refund) Bonds. The ending cash balance was \$70.3 million.
- IPS' total outstanding debt increased approximately \$60.4 million during the current fiscal year.



OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the IPS' basic financial statements.

Basis of Accounting

IPS follows the prescribed basis of accounting required by the Indiana State Board of Accounts and prepares its financial statements on the prescribed basis of accounting in compliance with the cash basis and budget laws of the State of Indiana.

The accounts of IPS are maintained in accordance with Indiana Code 5-11-1 on a fund basis representing a series of independent calendar and fiscal year accounting funds. Each fund is a separate, self-balancing financial entity. Records for all IPS funds are maintained on a cash basis whereby revenues are recognized when received and expenditures are recognized when paid.

The IPS' basic financial statements comprise six components:

1. *Statement of Cash and Investments* (government-wide statement).
2. *Statement of Cash Activities* (government-wide statement)
3. *Statement of Receipts, Disbursements and Cash and Investments Balances* (governmental funds only)
4. *Statement of Receipts, Disbursements and Changes in Cash and Investments* (Proprietary Funds)
5. *Statement of Receipts, Disbursements and Changes in Cash and Investments* (Fiduciary Funds)
6. Notes to the financial statements.



OVERVIEW OF FINANCIAL STATEMENTS *(concluded)*

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances using accounting methods similar to those used by private-sector companies. Governmental activities are those activities normally associated with the operation of a government that are principally supported by taxes and intergovernmental revenues. There are two government-wide statements, the statement of Cash and Investments and the Statement of Cash Activities.

The Statement of Cash and Investments presents information on all the District's assets and liabilities, with the difference being the net assets. Changes in the net assets may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating.

The statement of Cash and Activities presents information on how the District's net assets changed during the most recent fiscal year. All current year revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, and interest on long-term liabilities.

Fund Financial Statements

Statement of Receipts, Disbursements, Cash and Investments Balances (governmental funds); Statement of Receipts, Disbursements and Changes in Cash Investments (Proprietary and Fiduciary Funds)

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. IPS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

OVERVIEW OF FINANCIAL STATEMENTS *(concluded)*

These fund financial statements are designed to provide readers with a broad overview of IPS' receipts, disbursements, and cash balances. These fund financial statements outline receipts by source and disbursements by major function.

The *Governmental Funds Statement* is divided into major funds with non-major funds included in "other."

Governmental Funds: Governmental fund types include the general fund, special revenue funds, debt service fund and capital funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. The Statement of Receipts, Disbursements, and Cash and Investments Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds: IPS has one proprietary fund, an internal service fund used for the district's self-insurance activity.

Fiduciary Funds: Included in the fiduciary fund types are the IPS' permanent trust funds, Pension Trust Fund (Severance Bond) and agency funds. Agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to the District's own programs, they are not reflected in the government-wide financial statements.

These fund-specific financial statements provide more detailed information about IPS' funds, focusing on its most significant funds – not the district as a whole.

Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the *Statement of Receipts, Disbursements, Cash and Investment Balances* and *Statements of Cash and Investments and Cash Activity*.



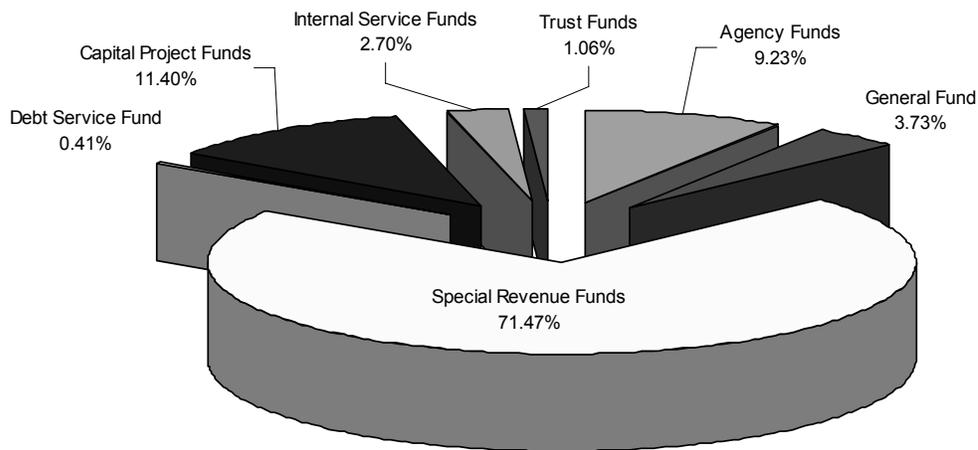
DISTRICT-WIDE FINANCIAL ANALYSIS

Cash Position

IPS closed the fiscal year with a \$258 million cash balance (\$194 million in governmental funds). Of this \$258 million cash balance, \$70.3 million is committed to pay legal purchase obligations entered into by IPS, and \$35.9 million is reserved to pay future Retirement Expenses. Additionally, \$20.5 million of the ending cash balance is held in the agency funds made up primarily of employee withholding funds and warehouse funds.

INDIANAPOLIS PUBLIC SCHOOLS

Cash Balance @ June 30, 2007





GOVERNMENT-WIDE FINANCIAL ANALYSIS *(continued)*

Change in Cash Position and Comparative Analysis

The cash position for IPS decreased by approximately \$4.1 million during the fiscal year. Disbursements decreased by \$19 million, while instruction expenditures increased by approximately \$11 million. There was a \$65.4 million decrease in Property Tax Receipts and an increase in Bonds and Loans of \$72.6 million. All other receipts and disbursements remained relatively constant in the year-over-year comparison.

IPS' cash receipts for the fiscal year 2006/07 were \$543.3 million (\$530.7million governmental and internal funds). The total cash disbursements were \$546.4 million (\$534.8 million governmental and internal funds). The following table presents a summary of the total cash receipts compared to total cash disbursements for the fiscal year ended June 30, 2007.

		Fiscal Year	
		2006 - 2007	2005 - 2006
Cash Receipts			
<u>Program Receipts</u>			
Charges for Services		\$ 2,205,301	\$ 2,277,910
Operating Grants and Contributions		21,339,556	23,308,913
		<u>\$ 23,544,857</u>	<u>\$ 25,586,823</u>
<u>General Receipts</u>			
Property Taxes		93,667,811	159,151,066
Other local sources		22,439,535	21,546,694
State aid		216,789,511	226,702,062
Grants and contributions not restricted		62,764,696	67,306,840
Bonds and loans		102,179,520	29,579,098
Sale of property, adjustments, and refunds		1,538,269	458,946
Investment earnings		7,793,096	6,087,996
		<u>\$507,172,438</u>	<u>\$510,832,702</u>
Total Cash Receipts		<u>\$530,717,295</u>	<u>\$536,419,525</u>
Cash Disbursements			
Instruction		189,771,999	177,825,297
Support Services		281,884,990	285,403,928
Community Services		2,719,699	2,417,701
Nonprogrammed charges		26,829,191	28,143,367
Debt Service		33,635,086	59,944,584
		<u>\$534,840,965</u>	<u>\$553,734,877</u>
Total Cash Disbursements		<u>\$534,840,965</u>	<u>\$553,734,877</u>
Cash Disbursements less than Cash Receipts		<u>\$(4,123,670)</u>	<u>\$(17,315,352)</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS *(continued)*

Statement of Net Assets and Comparative Analysis

By far the largest portion of IPS' assets (72.1%) reflects its investment in capital assets (e.g. land, buildings and improvements, vehicles, furniture and equipment, and construction in progress). The district uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

IPS' financial position relative to net assets is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, and the acquisition and disposal of capital assets.

The following table presents a summary of IPS' net assets for the fiscal year ended June 30, 2007, with comparative year ended June 30, 2006:

Statement of Net Assets (all funds)		
Fiscal Year		
	2006-2007	2005-2006
Current Assets	\$ 199,960,862	\$ 204,084,532
Capital Assets (gross)	516,816,173	495,059,683
Total Assets	\$ 716,777,035	\$ 699,144,215
Current Liabilities	\$ 69,554,103	\$ 51,912,288
Short Term Debt	32,252,993	3,285,791
Long Term Debt	512,034,422	428,644,603
Total Liabilities	\$ 613,841,518	\$ 483,842,682
Total Net Assets	\$ 102,935,517	\$ 215,301,533



GOVERNMENT-WIDE FINANCIAL ANALYSIS *(continued)*

Budget Process

All budgetary information is prepared on a cash basis. Receipts are presented by source, and disbursements are presented by program (functional purpose) and by major expenditure class (object). The budget is initially prepared and approved by the Board of School Commissioners and then is subsequently approved by the Department of Local Government Finance (DGLF). Budget modifications, if required, are made at various review levels based on the laws of the State of Indiana.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and other Special Revenue Funds is provided in this report as required supplementary information.

See: Budget to Actual Reports.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, IPS uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

IPS' governmental funds consist of the general fund, special revenue funds, debt service fund and capital funds.

General Fund

The General Fund is IPS' operating fund and is used to budget and account for all receipts and disbursements relative to the basic operation and basic programs of the School Corporation. Disbursements from this fund may be made for items associated with the daily operation of a school corporation.

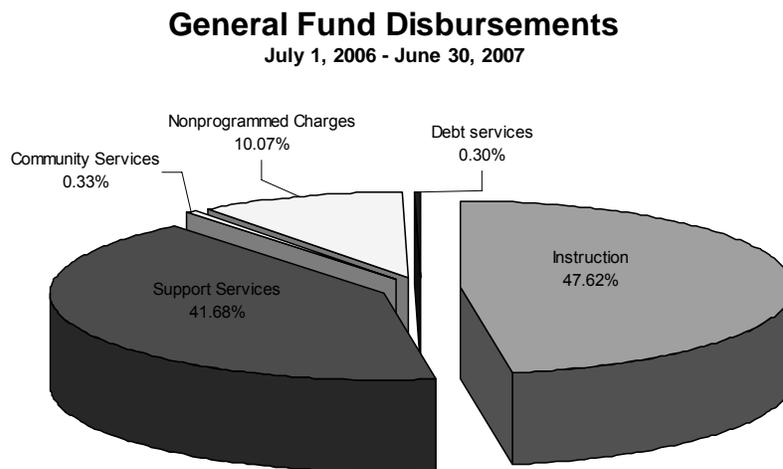
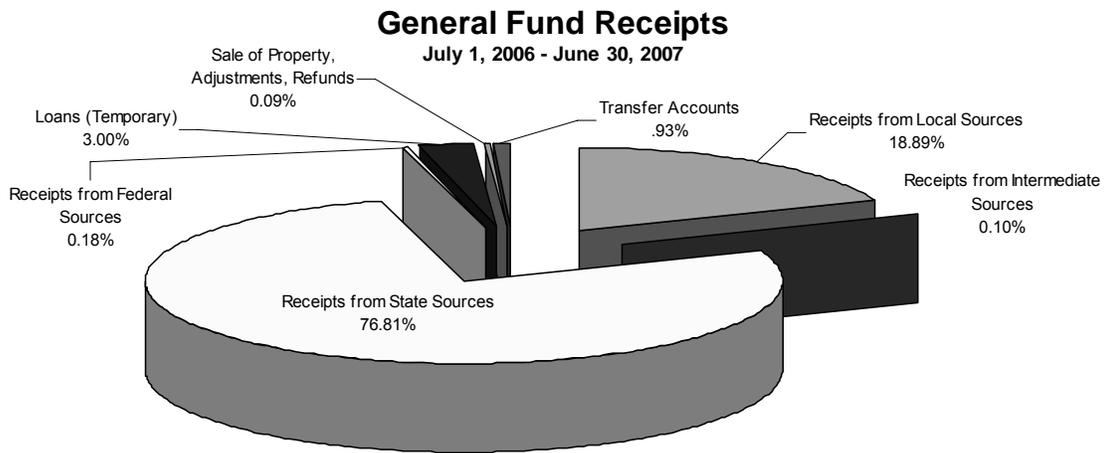
The cash balance in IPS' general fund at the close of the fiscal year was \$8.3 million. Of this \$8.3 million cash balance, \$1.6 million is committed to pay legal purchase obligations entered into by the District, and \$215 thousand is the budgeted carry-forward reserved according to statutory regulations in P.L. 340.

The total cash position for IPS' General Fund decreased by approximately \$32.9 million for the fiscal year.



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS *(continued)*

The total General Fund cash receipts for the fiscal year ended June 30, 2007, were \$288 million. The total cash disbursements were \$321 million. The following charts present a summary of General Fund receipts by source and disbursements by major function for the fiscal year ended June 30, 2007:





FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS *(concluded)*

Other Funds

The cash balance of the Debt Service Funds showed a decrease of \$6.7 million. This decrease is due to the timing of receipts and expenditures for repayment of the Construction Bonds.

A Rainy Day Fund was authorized by IC 36-1-8-5 to receive transfers of unused and unencumbered funds under IC 36-1-8-5(b). The balance of the Rainy Day Fund for the fiscal year ended June 30, 2007 was 12,750,000.



BUDGETARY HIGHLIGHTS

General Fund

Actual cash receipts in the General Fund for calendar year 2006 were 91.99% compared to our Budget Order. The percentage does not follow our normal pattern of collections. Prior years' percentages were normally 97.3% and it is expected that we will return to this range in the future.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets and Comparative Analysis

As of June 30, 2007, IPS had invested \$517 million in capital assets, including land, buildings and improvements, buses and other vehicles, furniture and equipment, and construction in progress. The following schedule presents gross capital asset balances for the calendar year ended June 30, 2007, with comparative year ended June 30, 2006. (Historical note: Arlington HS (\$18,170,064) and Broad Ripple HS (\$21,243,033) were removed from IPS assets in the June 2003 statements and these building assets are currently held by the IPS Multi School Multi School Building Corp. Likewise, In July of 2004, Emmerich Manual HS (\$19,378,453) and Northwest HS (\$16,149,585) building assets were transferred to the Multi School Building Corp.) In March 2006, title to Washington MS (\$17,133,785), T.C. Howe MS (\$16,961,047) and Shortridge MS (\$16,055,047) were transferred to the Holding Corp.

	<u>2006 - 2007</u>	<u>2005 - 2006</u>
Land	\$2,786,002	\$2,086,002
Buildings; Note 1 and 2	351,312,647	340,910,441
Improvements other than building	780,143	742,408
Machinery and equipment	43,624,215	43,149,587
Construction in progress	<u>\$118,313,166</u>	<u>\$108,171,245</u>
Total Government Activity, capital assets not being depreciated	<u>\$516,816,173</u>	<u>\$495,059,683</u>

Debt Administration

At June 30, 2007, with comparative year ended June 30, 2006, IPS had \$512 million in long-term debt outstanding and \$32.2 million in short-term debt. The following table presents a summary of IPS' outstanding debt.

	<u>2006 - 2007</u>	<u>2005 - 2006</u>
Tax Anticipation Warrants	\$ 32,252,993	\$ 3,285,791
Total Short-Term Debt Outstanding	<u>\$ 32,252,993</u>	<u>\$ 3,285,791</u>
General Obligation Bonds	\$ -	\$ -
Building Corporation Debt	471,330,000	388,210,000
Common School Loans	9,624,422	7,846,339
Veterans Memorial Loan	-	48,264
Severance/Retirement Bond	<u>31,080,000</u>	<u>32,540,000</u>
Total Long-Term Debt Outstanding	<u>\$ 512,034,422</u>	<u>\$ 428,644,603</u>
Total Outstanding Debt	<u>\$ 544,287,415</u>	<u>\$ 431,930,394</u>



CAPITAL ASSETS AND DEBT ADMINISTRATION *(concluded)*

IPS maintains “AA” rating from Standard and Poor’s for general obligation debt and “AAA” rating with the current bond insurance coverage.

State statutes currently limit the amount of general obligation debt a school district may issue to 2% of 33 1/3% of its net assessed valuation. IPS’ outstanding general obligation debt is well below its 2007 debt limitation of \$67.9 million.

Additional information on IPS’ outstanding debt can be found in the supplementary information.



ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Many factors were considered by the IPS administration during the process of developing the calendar 2007 budget. The primary factors were the local economy, IPS’ Capital Improvement Projects (CIP), IPS’ student population, and employee salaries and benefits. Below is a brief discussion of these factors:

The State of Indiana delayed their distribution of monthly tuition support payments in order to control its deficit in calendar year 2002 and continues to do so as of 2007.

Thanks to outstanding community support, IPS successfully passed a \$250 million dollar bond issue in the fall of 2001 to fund Phase I of its CIP. IPS has kept up to date with a good deal of its maintenance and technology needs so the primary focus of the current \$250 million CIP is for enhancements to improve the learning environment. The first issue of \$15.5 million in 2002 was used to update the science labs in 23 of the district’s schools and pay preliminary design and development costs for other capital improvements. Phase II of this issue was finalized with \$136.5 million received in 2003, and \$98.8 million received in July 2004. Phase III of this project was approved in the amount of \$200 million. Of this total, \$119.5 million was received in March, 2006 and \$78.8 million was received in October, 2006.



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET *(concluded)*

Enrollment challenges also had to be considered while developing the 2007 budget. IPS has a growing Non English Speaking population that requires additional resources for teaching English as a Second Language. Another enrollment challenge is related to future enrollment growth as a result of a change in the desegregation court order. IPS is under a U.S. District Court order to phase out mandatory, one-way busing to suburban township school districts over an 18 year period, bringing students who live in the desegregation areas back into IPS schools. While the transition will be gradual and accompanied by a small amount of funding assistance from the State of Indiana, it will still pose challenges for the district.

Newly formed charter schools within the IPS district pose an additional financial challenge to IPS based on the state funding structure. IPS is required to levy a property tax on the Charter Schools behalf for all students that have legal settlement within the IPS school district. The financial impact of charter schools on the IPS Tax Levy for 2007 was \$7,152,726.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Indianapolis Public Schools' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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Indianapolis Public Schools
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Indianapolis, IN 46204
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INDIANAPOLIS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 189,771,999	\$ -	\$ 4,289,729	\$ (185,482,270)
Support services	281,884,990	2,205,301	17,049,827	(262,629,862)
Community services	2,719,699	-	-	(2,719,699)
Nonprogrammed charges	26,829,191	-	-	(26,829,191)
Debt service	<u>33,635,086</u>	<u>-</u>	<u>-</u>	<u>(33,635,086)</u>
Total governmental activities	<u>\$ 534,840,965</u>	<u>\$ 2,205,301</u>	<u>\$ 21,339,556</u>	<u>(511,296,108)</u>
General receipts:				
Property taxes				93,667,811
Other local sources				22,439,535
State aid				216,789,511
Bonds and loans				102,179,520
Grants and contributions not restricted to specific programs				62,764,696
Sale of property, adjustments, and refunds				1,538,269
Investment earnings				<u>7,793,096</u>
Total general receipts				<u>507,172,438</u>
Change in net assets				(4,123,670)
Net assets - beginning				<u>204,084,532</u>
Net assets - ending				<u>\$ 199,960,862</u>
<u>Assets</u>				
Cash and investments				\$ 193,026,310
Restricted assets:				
Cash and investments				<u>6,934,552</u>
Total assets				<u>\$ 199,960,862</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 924,934
Other purposes				6,009,618
Unrestricted				<u>193,026,310</u>
Total net assets				<u>\$ 199,960,862</u>

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

INDIANAPOLIS PUBLIC SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Construction 2006B Series	Other	Totals
Receipts:									
Local sources	\$ 54,411,428	\$ 12,829,677	\$ 2,482,619	\$ 10,210,632	\$ 30,421,693	\$ 7,291,451	\$ 1,898,168	\$ 6,281,458	\$ 125,827,126
Intermediate sources	278,618	-	-	-	-	-	-	-	278,618
State sources	221,165,751	-	65,131	-	-	-	-	13,742,883	234,973,765
Federal sources	530,185	-	15,181,581	-	-	-	-	50,208,232	65,919,998
Loans	8,649,799	5,361,375	-	11,692,244	-	5,401,894	-	1,319,960	32,425,272
Sale of property, adjustments and refunds	245,365	68,007	63,408	-	2,812	-	-	-	379,592
Total receipts	285,281,146	18,259,059	17,792,739	21,902,876	30,424,505	12,693,345	1,898,168	71,552,534	459,804,372
Disbursements:									
Current:									
Instruction	152,800,116	-	-	-	-	-	-	36,971,883	189,771,999
Support services	133,731,640	24,032,845	14,939,826	-	36,472,334	9,874,722	1,149,487	59,616,981	279,817,835
Community services	1,064,892	-	-	-	-	-	-	1,654,807	2,719,699
Nonprogrammed charges	26,617,093	-	-	-	-	-	-	212,098	26,829,191
Debt services	976,510	-	-	27,010,261	-	2,481,560	-	3,166,755	33,635,086
Total disbursements	315,190,251	24,032,845	14,939,826	27,010,261	36,472,334	12,356,282	1,149,487	101,622,525	532,773,811
Excess (deficiency) of receipts over disbursements	(29,909,105)	(5,773,786)	2,852,913	(5,107,385)	(6,047,829)	337,063	748,681	(30,069,991)	(72,969,439)
Other financing sources (uses):									
Bonds and loans	-	-	-	-	-	-	69,555,444	198,804	69,754,248
Transfers in	2,666,000	-	-	-	-	-	-	5,642,200	8,308,200
Transfers out	(5,691,872)	(863,000)	-	(993,090)	(2,666,000)	-	-	(170,150)	(10,384,112)
Total other financing sources (uses)	(3,025,872)	(863,000)	-	(993,090)	(2,666,000)	-	69,555,444	5,670,854	67,678,336
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32,934,977)	(6,636,786)	2,852,913	(6,100,475)	(8,713,829)	337,063	70,304,125	(24,399,137)	(5,291,103)
Cash and investments - beginning	41,227,654	13,265,349	20,861,266	7,025,409	34,129,789	3,640,006	-	79,092,874	199,242,347
Cash and investments - ending	\$ 8,292,677	\$ 6,628,563	\$ 23,714,179	\$ 924,934	\$ 25,415,960	\$ 3,977,069	\$ 70,304,125	\$ 54,693,737	193,951,244
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:									
Internal service fund is used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.									
									6,009,618
Net assets of governmental activities									\$ 199,960,862
Cash and Investment Assets - Ending									
Cash and investments	\$ 8,292,677	\$ 6,628,563	\$ 23,714,179	\$ -	\$ 25,415,960	\$ 3,977,069	\$ 70,304,125	\$ 54,693,737	\$ 193,026,310
Restricted assets:									
Cash and investments	-	-	-	924,934	-	-	-	-	924,934
Total cash and investment assets - ending	\$ 8,292,677	\$ 6,628,563	\$ 23,714,179	\$ 924,934	\$ 25,415,960	\$ 3,977,069	\$ 70,304,125	\$ 54,693,737	\$ 193,951,244
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 924,934	\$ -	\$ -	\$ -	\$ -	\$ 924,934
Unrestricted	8,292,677	6,628,563	23,714,179	-	25,415,960	3,977,069	70,304,125	54,693,737	193,026,310
Total cash and investment fund balance - ending	\$ 8,292,677	\$ 6,628,563	\$ 23,714,179	\$ 924,934	\$ 25,415,960	\$ 3,977,069	\$ 70,304,125	\$ 54,693,737	\$ 193,951,244

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

INDIANAPOLIS PUBLIC SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENTS BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Miscellaneous	\$ 1,158,676
Operating disbursements:	
Insurance claims and expense	<u>2,067,155</u>
Deficiency of operating receipts over operating disbursements	(908,479)
Transfers in	<u>2,075,912</u>
Change in net assets	1,167,433
Cash and investment fund balance - beginning	<u>4,842,185</u>
Cash and investment fund balance - ending	<u>\$ 6,009,618</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 6,009,618</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 6,009,618</u>

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

INDIANAPOLIS PUBLIC SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 143,995	
Investment earnings:			
Interest	<u>2,023,735</u>	<u>-</u>	
Total additions	<u>2,023,735</u>	<u>143,995</u>	
Deductions:			
Benefits	1,204,070	-	
Administrative and general	<u>-</u>	<u>60,276</u>	
Total deductions	<u>1,204,070</u>	<u>60,276</u>	
Excess of total additions over total deductions	819,665	83,719	
Cash and investment fund balance - beginning	<u>35,047,713</u>	<u>2,289,289</u>	
Cash and investment fund balance - ending	<u>\$ 35,867,378</u>	<u>\$ 2,373,008</u>	
Net assets:			
Cash and investments	<u>\$ 35,867,378</u>	<u>\$ 2,373,008</u>	<u>\$ 20,572,969</u>
Total net assets - cash and investment basis held in trust	<u>\$ 35,867,378</u>	<u>\$ 2,373,008</u>	<u>\$ 20,572,969</u>

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

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Indianapolis Public Schools

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

Joint Venture

The School Corporation is a participant with School City of Beech Grove, Carmel Clay Schools, Center Grove Community School Corporation, Clark Pleasant Community School Corporation, Franklin Township Community School Corporation, Hamilton Southeastern School Corporation, Lebanon Community School Corporation, Metropolitan School District (MSD) of Decatur Township, MSD of Lawrence Township, MSD of Perry Township, MSD of Pike Township, MSD of Washington Township, MSD of Wayne Township, School Town of Speedway, Zionsville Community School Corporation, and Westfield Washington School Corporation in a joint venture to operate the Central Indiana Educational Services Center (CIESC) which was created to provide certain programs and services for participating school corporations. The CIESC's continued existence depends on continued funding by participating school corporations. To participate in the CIESC, each school corporation is billed an amount based upon their student population. Complete financial statements for the CIESC can be obtained from their offices at 6321 Lapas Trail, Indianapolis, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts,

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The School Corporation reports the following major governmental funds:

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school lunch fund is used to record all receipts from the sale of lunches, federal and state reimbursements, gifts, and other receipts. It can also be used to record all disbursements for personnel service, food, supplies, and equipment used to support the school lunch program.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction 2006B series fund is used to pay costs of certain school facility upgrades, repairs, renovations, acquisition of equipment, and the payment of issuance expenses related to the \$78,845,000, October 2006, phase III portion of the approved \$250 million Construction Bond. The bonds are payable from the unlimited ad valorem taxes to be levied on all taxable property in the School Corporation.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for risk financing for risks associated with job related illness or injuries to employees. This is the internal service fund for self-insurance.

The pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the School Corporation or students who attend the School Corporation.

Agency funds (clearing funds) account for assets held by the School Corporation as an agent for and serve as control accounts for certain cash transactions during the time they are a liability to the School Corporation; that is, from the time they are expensed to the government or withheld from the employee's wages until they are transmitted to the proper payee for the purpose withheld.

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected. However, a delay in the approval of taxable property assessments resulted in May 2007 tax bills not being issued until November 2007. This caused a significant decrease in receipts from local sources/property taxes for the year 2006-2007.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 10 to 12 days per year based upon months of service. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to employees through cash payments upon retirement at a rate of \$35 to \$55 for each unused day of sick leave.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 to 20 days per school year based upon the number of years of service. Professional employees on 11 and 12 month contracts earn vacation leave at a rate of 15 and 20 days, respectively. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 to 3 days per school year. Unused personal leave at year end is added to the employee's sick leave balance which may be accumulated indefinitely.

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

INDIANAPOLIS PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At June 30, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007
Textbook Rental	\$ 2,684,991
Special Education Carryover	1,083,781
Title II Improving Teacher Quality	496,311

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

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2007, were as follows:

Transfer From	Transfer To	2007
General Fund	Other governmental funds	\$ 4,478,960
	Internal Service Fund	1,212,912
Transportation Operating Fund	Internal Service Fund	863,000
Debt Service Fund	Other governmental funds	993,090
Capital Projects Fund	General Fund	2,666,000
Other governmental funds	Other governmental funds	170,150
Total		\$ 10,384,112

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses and Injuries to Employees

The School Corporation has chosen to establish a risk financing fund for risks associated with job related illnesses and injuries to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$225,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages, and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into a capital lease with IPS School Building Corporation (the lessor). The lessor was organized as a for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$24,020,500.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. Currently, 101 retirees meet these eligibility requirements. The School Corporation provides the first \$10,000 per employee for these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$377,487 were recognized for postemployment benefits.

D. Service Credit Benefits

In addition to the accumulated sick leave benefit referenced in Note I, all employees upon retirement from the School Corporation receive a lump sum payment for each year of service with the School Corporation. This payment is made at the rate of \$105 to \$175 per year of service, depending on employee classification. Teachers are entitled to a service credit premium payment, in accordance with a defined notification schedule, at a rate of \$0 to \$125 per year of service with the School Corporation. The total premium paid related to years of service and accumulated sick days cannot exceed \$100,000 annually.

An employer matched 403B program became effective on July 1, 2000, to replace the service credit accrual, which was phased out after the 2003-2004 school year.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 3,768,201
Interest on net pension obligation	(432,666)
Adjustment to annual required contribution	493,056
Annual pension cost	3,828,591
Contributions made	3,715,773
Increase in net pension obligation	112,818
Net pension obligation, beginning of year	(5,967,800)
Net pension obligation, end of year	\$ (5,854,982)
Contribution rates:	
School Corporation	5.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 2,761,013	146%	\$ (5,199,074)
	06-30-05	3,024,613	125%	(5,967,800)
	06-30-06	3,828,591	123%	(5,854,982)

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

Teachers' Retirement Fund

Plan Description

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

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

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

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$7,378,335, \$7,196,063, and \$6,778,084, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

INDIANAPOLIS PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 74,235,506	\$ 72,193,869	\$ 2,041,637	103%	\$ 64,563,202	3%
07-01-05	77,241,747	81,004,229	(3,762,482)	95%	67,917,393	(6%)
07-01-06	76,766,437	83,284,187	(6,517,750)	92%	66,634,637	(10%)

INDIANAPOLIS PUBLIC SCHOOLS
BUDGET TO ACTUAL REPORT
 Calendar 2006

General Fund # 010

REVENUE					
Source Code	Description	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
1000	Local Revenue	\$96,815,055	\$87,871,713	\$87,036,396	(\$835,317) ¹
2000	Intermediate Sorces Revenue	125,400	0	286,036	286,036
3000	State Revenue	213,224,357	220,648,696	219,015,331	(1,633,365)
4000	Federal Revenue	0	0	535,005	535,005
7000	Other Revenue	1,116,876	5,310,000	283,151	(5,026,849)
9000	Transfers	3,200,000	3,990,500	2,666,000	(1,324,500)
Total Revenue		\$314,481,688	\$317,820,909	\$309,821,920	(\$7,998,989) ²

EXPENDITURES & OBLIGATIONS					
Object Code	Description	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
1000	Salaries	\$216,897,946	\$210,783,862	\$213,299,358	(\$2,515,496)
2000	Employee Benefits	56,300,702	58,789,283	53,961,332	4,827,951
3000	Purchased Services	47,503,832	38,540,907	36,463,268	2,077,639
4000	Supplies & Materials	4,782,970	5,367,882	4,584,262	783,620
5000	Capital Expenditures	207,000	251,478	245,581	5,897
7000	Transfers/Other	946,331	1,221,315	37,240	1,184,075
Total Expenditures & Obligations		\$326,638,781	\$314,954,727	\$308,591,041	\$6,363,686 ²

1 Actual Property Tax receipts were 95.92% of the levy.

2 Temporary Loan amount of \$976,510.00 is excluded from both Revenue and Expenditures.

INDIANAPOLIS PUBLIC SCHOOLS
BUDGET TO ACTUAL REPORT
 Calendar 2006

Transportation Fund # 041

REVENUE					
Source Code	Description	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
1000	Local Revenue	\$18,014,883	\$23,062,474	\$22,028,302	(\$1,034,172) ¹
7000	Other Revenue	1,175,366	1,200,000	6,397	(1,193,603)
Total Revenue		\$19,190,249	\$24,262,474	\$22,034,699	(\$2,227,775)

EXPENDITURES & OBLIGATIONS					
Object Code	Description	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
1000	Salaries	\$12,186,363	\$12,186,363	\$11,046,085	\$1,140,279
2000	Employee Benefits	3,942,498	3,922,498	3,321,262	601,236
3000	Purchased Services	5,188,288	5,127,453	3,217,020	1,910,433
4000	Supplies & Materials	1,616,889	1,597,112	1,482,307	114,805
5000	Capital Expenditures	62,200	63,950	25,629	38,321
7000	Transfers/Other	72,643	171,505	41,732	129,773
Total Expenditures & Obligations		\$23,068,881	\$23,068,881	\$19,134,034	\$3,934,847

1 Actual Property Tax receipts were 96.18% of the levy.

INDIANAPOLIS PUBLIC SCHOOLS
BUDGET TO ACTUAL REPORT
 Calendar 2006

Transportation Bus Replacement Fund # 042

REVENUE					
Source Code	Description	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
1000	Local Revenue	\$12,124,370	\$13,200,067	\$12,626,344	(\$573,723) ¹
Total Revenue		\$12,124,370	\$13,200,067	\$12,626,344	(\$573,723)

EXPENDITURES & OBLIGATIONS					
Object Code	Description	Budget		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
3000	Purchased Services	12,067,532	12,299,988	12,214,333	85,655
5000	Capital Expenditures	1,585,468	1,653,000	1,538,554	114,446
Total Expenditures & Obligations		\$13,653,000	\$13,952,988	\$13,752,887	\$200,101

1 Actual Property Tax receipts were 96.39% of the levy.

2 Both Revenue and Expenditures do not include the Temporary Loan amount of \$2,309,281.00.

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Rainy Day	Textbook Rental	Alternative Education Grant	Project Safe Haven	Early Intervention	Lilly Endowment Foundation
Receipts:							
Local sources	\$ 147,819	\$ -	\$ 913,232	\$ -	\$ -	\$ -	\$ -
State sources	1,008,188	-	1,872,438	3,142,526	25,192	253,709	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	1,156,007	-	2,785,670	3,142,526	25,192	253,709	-
Disbursements:							
Current:							
Instruction	2,096,622	-	-	1,567,117	60,258	123,624	-
Support services	507,668	-	7,364,405	907,263	4,444	369	1,487,739
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	(1,693,319)	91,342	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	2,604,290	-	5,671,086	2,565,722	64,702	123,993	1,487,739
Excess (deficiency) of receipts over disbursements	(1,448,283)	-	(2,885,416)	576,804	(39,510)	129,716	(1,487,739)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	1,478,960	3,000,000	993,090	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	1,478,960	3,000,000	993,090	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,677	3,000,000	(1,892,326)	576,804	(39,510)	129,716	(1,487,739)
Cash and investments - beginning	(30,677)	9,750,000	(792,665)	5,806,511	11,357	72,847	2,648,915
Cash and investments - ending	\$ -	\$ 12,750,000	\$ (2,684,991)	\$ 6,383,315	\$ (28,153)	\$ 202,563	\$ 1,161,176
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 12,750,000	\$ (2,684,991)	\$ 6,383,315	\$ (28,153)	\$ 202,563	\$ 1,161,176
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 12,750,000	\$ (2,684,991)	\$ 6,383,315	\$ (28,153)	\$ 202,563	\$ 1,161,176

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	IPS Foundation Grant	Curr and Instruction Local	Minority Awareness Summit	IEA President Payroll	T.C. Howe Computer Grant	Sallie Mae	Alternative Services
Receipts:							
Local sources	\$ 29,100	\$ 7,501	\$ -	\$ 81,943	\$ -	\$ 50,000	\$ -
State sources	-	-	-	-	-	-	17,422
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	29,100	7,501	-	81,943	-	50,000	17,422
Disbursements:							
Current:							
Instruction	26,966	-	-	-	-	-	19,885
Support services	2,307	6,884	1,936	12,661	28,514	-	7,298
Community services	-	-	-	69,282	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	29,273	6,884	1,936	81,943	28,514	-	27,183
Excess (deficiency) of receipts over disbursements	(173)	617	(1,936)	-	(28,514)	50,000	(9,760)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(173)	617	(1,936)	-	(28,514)	50,000	(9,760)
Cash and investments - beginning	53,555	15,842	3,104	-	30,273	-	9,760
Cash and investments - ending	\$ 53,382	\$ 16,459	\$ 1,168	\$ -	\$ 1,759	\$ 50,000	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 53,382	\$ 16,459	\$ 1,168	\$ -	\$ 1,759	\$ 50,000	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 53,382	\$ 16,459	\$ 1,168	\$ -	\$ 1,759	\$ 50,000	\$ -

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	New Teacher Project, Inc.	Lilly Endowment	Cell Fund Key Learning	Science Bound	Intel ISEF Middle School After	Ball State University	School 74 Special
Receipts:							
Local sources	\$ 101,250	\$ 765,000	\$ 20,000	\$ 9,650	\$ -	\$ 5,686	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	101,250	765,000	20,000	9,650	-	5,686	-
Disbursements:							
Current:							
Instruction	-	271,196	-	9,479	164	-	990
Support services	-	7,427	5,632	1,512	166	6,489	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	278,623	5,632	10,991	330	6,489	990
Excess (deficiency) of receipts over disbursements	101,250	486,377	14,368	(1,341)	(330)	(803)	(990)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	101,250	486,377	14,368	(1,341)	(330)	(803)	(990)
Cash and investments - beginning	-	-	-	5,025	9,086	-	1,851
Cash and investments - ending	\$ 101,250	\$ 486,377	\$ 14,368	\$ 3,684	\$ 8,756	\$ (803)	\$ 861
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 101,250	\$ 486,377	\$ 14,368	\$ 3,684	\$ 8,756	\$ (803)	\$ 861
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 101,250	\$ 486,377	\$ 14,368	\$ 3,684	\$ 8,756	\$ (803)	\$ 861

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Bilingual Chess Club	Contractors Escrow	Second Opinion Television	Ameritech R.I.F.	Kindergarten	Indiana Pacers	Wal-Mart Foundation
Receipts:							
Local sources	\$ -	\$ -	\$ 4,965	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	-	-	4,965	-	-	-	-
Disbursements:							
Current:							
Instruction	-	-	-	1,000	4,085	-	-
Support services	-	-	2,760	-	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	-	2,760	1,000	4,086	-	-
Excess (deficiency) of receipts over disbursements	-	-	2,205	(1,000)	(4,086)	-	-
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,205	(1,000)	(4,086)	-	-
Cash and investments - beginning	200	637,104	1,990	1,000	4,086	117,251	370
Cash and investments - ending	\$ 200	\$ 637,104	\$ 4,195	\$ -	\$ -	\$ 117,251	\$ 370
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 200	\$ 637,104	\$ 4,195	\$ -	\$ -	\$ 117,251	\$ 370
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 200	\$ 637,104	\$ 4,195	\$ -	\$ -	\$ 117,251	\$ 370

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Annie E. Casey Foundation Grant	Even Start Family Literacy	Even Start Grant	Step Ahead	Dance Kaleidoscope	MIS Recycle	Fitness/ Wellness Coordinator
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 51,475	\$ -	\$ -	\$ 40,000
State sources	-	-	-	-	-	-	-
Federal sources	-	107,376	189,973	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	-	107,376	189,973	51,475	-	-	40,000
Disbursements:							
Current:							
Instruction	13,854	50,890	69,821	36,614	-	-	-
Support services	4,041	63,828	136,078	13,325	2,959	-	30,000
Community services	-	-	(1,137)	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	17,895	114,719	204,763	49,939	2,959	-	30,000
Excess (deficiency) of receipts over disbursements	(17,895)	(7,343)	(14,790)	1,536	(2,959)	-	10,000
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,895)	(7,343)	(14,790)	1,536	(2,959)	-	10,000
Cash and investments - beginning	17,895	7,343	8,498	1,570	5,042	581	30,000
Cash and investments - ending	\$ -	\$ -	\$ (6,292)	\$ 3,106	\$ 2,083	\$ 581	\$ 40,000
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ (6,292)	\$ 3,106	\$ 2,083	\$ 581	\$ 40,000
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ -	\$ (6,292)	\$ 3,106	\$ 2,083	\$ 581	\$ 40,000

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Parents Are Successful Student	Small Schools Leadership	Arts Council of Indiana	Meridian Kessler Neighborhood	Arts Council of Indianapolis	Health Foundation Family Center	Bridges to Success
Receipts:							
Local sources	\$ 750	\$ 130,000	\$ 7,000	\$ -	\$ -	\$ 12,570	\$ 9,122
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	750	130,000	7,000	-	-	12,570	9,122
Disbursements:							
Current:							
Instruction	253	-	2,903	-	1,839	-	3,359
Support services	-	148,487	(793)	-	-	-	601
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	101	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	253	148,487	2,109	-	1,940	-	3,961
Excess (deficiency) of receipts over disbursements	497	(18,487)	4,891	-	(1,940)	12,570	5,161
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	497	(18,487)	4,891	-	(1,940)	12,570	5,161
Cash and investments - beginning	10	112,528	-	1,000	1,940	(23,159)	4,915
Cash and investments - ending	\$ 507	\$ 94,041	\$ 4,891	\$ 1,000	\$ -	\$ (10,589)	\$ 10,076
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 507	\$ 94,041	\$ 4,891	\$ 1,000	\$ -	\$ (10,589)	\$ 10,076
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 507	\$ 94,041	\$ 4,891	\$ 1,000	\$ -	\$ (10,589)	\$ 10,076

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	United Way	Lumina Foundation Grant	Summer Program at School 81	Central Indiana Community Foundation	Bike and Hike Distance Learning	American Student Achievement	Lowes Foundation
Receipts:							
Local sources	\$ 20,000	\$ 9,860	\$ -	\$ 50,000	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	20,000	9,860	-	50,000	-	-	-
Disbursements:							
Current:							
Instruction	20,335	-	75	10,220	-	8,127	3,051
Support services	3,235	-	6	-	-	282	6,299
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	263	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	23,570	263	81	10,220	-	8,409	9,350
Excess (deficiency) of receipts over disbursements	(3,570)	9,597	(81)	39,780	-	(8,409)	(9,350)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,570)	9,597	(81)	39,780	-	(8,409)	(9,350)
Cash and investments - beginning	47,447	5,992	147	220	(1,095)	10,000	97,087
Cash and investments - ending	\$ 43,877	\$ 15,589	\$ 66	\$ 40,000	\$ (1,095)	\$ 1,591	\$ 87,737
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 43,877	\$ 15,589	\$ 66	\$ 40,000	\$ (1,095)	\$ 1,591	\$ 87,737
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 43,877	\$ 15,589	\$ 66	\$ 40,000	\$ (1,095)	\$ 1,591	\$ 87,737

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Trust Funds Unrestricted	Closed Schools Maintenance	Howe Academy Climbing Wall	Academic Summer School Program	Academic Summer School Program	Indiana Next Leadership Training	Allstate Foundation
Receipts:							
Local sources	\$ 213,196	\$ -	\$ -	\$ -	\$ 180,550	\$ -	\$ 10,000
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	213,196	-	-	-	180,550	-	10,000
Disbursements:							
Current:							
Instruction	-	-	5,000	740	99,798	1,500	-
Support services	-	-	-	-	14,345	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	142,790	-	-	-	-	0	-
Debt services	-	-	-	-	-	-	-
Total disbursements	142,790	-	5,000	740	114,143	1,500	-
Excess (deficiency) of receipts over disbursements	70,406	-	(5,000)	(740)	66,407	(1,500)	10,000
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	70,406	-	(5,000)	(740)	66,407	(1,500)	10,000
Cash and investments - beginning	149,949	1,249,212	5,000	-	101,768	1,500	-
Cash and investments - ending	\$ 220,355	\$ 1,249,212	\$ -	\$ (740)	\$ 168,175	\$ -	\$ 10,000
Cash and Investment Assets - Ending							
Cash and investments	\$ 220,355	\$ 1,249,212	\$ -	\$ (740)	\$ 168,175	\$ -	\$ 10,000
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 220,355	\$ 1,249,212	\$ -	\$ (740)	\$ 168,175	\$ -	\$ 10,000

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	David Noland Award	American Institutes for Research	Ball State University	Indiana University	Cell Fund	Insurance for JMMS	Insurance for EDMS
Receipts:							
Local sources	\$ -	\$ -	\$ 114,669	\$ -	\$ 255,870	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	-	-	114,669	-	255,870	-	-
Disbursements:							
Current:							
Instruction	-	-	31,435	-	-	-	-
Support services	-	1,945	754	-	348,317	4,704	40,147
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	1,945	32,189	-	348,317	4,704	40,147
Excess (deficiency) of receipts over disbursements	-	(1,945)	82,480	-	(92,447)	(4,704)	(40,147)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,945)	82,480	-	(92,447)	(4,704)	(40,147)
Cash and investments - beginning	6,000	1,945	(75,868)	369	358,665	4,704	43,147
Cash and investments - ending	\$ 6,000	\$ -	\$ 6,612	\$ 369	\$ 266,218	\$ -	\$ 3,000
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 6,000	\$ -	\$ 6,612	\$ 369	\$ 266,218	\$ -	\$ 3,000
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 6,000	\$ -	\$ 6,612	\$ 369	\$ 266,218	\$ -	\$ 3,000

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Extra-Curricular Funds	Indiana State University	Technical Assistance - PBA	Gifted and Talented Education	Teacher Quality Improvement	Common School	Reilly Foundation
Receipts:							
Local sources	\$ 28,915	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	87,134	-	1,950,000	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	28,915	-	-	87,134	-	1,950,000	-
Disbursements:							
Current:							
Instruction	16,307	101	7,272	86,245	-	-	-
Support services	4,676	-	-	3,183	1,000	1,664,647	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,419	-
Debt services	-	-	-	-	-	-	-
Total disbursements	20,982	101	7,272	89,428	1,000	1,666,066	-
Excess (deficiency) of receipts over disbursements	7,933	(101)	(7,272)	(2,294)	(1,000)	283,934	-
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,933	(101)	(7,272)	(2,294)	(1,000)	283,934	-
Cash and investments - beginning	1,887	1,250	8,978	39,163	3,109	(434,315)	15,079
Cash and investments - ending	\$ 9,820	\$ 1,149	\$ 1,706	\$ 36,869	\$ 2,109	\$ (150,381)	\$ 15,079
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 9,820	\$ 1,149	\$ 1,706	\$ 36,869	\$ 2,109	\$ (150,381)	\$ 15,079
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 9,820	\$ 1,149	\$ 1,706	\$ 36,869	\$ 2,109	\$ (150,381)	\$ 15,079

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Non-English Speaking Program	USF Technology	Buddy System Technology Grant	Indiana School Academic Improvement	Indiana Coordinated School Health	Transition To Teaching	Expanding World Languages
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	63,402	2,021,603	-	-	(11,370)	-	-
Federal sources	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total receipts	<u>63,402</u>	<u>2,021,603</u>	<u>-</u>	<u>-</u>	<u>(11,370)</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	37,221	-	-	729	-	-	-
Support services	18,632	-	-	-	-	745	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>55,853</u>	<u>-</u>	<u>-</u>	<u>729</u>	<u>-</u>	<u>745</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>7,549</u>	<u>2,021,603</u>	<u>-</u>	<u>(729)</u>	<u>(11,370)</u>	<u>(745)</u>	<u>-</u>
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>7,549</u>	<u>2,021,603</u>	<u>-</u>	<u>(729)</u>	<u>(11,370)</u>	<u>(745)</u>	<u>-</u>
Cash and investments - beginning	<u>103,908</u>	<u>1,767,162</u>	<u>1,050</u>	<u>26,398</u>	<u>12,570</u>	<u>745</u>	<u>1,292</u>
Cash and investments - ending	<u>\$ 111,457</u>	<u>\$ 3,788,765</u>	<u>\$ 1,050</u>	<u>\$ 25,669</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 1,292</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 111,457</u>	<u>\$ 3,788,765</u>	<u>\$ 1,050</u>	<u>\$ 25,669</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 1,292</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 111,457</u>	<u>\$ 3,788,765</u>	<u>\$ 1,050</u>	<u>\$ 25,669</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 1,292</u>

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	G.Q.E. Remediation	Computer Consortium	Tech-Know-Build Repair and Replacement	Distance Learning Implementation	Title I Non-Public Transfers	Title I Compensatory Education	Title I Compensatory Education
Receipts:							
Local sources	\$ -	\$ 7,019	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	296,846	-	-	-	-	-	-
Federal sources	-	-	-	-	28,908	24,704,259	(1,758,054)
Loans	-	-	-	-	-	-	-
Total receipts	296,846	7,019	-	-	28,908	24,704,259	(1,758,054)
Disbursements:							
Current:							
Instruction	55,594	-	-	-	-	14,646,673	2,993,370
Support services	1,625	-	-	-	-	7,233,367	2,304,376
Community services	-	-	-	-	12,382	1,243,997	170,998
Nonprogrammed charges	2,815	-	-	-	-	678,940	306,565
Debt services	-	-	-	-	-	-	-
Total disbursements	60,034	-	-	-	12,382	23,802,977	5,775,309
Excess (deficiency) of receipts over disbursements	236,812	7,019	-	-	16,526	901,282	(7,533,363)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	236,812	7,019	-	-	16,526	901,282	(7,533,363)
Cash and investments - beginning	65,641	-	5,687	44,666	27,984	958	7,554,323
Cash and investments - ending	\$ 302,453	\$ 7,019	\$ 5,687	\$ 44,666	\$ 44,510	\$ 902,240	\$ 20,960
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 302,453	\$ 7,019	\$ 5,687	\$ 44,666	\$ 44,510	\$ 902,240	\$ 20,960
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 302,453	\$ 7,019	\$ 5,687	\$ 44,666	\$ 44,510	\$ 902,240	\$ 20,960

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Title I School Improvement	Title I Delinquent	Title I School Improvement	Comprehensive School Reform	Title V Innovative Program	Title V Innovative Program	Title I Migrant Education
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	1,045,621	135,969	186,700	74,442	144,200	55,266	123,298
Loans	-	-	-	-	-	-	-
Total receipts	1,045,621	135,969	186,700	74,442	144,200	55,266	123,298
Disbursements:							
Current:							
Instruction	138,154	101,384	894,338	55,834	21,290	14,106	58,204
Support services	356,152	26,517	222,877	144,643	237,854	101,183	14,000
Community services	5,106	-	5,400	-	-	-	-
Nonprogrammed charges	12,180	579	41,201	7,828	5,026	11,590	-
Debt services	-	-	-	-	-	-	-
Total disbursements	511,592	128,480	1,163,816	208,305	264,170	126,879	72,204
Excess (deficiency) of receipts over disbursements	534,029	7,489	(977,116)	(133,863)	(119,970)	(71,613)	51,094
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	170,150	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	170,150	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	534,029	7,489	(977,116)	(133,863)	50,180	(71,613)	51,094
Cash and investments - beginning	-	18,318	977,116	242,778	-	71,613	8,156
Cash and investments - ending	\$ 534,029	\$ 25,807	\$ -	\$ 108,915	\$ 50,180	\$ -	\$ 59,250
Cash and Investment Assets - Ending							
Cash and investments	\$ 534,029	\$ 25,807	\$ -	\$ 108,915	\$ 50,180	\$ -	\$ 59,250
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 534,029	\$ 25,807	\$ -	\$ 108,915	\$ 50,180	\$ -	\$ 59,250

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Math and Science Partnership	Homeless Grant	Energy Grant Reimbursement	Serve America	Special Education Carryover	Special Education	Special Education Carryover
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	57,437	-	-	-	-	-
Federal sources	121,983	-	-	-	276,991	3,471,768	7,298,742
Loans	-	-	-	-	-	-	-
Total receipts	121,983	57,437	-	-	276,991	3,471,768	7,298,742
Disbursements:							
Current:							
Instruction	106,736	-	-	6,806	(31,690)	661,475	2,963,986
Support services	16,155	1,152	-	39,071	(9,218)	2,128,153	5,418,537
Community services	-	38,387	-	-	-	-	-
Nonprogrammed charges	1,000	1,275	-	1,025	(338)	56,517	-
Debt services	-	-	-	-	-	-	-
Total disbursements	123,891	40,814	-	46,902	(41,246)	2,846,145	8,382,523
Excess (deficiency) of receipts over disbursements	(1,908)	16,623	-	(46,902)	318,237	625,623	(1,083,781)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,908)	16,623	-	(46,902)	318,237	625,623	(1,083,781)
Cash and investments - beginning	71,035	67,037	17,846	49,517	(318,237)	(546,231)	-
Cash and investments - ending	\$ 69,127	\$ 83,660	\$ 17,846	\$ 2,615	\$ -	\$ 79,392	\$ (1,083,781)
Cash and Investment Assets - Ending							
Cash and investments	\$ 69,127	\$ 83,660	\$ 17,846	\$ 2,615	\$ -	\$ 79,392	\$ (1,083,781)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 69,127	\$ 83,660	\$ 17,846	\$ 2,615	\$ -	\$ 79,392	\$ (1,083,781)

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Special Education IDEA Part B	Special Education Sliver Grant	Special Education Preschool	Special Education Preschool	Special Education Preschool	Impact Adult Basic Education	ESL Outreach Project
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	75,000	64,839	-	91,410	175,420	-	28,000
Loans	-	-	-	-	-	-	-
Total receipts	75,000	64,839	-	91,410	175,420	-	28,000
Disbursements:							
Current:							
Instruction	38,453	89,595	-	11,759	55,376	(2,152)	23,679
Support services	6,774	20,429	2,700	90,213	130,999	-	3,480
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,714	-	-	837
Debt services	-	-	-	-	-	-	-
Total disbursements	45,227	110,024	2,700	103,686	186,375	(2,152)	27,996
Excess (deficiency) of receipts over disbursements	29,773	(45,185)	(2,700)	(12,276)	(10,955)	2,152	4
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,773	(45,185)	(2,700)	(12,276)	(10,955)	2,152	4
Cash and investments - beginning	-	45,185	2,700	7,748	-	83,387	(919)
Cash and investments - ending	\$ 29,773	\$ -	\$ -	\$ (4,528)	\$ (10,955)	\$ 85,539	\$ (915)
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 29,773	\$ -	\$ -	\$ (4,528)	\$ (10,955)	\$ 85,539	\$ (915)
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 29,773	\$ -	\$ -	\$ (4,528)	\$ (10,955)	\$ 85,539	\$ (915)

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Adult Basic Civics Education	IPIC Adult Basic Education	ABE Innovative Development	Adult Basic Education	Title IV Safe and Drug Free	Project Peace	Carol M White Physical Education
Receipts:							
Local sources	\$ -	\$ 172,677	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	33,000	-	-	699,115	567,167	-	144,000
Loans	-	-	-	-	-	-	-
Total receipts	33,000	172,677	-	699,115	567,167	-	144,000
Disbursements:							
Current:							
Instruction	25,420	141,337	(374)	463,085	4,804	-	110,747
Support services	3,665	29,707	-	210,607	262,567	-	13,900
Community services	-	-	-	-	61,971	-	-
Nonprogrammed charges	964	4,864	-	15,603	19,761	-	1,089
Debt services	-	-	-	-	-	-	-
Total disbursements	30,049	175,908	(374)	689,295	349,103	-	125,736
Excess (deficiency) of receipts over disbursements	2,951	(3,231)	374	9,820	218,064	-	18,264
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(170,150)	-	-
Total other financing sources (uses)	-	-	-	-	(170,150)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,951	(3,231)	374	9,820	47,914	-	18,264
Cash and investments - beginning	(1,584)	(23,616)	2,916	28,400	(9,781)	96	(19,681)
Cash and investments - ending	\$ 1,367	\$ (26,847)	\$ 3,290	\$ 38,220	\$ 38,133	\$ 96	\$ (1,417)
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,367	\$ (26,847)	\$ 3,290	\$ 38,220	\$ 38,133	\$ 96	\$ (1,417)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 1,367	\$ (26,847)	\$ 3,290	\$ 38,220	\$ 38,133	\$ 96	\$ (1,417)

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Safe and Drug Free Model School	Drug and Violence Prevention	Emergency Response Plans	Impact Aid	Magnet School	Magnet Year 2	Magnet Schools 06/07
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-	-
Federal sources	-	-	41,500	4,792	-	979,000	1,645,000
Loans	-	-	-	-	-	-	-
Total receipts	-	-	41,500	4,792	-	979,000	1,645,000
Disbursements:							
Current:							
Instruction	1,405	-	-	-	7,383	534,623	1,210,883
Support services	-	13,232	40,749	3,396	-	203,404	373,286
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	408	-	-	-	-	36,827	31,703
Debt services	-	-	-	-	-	-	-
Total disbursements	1,813	13,232	40,749	3,396	7,383	774,854	1,615,872
Excess (deficiency) of receipts over disbursements	(1,813)	(13,232)	751	1,396	(7,383)	204,146	29,128
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,813)	(13,232)	751	1,396	(7,383)	204,146	29,128
Cash and investments - beginning	1,813	13,232	-	114,101	7,383	(203,023)	-
Cash and investments - ending	\$ -	\$ -	\$ 751	\$ 115,497	\$ -	\$ 1,123	\$ 29,128
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ 751	\$ 115,497	\$ -	\$ 1,123	\$ 29,128
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ -	\$ 751	\$ 115,497	\$ -	\$ 1,123	\$ 29,128

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Partnerships In Character Education	Vocational Education High Schools That Work	Perkins Grant	Perkins Grant In Workforce Development	CTE Gender Equity Mini-Grant	Professional Development	21st Century Community Learning
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	4,000	1,517,467	39,090	1,000	486,544	-
Federal sources	223,550	-	-	-	-	-	645,443
Loans	-	-	-	-	-	-	-
Total receipts	223,550	4,000	1,517,467	39,090	1,000	486,544	645,443
Disbursements:							
Current:							
Instruction	199,532	-	1,434,801	21,544	999	-	827,271
Support services	19,791	2,269	181,552	3,432	-	309,897	31,359
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	2,235	67	30,783	1,130	1	-	13,753
Debt services	-	-	-	-	-	-	-
Total disbursements	221,558	2,336	1,647,136	26,106	1,000	309,897	872,383
Excess (deficiency) of receipts over disbursements	1,992	1,664	(129,669)	12,984	-	176,647	(226,940)
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,992	1,664	(129,669)	12,984	-	176,647	(226,940)
Cash and investments - beginning	-	335	150,720	(40,641)	-	671,113	416,623
Cash and investments - ending	\$ 1,992	\$ 1,999	\$ 21,051	\$ (27,657)	\$ -	\$ 847,760	\$ 189,683
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,992	\$ 1,999	\$ 21,051	\$ (27,657)	\$ -	\$ 847,760	\$ 189,683
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 1,992	\$ 1,999	\$ 21,051	\$ (27,657)	\$ -	\$ 847,760	\$ 189,683

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Emergency Katrina Grant	National Challenge Grant Technology	Javits Grant	Title II Improving Teacher Quality	Title II Enhancing Education	Title III Language Instruction	Teaching American History
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	127,995	-	-	-	-	-
Federal sources	140,000	-	-	3,848,332	546,645	1,305,669	207,500
Loans	-	-	-	-	-	-	-
Total receipts	140,000	127,995	-	3,848,332	546,645	1,305,669	207,500
Disbursements:							
Current:							
Instruction	-	-	2,843	2,439,772	-	901,129	-
Support services	-	101,247	130	3,078,730	509,513	190,635	197,203
Community services	11,500	-	-	-	-	20,995	-
Nonprogrammed charges	-	565	-	217,959	24,667	5,864	-
Debt services	-	-	-	-	-	-	-
Total disbursements	11,500	101,812	2,973	5,736,461	534,180	1,118,623	197,203
Excess (deficiency) of receipts over disbursements	128,500	26,183	(2,973)	(1,888,129)	12,465	187,046	10,297
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	128,500	26,183	(2,973)	(1,888,129)	12,465	187,046	10,297
Cash and investments - beginning	141,500	(22,332)	-	1,391,818	(8,842)	227,398	-
Cash and investments - ending	\$ 270,000	\$ 3,851	\$ (2,973)	\$ (496,311)	\$ 3,623	\$ 414,444	\$ 10,297
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 270,000	\$ 3,851	\$ (2,973)	\$ (496,311)	\$ 3,623	\$ 414,444	\$ 10,297
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 270,000	\$ 3,851	\$ (2,973)	\$ (496,311)	\$ 3,623	\$ 414,444	\$ 10,297

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Reading First	Reading First	Project Seam	Lilly Endowment	Retirement Bond Debt Service	Construction	Construction
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 1,275	\$ 1,203,223	\$ -	\$ 14,077
State sources	-	-	-	-	-	-	-
Federal sources	361,524	2,173,884	-	-	-	-	-
Loans	-	-	-	-	1,319,960	-	-
Total receipts	<u>361,524</u>	<u>2,173,884</u>	<u>-</u>	<u>1,275</u>	<u>2,523,183</u>	<u>-</u>	<u>14,077</u>
Disbursements:							
Current:							
Instruction	600,483	415,816	-	33,752	-	-	-
Support services	537,875	1,617,573	-	769,573	-	10,476	-
Community services	3,067	12,859	-	-	-	-	-
Nonprogrammed charges	33,220	99,284	-	-	-	-	-
Debt services	-	-	-	-	3,166,755	-	-
Total disbursements	<u>1,174,645</u>	<u>2,145,532</u>	<u>-</u>	<u>803,325</u>	<u>3,166,755</u>	<u>10,476</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(813,121)</u>	<u>28,352</u>	<u>-</u>	<u>(802,050)</u>	<u>(643,572)</u>	<u>(10,476)</u>	<u>14,077</u>
Other financing sources (uses):							
Bonds and loans	-	-	-	-	-	-	56,174
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,174</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(813,121)</u>	<u>28,352</u>	<u>-</u>	<u>(802,050)</u>	<u>(643,572)</u>	<u>(10,476)</u>	<u>70,251</u>
Cash and investments - beginning	<u>813,121</u>	<u>368,586</u>	<u>16,778</u>	<u>3,180,166</u>	<u>643,572</u>	<u>1,444,558</u>	<u>632,926</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 396,938</u>	<u>\$ 16,778</u>	<u>\$ 2,378,116</u>	<u>\$ -</u>	<u>\$ 1,434,082</u>	<u>\$ 703,177</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ -</u>	<u>\$ 396,938</u>	<u>\$ 16,778</u>	<u>\$ 2,378,116</u>	<u>\$ -</u>	<u>\$ 1,434,082</u>	<u>\$ 703,177</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ -</u>	<u>\$ 396,938</u>	<u>\$ 16,778</u>	<u>\$ 2,378,116</u>	<u>\$ -</u>	<u>\$ 1,434,082</u>	<u>\$ 703,177</u>

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended 2007
 (Continued)

	Construction 2003 Series	Construction 2004 Series	Construction 2006 Series	Build Indiana	Devington Development BIF	School Technology Loan	Totals
Receipts:							
Local sources	\$ 162,220	\$ 138,603	\$ 1,309,667	\$ 2,575	\$ -	\$ -	\$ 6,281,458
State sources	-	-	-	-	-	782,260	13,742,883
Federal sources	-	-	-	-	-	-	50,208,232
Loans	-	-	-	-	-	-	1,319,960
Total receipts	162,220	138,603	1,309,667	2,575	-	782,260	71,552,534
Disbursements:							
Current:							
Instruction	-	-	-	2,584	-	-	36,971,883
Support services	426,426	10,365,936	7,992,902	-	-	757,993	59,616,981
Community services	-	-	-	-	-	-	1,654,807
Nonprogrammed charges	-	-	-	-	-	-	212,098
Debt services	-	-	-	-	-	-	3,166,755
Total disbursements	426,426	10,365,936	7,992,902	2,584	-	757,993	101,622,525
Excess (deficiency) of receipts over disbursements	(264,206)	(10,227,333)	(6,683,235)	(9)	-	24,267	(30,069,991)
Other financing sources (uses):							
Bonds and loans	1,737,953	(1,595,323)	-	-	-	-	198,804
Transfers in	-	-	-	-	-	-	5,642,200
Transfers out	-	-	-	-	-	-	(170,150)
Total other financing sources (uses)	1,737,953	(1,595,323)	-	-	-	-	5,670,854
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,473,747	(11,822,656)	(6,683,235)	(9)	-	24,267	(24,399,137)
Cash and investments - beginning	1,453,735	13,290,631	24,613,975	1,941	1,476	(782,260)	79,092,874
Cash and investments - ending	\$ 2,927,482	\$ 1,467,975	\$ 17,930,740	\$ 1,932	\$ 1,476	\$ (757,993)	\$ 54,693,737
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,927,482	\$ 1,467,975	\$ 17,930,740	\$ 1,932	\$ 1,476	\$ (757,993)	\$ 54,693,737
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,927,482	\$ 1,467,975	\$ 17,930,740	\$ 1,932	\$ 1,476	\$ (757,993)	\$ 54,693,737

INDIANAPOLIS PUBLIC SCHOOLS
COMBINING SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES
AGENCY FUNDS
For the Year Ended June 30, 2007

	<u>Social Security</u>	<u>Teachers' Retirement</u>	<u>Group Insurance</u>	<u>Miscellaneous Payroll Deduction</u>	<u>Escrow</u>	<u>Early Retirement Incentive</u>	<u>Retiree Insurance</u>	<u>Cobra Insurance</u>
Net assets:								
Cash and investments	<u>\$ 2,429</u>	<u>\$ 4,438,422</u>	<u>\$ 3,851,021</u>	<u>\$ 1,242,594</u>	<u>\$ 279,305</u>	<u>\$ (255,875)</u>	<u>\$ 73,077</u>	<u>\$ 4,629</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 2,429</u></u>	<u><u>\$ 4,438,422</u></u>	<u><u>\$ 3,851,021</u></u>	<u><u>\$ 1,242,594</u></u>	<u><u>\$ 279,305</u></u>	<u><u>\$ (255,875)</u></u>	<u><u>\$ 73,077</u></u>	<u><u>\$ 4,629</u></u>

INDIANAPOLIS PUBLIC SCHOOLS
 COMBINING SCHEDULE OF CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	FMD Clearing	CF	Clearing	Main Warehouse Clearing	Craft Warehouse Clearing	Transportation Warehouse Clearing	Totals
Net assets:							
Cash and investments	\$ 49,104	\$ 6,622,101	\$ 1,527,401	\$ 1,485,539	\$ 393,062	\$ 860,160	\$ 20,572,969
Total net assets - cash and investment basis held in trust	<u>\$ 49,104</u>	<u>\$ 6,622,101</u>	<u>\$ 1,527,401</u>	<u>\$ 1,485,539</u>	<u>\$ 393,062</u>	<u>\$ 860,160</u>	<u>\$ 20,572,969</u>

INDIANAPOLIS PUBLIC SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Fiscal Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,786,002
Buildings	351,312,647
Improvements other than buildings	780,143
Machinery and equipment	43,624,215
Construction in progress	<u>118,313,166</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 516,816,173</u>

Note 1: Title to Arlington HS (\$18,170,064) and Broad Ripple HS (\$21,243,033) were transferred to the Holding Corp. in 2003.

Note 2: Title to Northwest HS (\$16,149,585) and Manual HS (\$19,378,453) were transferred to the Holding Corp. in July, 2004.

Note 3: Title to Washington MS (\$17,133,785), T. C. Howe MS (\$16,961,047) and Shortridge MS (\$16,055,047) were transferred to the Holding Corp. in March, 2006.

Note 4: Addition of Food Service building in 2007 - Land: \$700,000, Building: \$10,402,206.

INDIANAPOLIS PUBLIC SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Fiscal Year Ended June 30, 2007

Long Term Debt

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
1997 Lease Rental Bond	\$ 32,090,000	\$ -
2004 Lease Rental (Unrefunded portion)	45,780,000	-
2006 Lease Rental Bond	119,495,000	-
2006B Lease Rental Bond	78,845,000	-
2007 Lease Rental (2003 & 2004 Refunding)	195,120,000	-
Claims and judgments	-	-
Notes and loans payable		
Tax Anticipation Loan	32,252,993	32,252,993
Common School Loans	9,624,422	2,427,639
Veterans Memorial Loan	-	-
Bonds payable:		
General obligation bonds:		
Severance Bond	<u>31,080,000</u>	<u>1,510,000</u>
 Total governmental activities long-term debt	 <u>\$ 544,287,415</u>	 <u>\$ 36,190,632</u>

INDIANAPOLIS PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS - TITLE I

The Indiana Department of Education performed an onsite monitoring review on October 23, 2006, the following findings of noncompliance, required actions, and recommendations were noted:

Professional qualification requirements: IPS has not completed HOUSSE for all veteran teachers in their schools. IPS used the HOUSSE with veteran special education teachers and is in the process of using HOUSSE for the veteran general education teachers.

Required Action: IPS must continue the process for determining if all teachers are highly qualified. In addition, IDOE will return to IPS after the process is complete to determine if HQ teachers are employed at the Title I schools.

5% set-aside: IPS did not reserve 5% of its allocation to support assisting teachers in reaching the professional qualification requirements.

Required Action: If IPS has any teachers that are not highly qualified in Title I schools, an amendment must be submitted to the IDOE to reserve 5% of its allocation to support assisting teachers to become highly qualified.

Parents Right to Know re: request for teacher qualifications: IPS was able to demonstrate that a letter had been created in English and Spanish that would inform the parents of their right to know about the qualifications of the student's classroom teacher and where relevant, paraprofessionals. However, IPS could not produce evidence that the letter had been sent to all families in Title I schools. The targeted assistance schools sent the letters home with only the Title I served students.

Required Action: IPS must resend letters to all parents in targeted assistance schools.

Recommendation: IDOE recommends that IPS mail the letters from central office.

LEA Parent Involvement Policy: IPS was able to provide evidence that it had a district Parental Involvement Policy, but the policy does not contain all of the statutory components as specified in NCLB. The policy was developed in 2004-2005 and adopted by the school board in 2005-2006.

Required Action: IPS must ensure that it has a district Parental Involvement Policy that meets all statutory components. IPS needs to be more specific with each of the components. The LEA Parent Involvement Policy must be revised with parents annually.

After IDOE's on-site monitoring, IPS met with parents and staff and revised the LEA Parent Involvement policy. This policy has been reviewed by IDOE and contains all statutory components. IPS must submit the sign-in sheets including names of parents that participated in the revision of the policy to the IDOE.

School Written Parental Involvement Policy: IPS requires schools to send Parental Involvement Policies to the central office and Title I staff check the policies to ensure they contain the components as stated in Section 1118 of No Child Left Behind. Although Emma Donnan, Riverside and Harriet Beecher Stowe each have a Parental Involvement Policy, a thorough review revealed that components were missing. Hartmann and Longfellow each had a compliant Parental Involvement Policy. The policy that was originally sent to IDOE from Longfellow was missing components; however, at the school a different policy was given to IDOE.

INDIANAPOLIS PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Required Action: IPS should ensure that all Parental Involvement Policies contain the necessary components as stated in Sec. 1118 in order to be in compliance with NCLB requirements. Parents must be included in the revision of the Parental Involvement Policies. In addition, Riverside, Emma Donnan and Harriet Beecher Stowe each must submit a revised Parental Involvement Policy to the IDOE along with sign-in sheets with signatures of parents and staff that participated in the revision of their Parental Involvement Policy.

School-Parent Compact: Riverside, Hartmann, and Emma Donnan had compliant school-parent compacts. However, Longfellow had several versions of the compact. Not all statutory components were included in one compact. Harriet Beecher Stowe's school-parent compact was missing one statutory component.

Required Action: IPS must ensure that all schools have compacts which contain components as stated in Sec. 1118. Longfellow must consolidate the compacts and use one compact which contains statutory components. Harriet Beecher Stowe must revise its compact to include the component that is missing. Longfellow and Harriet Beecher Stowe must submit their revised compact to the IDOE.

Parent information resource centers: IPS works closely with the Indiana Family Community Partnership Center; the parent information resource center in Indiana. The Family Community Partnership Center trains the parent liaisons as well as hosts meetings with parents. However, IPS has not provided parents with information regarding the center.

Required Action: IPS must provide parents in all Title I schools with information regarding the Parent Information Resource Center in Indiana. Evidence must be submitted to the IDOE.

School Improvement Plan: IPS could not demonstrate that schools identified for improvement develop or revise a school improvement plan within three months of being identified for improvement, with all required ten statutory components in consultation with school staff, parents and outside experts that covers a two-year period. While under state law all Indiana schools are required to develop "school improvement plans" (PL 221), these plans alone do not satisfy the federal requirements of Title I. All of the schools had improvement plans; however, some of the components were not as specific as needed.

Required Action: IPS must ensure that all schools identified for school improvement have developed, or revised a school improvement plan consistent with the NCLB requirements as stated in Sec. 1116. IDOE is aware that INSAI is working with IPS schools in improvement to revise plans and meet statutory requirements.

Peer Review: IPS could not demonstrate that it has a peer review process for school improvement plans.

Required Action: IPS must ensure that each school improvement plan undergoes a peer review process within 45 days of the receipt of the plan.

10 Percent Professional Development: IPS did set-aside the 10 percent for professional development; however, all funds were not expended.

INDIANAPOLIS PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Other Matters:

Longfellow Middle School restructured in 2005-2006. Longfellow Middle School continues to have poor performance. IDOE will meet with IPS to discuss the restructuring plan from 2005 and future plans for Longfellow Middle School after Adequate Yearly Progress (AYP) results have been released.

Comprehensive LEA Improvement Plan: IPS has a district improvement plan; however, not all statutory components required by Title I and NCLB are fully explained.

Required Action: IPS must provide more detail regarding particular statutory components required by Title I and NCLB. More evidence needs to be provided indicating sound implementation of research-based practice. IPS must explain to what extent the special education data has been analyzed. An explanation <http://www.ed.gov/policy/elsec/guid/schoolchoiceguid.doc> how the proposed strategies will increase academic performance for subgroups must be included. A well-articulated plan for evaluating the professional development must be described. More information must be included describing the student's extended learning opportunities.

In addition, IDOE and Great Lakes East Comprehension Center (GLECC) will host a meeting in March to discuss LEA Improvement Plans for 2006-2007.

Schoolwide Program Plans: Indiana Student Achievement Institute (INSAI) has been working with Harriett Beecher Stowe, Longfellow, Emma Donnan and Riverside to incorporate all components required in PL 221 School Improvement plans, NCLB School Improvement plans and Schoolwide Plans into one existing plan.

Required Action: IPS and INSAI must ensure that each of the components required to be in Schoolwide Plans is very specific.

Fixed Daily Responsibilities: Title I staff at Hartmann had daily schedules. However, at the time of our on-site monitoring, Hartmann had not begun their Title I program. The daily schedule was created but not followed.

Required Action: IPS must ensure that Title I programs begin early in the school year. In the Title I application, schools describe their program and funding is allocated based on the approval of the school's plan in the application. If a school is not implementing the program as described, then the school is not using Title I funding as approved.

Comparability Report: The 2006-2007 comparability report received at the IDOE on November 8, 2006, reflects that two (2) K-8 building are not in compliance; those being Cold Springs School and Stephen Foster. Also, two (2) K-6 buildings are not in compliance; those being Clarence Farrington and Wendell Phillips.

One other issue with comparability is with the grade span of the Pacers Academy. On the eligible schools summary the grade span is listed as 7-8; the comparability report reflects the grade span as 6-11; and the official web site of the IDOE shows the grade span to be 6-8. If, in fact, the grade span is 6-8 for the Pacers Academy, then a comparability report needs to be completed to compare the Pacers Academy to Crispus Attacks, which has a grade span of 6-9. (When both schools are served by Title I, use the lower percentage of poverty school as the non-Title I school for comparison purposes only).

INDIANAPOLIS PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Action Required: Any building not comparable on November 15, 2006, must be brought into compliance no later than February 15, 2007. A revised comparability report must be completed and submitted to the IDOE along with evidence of how comparability has been met (i.e., contract) as documentation. Failure to achieve comparability by February 15, 2007, results in Title I funds already expended in the noncomparable buildings being subject to repayment, and all unspent Title I funds being withheld for the remainder of the fiscal year.

Student Selection: Two criteria were used for student selection to determine which non-public students, that live in a served Title I schools attendance area, qualify for Title I services. However, teacher input was used in grades 3 and above.

Required Action: Two multiple, educationally related, objective criteria must be used for student selection. Teacher input is acceptable in grades K-2, but other criteria must be used for grades 3 and above.

Ten percent School Professional Development: Riverside set-aside \$15,484.00 and did not expend any of these funds. Harriet Beecher Stowe set-aside \$14,750.00 and expended \$13,603.74. Longfellow set-aside \$21,849.00 and expended \$21,767.00 and Emma Donnan set-aside \$48,875.00 and expended \$47,754.32.

Required Action: IPS must ensure that 10 percent school professional development is set-aside and expended for schools that are in improvement. In addition, IPS must ensure that the schools set-aside 10 percent in 2006-2007 and carryover funds not spent during 2005-2006.

Recommendation: Purchasing Food: IDOE reviewed Comprehensive School Reform (CSR), School Improvement and the Basic Grant. Food has been purchased using each of these funding sources. IPS must ensure that all purchases are reasonable and necessary. When schools are in improvement, IDOE feels that there are better uses for funds than purchasing food. IDOE understands that having food available for parental activities is reasonable; however, having food available for professional development activities needs to be reviewed.

Equipment Inventory: IPS does not have an inventory list that meets the requirements of EDGAR 80.32.

Required Action: An inventory list which contains the requirements of EDGAR 80.32 must be submitted to the IDOE. IPS must include the grant award number, percent of federal participation, disposal data and sale price or method used to determine current fair market value in the inventory list.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INDIANAPOLIS PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

FORM W-4 NOT RETAINED

A Form W-4 was not presented for audit for 17% of employees examined.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balance of the Textbook Rental Fund, Special Education Carryover Fund, and Title II Improving Teacher Quality Fund was overdrawn at June 30, 2007.

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)

CELL PHONE POLICY

The School Corporation does not have a policy concerning the use of cell phones provided to employees by the School Corporation. Employees do not maintain a log indicating the business and personal use of the phones.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INDIANAPOLIS PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL RECEIPTS AND STUDENT ACCOUNTS

Textbook rental receipts for some of the elementary and middle schools for the school year were not presented for audit. The system used to maintain individual rental accounts for students in the elementary and middle schools does not allow prior year receipts to be retrieved. Information provided for audit did not allow textbook rental payments to be traced to bank deposits or postings to student's accounts. A similar comment appeared in prior Report B29637.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

GRANT FUNDS

Numerous grant funds were collected, retained, and accounted for in the Extra-Curricular Accounts at 67 different schools, ranging in amounts totaling from \$34 to \$88,490. The total funds collected at all schools amounted to \$627,606 during the school year. Similar comments have appeared in several prior reports.

All financial transactions related to the School Corporation should be accounted for in the School Corporation records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, provides in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

FACILITY USAGE FEES

Fees collected for the public's use of School Corporation facilities and equipment have been collected, retained, and accounted for in the Extra-Curricular Accounts at 34 different schools, ranging in amounts totaling from \$38 to \$56,066. The total fees collected at all schools amounted to \$207,703 during the school year. The Schools used the fees collected to purchase items such as lunches and/or food for staff meetings, shirts for staff members, staff appreciation gifts, student awards and incentives, and items used for maintenance and upkeep on their particular facility. Similar comments have appeared in several prior reports.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, provides in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS

ARLINGTON HIGH SCHOOL 722

PETTY CASH FUND ACTIVITY

A Petty Cash Fund exists in the Extra-Curricular Account (ECA) for small purchases. The Petty Cash Fund was established using extra-curricular funds. A similar comment has appeared in several prior reports.

Indiana Code 20-40-13-4 states in part: "If a fund is established, the governing body shall make an appropriation for such fund in an amount not to exceed five hundred dollars (\$500.00)."

EXPENSE REIMBURSEMENT ITEMIZATION

A reimbursement of \$360 was made to the Principal for the purchase of Circle City Classic tickets. The tickets were the only supporting documentation provided for the purchase. No written documentation was presented to indicate who used the tickets or the purpose for which the tickets were purchased. The Principal indicated that the tickets were given to various students as incentive awards.

Meals were purchased for staff members who attend meetings through the lunch hour. No School Board approval was noted, and the expense was paid with extra-curricular funds.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

UNAUTHORIZED FEES

A restock fee was charged for textbooks that were lost or damaged beyond repair. There was no School Corporation policy presented for audit that authorized the collection of these fees.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ARSENAL TECHNICAL HIGH SCHOOL 716

TEXTBOOK INDEBTEDNESS

The School was indebted to a textbook publisher for \$22,477.29 at June 30, 2007. No payment plan was established at the time of the order. Payments were made by the School to a collection agency.

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CASH FUND MISUSE

We observed during the review of the petty cash fund for the JROTC and cash change fund for the Athletic Department that monies received were being held in the cash funds and not being deposited with the ECA Treasurer. Additionally, cash purchases were noted to have been made from the athletic and culinary arts cash change funds.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PETTY CASH FUND ACTIVITY

A Petty Cash Fund exists in the Extra-Curricular Account for small purchases. The Petty Cash Fund was established using extra-curricular funds. A similar comment has appeared in several prior reports.

Indiana Code 20-40-13-4 states in part: "If a fund is established, the governing body shall make an appropriation for such fund in an amount not to exceed five hundred dollars (\$500.00)."

TEXTBOOK RENTAL

A flat fee of \$160 was charged to each student for textbook rental at the beginning of the school year. Once the School Corporation calculated the textbook rental amounts due, the information was forwarded to the School and posted to the students' records. The flat fee collected created a positive or negative balance in the students' accounts. The unwritten policy of the School Corporation regarding student accounts is negative balances will be billed to the student for the difference owed, and positive balances will be refunded if requested by the student or applied to the next school year and the student account will be settled upon graduation. A refund is to be given immediately if a student paid for textbook rental and was later determined to qualify for free textbook rental.

Several discrepancies were noted in reviewing the hand posted individual textbook rental account records. Not all transactions were properly posted to the students' account records. Some receipts were just inserted into the students' folders and not posted to the individual students' account records. A similar comment appeared in prior Report B29637.

Persons, companies or governmental units that have overpaid amounts to a governmental unit are entitled to a repayment or refund by check or warrant. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

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 Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use the State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS

The controls over the receipting, recording, and accounting for the textbook rental receipts were insufficient. The textbook rental receipts did not indicate the composition type of the payment made by the individual. Several textbook rental receipts could not be traced to a deposit due to the textbook receipts not being used in sequential order or a copy of the receipt not being maintained with the deposit information.

The School has the capability to verify the posting of the payments made to the computer ledger by reconciling them to the handwritten receipts issued, but no reconciliation between these two items was completed during the audit period.

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. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BROAD RIPPLE HIGH SCHOOL 717

PETTY CASH FUND ACTIVITY

A Petty Cash Fund exists in the Extra-Curricular Account for small purchases. The Petty Cash Fund was established using extra-curricular funds. A similar comment has appeared in several prior reports.

Indiana Code 20-40-13-4 states in part: "If a fund is established, the governing body shall make an appropriation for such fund in an amount not to exceed five hundred dollars (\$500.00)."

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

EMMERICH MANUAL HIGH SCHOOL 715

TEXTBOOK INDEBTEDNESS

We discovered that the School was indebted to textbook publishers for a combined amount in excess of \$77,200. A similar comment appeared in prior Report B29637.

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CASH CHANGE FUND

The cash change fund of the athletic department was not deposited or receipted back to the ledger at year end.

A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the corporation is charged with the duty of collecting fees or other cash revenues. When authorized by the governing body, such Cash Change Fund shall be established by a check drawn on the General Fund (or other appropriate fund) of the school corporation in an amount to be determined by the governing body. The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund. The custodian shall convert same to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation. The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund [IC 36-1-8-2].

Indiana Code 36-1-8-2 is particularly applicable in school corporations where either a Textbook Rental Fund or School Lunch Fund, or both, are maintained as extra-curricular funds. If a Cash Change Fund is authorized and a check is drawn on the appropriate fund, it will be recorded as a disbursement in the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

NORTHWEST HIGH SCHOOL 723

PETTY CASH FUND ACTIVITY

A Petty Cash Fund exists in the Extra-Curricular Account for small purchases. The Petty Cash Fund was established using extra-curricular funds. A similar comment has appeared in several prior reports.

Indiana Code 20-40-13-4 states in part: "If a fund is established, the governing body shall make an appropriation for such fund in an amount not to exceed five hundred dollars (\$500.00)."

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL

A flat fee of \$160 was charged to each student for textbook rental at the beginning of the school year. Once the School Corporation calculated the textbook rental amounts due, the information was forwarded to the School and posted to the students' summary of account. The flat fee collected created a positive or negative balance in the students' accounts. The unwritten policy of the School Corporation regarding student accounts is negative balances will be billed to the student for the difference owed, and positive balances will be refunded if requested by the student or applied to the next school year and the student account will be settled upon graduation. A refund is to be given immediately if a student paid for textbook rental and was later determined to qualify for free textbook rental.

Twelve percent of the textbook rental payments tested either had not been posted or had been posted incorrectly to the students' Summary of Account. Also, the flat fee charged at the beginning of the school year was not adjusted for any student accounts' reviewed. Therefore, any amounts due from the students were not collected and any amounts owed to the students were not refunded. A similar comment appeared in prior Report B29637.

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 Extra-Curricular Accounts, Chapter 7)

Persons, companies or governmental units that have overpaid amounts to a governmental unit are entitled to a repayment or refund by check or warrant. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Officials and employees are required to use the State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

NEW HORIZON HIGH SCHOOL 498

NONUSE OF FORM SA-7, CLAIM FOR PAYMENT

There were no Form SA-7, Claim for Payment, presented for audit for the period from July 1, 2006 to February 21, 2007, to support and document the disbursements made. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

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 Extra-Curricular Accounts, Chapter 7)

CASH DISBURSEMENTS

The School made withdrawals on October 16, 2006, and October 30, 2006, from the ECA funds using a "counter check" at Huntington National Bank for the amounts of \$150 and \$20, respectively. No supporting documentation was presented for audit for the withdrawals. The description for the withdrawals listed in the school's ledger indicated the cash was used for "Student Appreciation Awards."

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

STUDENT ACTIVITY FEE

A student activity fee was collected from students in the amount of \$40. A lesser fee of \$25 was collected from students who qualified for free or reduced lunch. No information was presented for audit to indicate the fee was approved by the School Board. A similar comment appeared in prior Report B29637.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

RECEIPT ISSUANCE

Receipt Form SA-3 was not always used when monies were remitted to the ECA Treasurer. Proper receipt forms to support amounts deposited or recorded were not always presented for audit as several receipts were removed from the receipt book. Additionally, receipts were observed that were not properly completed. As a result, full accountability for all monies received could not be established.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

ECA DEPOSITS

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of two months before depositing.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

GEORGE WASHINGTON COMMUNITY SCHOOL 421

ECA DEPOSITS

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of 18 days before depositing. A similar comment appeared in prior Report B29637.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

PENALTIES, INTEREST AND OTHER CHARGES

Information presented for audit indicates that, in some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until several months after the invoice dates. One vendor was still receiving payments in March 2007 for a purchase made in October 2005. Other late payments to vendors were also noted; however, no penalties, interest, or late fees were paid by the School. A similar comment appeared in prior Report B29637.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

WASHINGTON IRVING ELEMENTARY SCHOOL 14

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

RIVERSIDE ELEMENTARY SCHOOL 44

SALES TAX

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ROUSSEAU MCCLELLAN ELEMENTARY SCHOOL 91

GIFT CARDS

Gift cards were noted to have been purchased during the audit period. The School Corporation has a policy which prohibits the purchase of gift cards by an extra-curricular account.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

T. C. STEELE ELEMENTARY SCHOOL 98

SALES TAX

Sales tax was paid for some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

USE OF FORM SA-7, CLAIM FOR PAYMENT

Some claims for payment, Form SA-7, did not contain all information necessary to constitute a valid claim. Proper itemization and signatures were not evident on several claims reviewed.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INDIANAPOLIS PUBLIC SCHOOLS
EXTRA-CURRICULAR ACCOUNTS
AUDIT RESULTS AND COMMENTS
(Continued)

FRANCIS BELLAMY ELEMENTARY SCHOOL 102

USE OF FORM SA-7, CLAIM FOR PAYMENT

Some claims for payment, Form SA-7, did not contain all information necessary to constitute a valid claim. Proper itemization and signatures were not evident on several claims reviewed. A similar comment appeared in prior Reports B29637 and B26696.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

GIFT CARDS

Gift cards were noted to have been purchased during the audit period. The School Corporation has a policy which prohibits the purchase of gift cards by an extra-curricular account.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE INDIANAPOLIS PUBLIC SCHOOLS, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Indianapolis Public Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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 non-compliance 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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response section of the report. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 12, 2008

INDIANAPOLIS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2006-07	\$ 4,192,864
National School Lunch Program	10.555	FY 2006-07	11,599,439
Summer Food Service Program for Children	10.559	FY 2006-07	456,756
Fresh Fruit and Vegetable Program	10.582	FY 2006-07	<u>70,355</u>
Total for cluster			<u>16,319,414</u>
Total for federal grantor agency			<u>16,319,414</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Pass-Through Indianapolis Private Industries Council			
WIA Youth Activities	17.259		<u>155,000</u>
Total for federal grantor agency			<u>155,000</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Indiana Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027		
Part B IDEA		14206-030-PY02	2,804,899
Part B IDEA		14207-030-PN01	8,382,523
Targeted Funds		14206-057-DY02	45,227
Sliver		14205-030-DY01	<u>110,024</u>
Total for program			<u>11,342,673</u>
Special Education - Preschool Grants	84.173		
Preschool		45705-030-PN01	2,700
Preschool		45706-030-PY02	103,686
Preschool		45707-030-PN01	<u>186,375</u>
Total for program			<u>292,761</u>
Total for cluster			<u>11,635,434</u>
Direct Grant			
Impact Aid	84.041	S041B-2007-1607	<u>3,396</u>
Direct Grant			
Magnet Schools Assistance	84.165		
FY 2004-05		U165A040018-01	7,383
FY 2005-06		U165A040018-02	774,854
FY 2006-07		U165A040018-03	<u>1,615,872</u>
Total for program			<u>2,398,109</u>
Direct Grant			
Fund for the Improvement of Education	84.215		
Carol White Physical Education		Q215F041074	<u>125,735</u>
Pass-Through Indiana Department of Education			
Adult Education - State Grant Program	84.002		
Adult Basic Education		FY2006-8017	689,295
ESL Outreach Project		FY2006-8123	27,996
ABE Civics Education		FY2006-8402	<u>27,523</u>
Total for program			<u>744,814</u>

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

INDIANAPOLIS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2007
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>			
Pass-Through Indiana Department of Education (continued)			
Title I Grants to Local Educational Agencies	84.010		
Compensatory Education		FY 2006-07	12,382
Compensatory Education		FY 2006-07	5,775,309
Compensatory Education		FY 2006-07	23,802,977
School Improvement		FY 2006-07	511,593
Delinquent		FY 2006-07	<u>128,480</u>
Total for program			<u>30,230,741</u>
Migrant Education - State Grant Program	84.011	FY06-07/RM-1	<u>72,203</u>
Vocational Education - Basic Grants to States	84.048		
Perkins		07-4700-5385	1,647,136
High Schools that Work		06-13035385	2,335
CTE Gender Equity		06-1399-5385	<u>1,000</u>
Total for program			<u>1,650,471</u>
Safe and Drug Free Schools and Communities - National Programs	84.184		
Middle School Drug Prevention		S184k010131	13,232
Emergency Response Planning		Q184E060178	<u>40,749</u>
Total for program			<u>53,981</u>
Safe and Drug Free Schools and Communities - State Grants	84.186		
		Q186A040015	519,252
		S186A030015	<u>1,813</u>
Total for program			<u>521,065</u>
Education for Homeless Children and Youth	84.196	FY 2005-06	<u>40,814</u>
Pass-Through Ball State University			
Javits Gifted and Talented Students Education Grant Program	84.206	S206A020035	<u>2,973</u>
Pass-Through Indiana Department of Education			
Even Start - State Educational Agencies	84.213		
FY 2006-07		FY 2006-07	114,719
FY 2006-07		FY 2006-07	<u>204,763</u>
Total for program			<u>319,482</u>
Fund for the Improvement of Education	84.215		
Partnerships in Character		Q215S060151	221,558
Teaching American History		U215X060243	<u>197,203</u>
Total for program			<u>418,761</u>
Pass-Through Indiana Department of Workforce Development			
Tech-Prep Education	84.243	TP-4-74	<u>26,106</u>
Pass-Through Indiana Department of Education	84.287		
Twenty-First Century Community Learning Centers		S287C020014	<u>872,383</u>
Pass-Through Indiana Department of Workforce Development			
State Grants for Innovative Programs	84.298		
Title V		FY 2006-07	264,170
Title V		FY 2006-07	<u>126,879</u>
Total for program			<u>391,049</u>

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

INDIANAPOLIS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2007
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>			
Pass-Through Crawfordsville Community School Corporation Technology Innovation Challenge Grants	84.303	R303A000004-01	<u>101,812</u>
Pass-Through Indiana Department of Education Education Technology State Grants Title II Part D	84.318	FY 2006-07	<u>534,180</u>
Comprehensive School Reform Demonstration	84.332	FY 2006-07	<u>208,306</u>
Title I Accountability Grants Title 1 School Improvement	84.348	FY 2006-07	<u>1,163,816</u>
Reading First State Grants	84.357	S357A040015 S357A040015	<u>1,174,645</u> <u>2,145,532</u>
Total for program			<u>3,320,177</u>
English Language Acquisition Grants	84.365	FY 2006-07	<u>1,118,621</u>
Mathematics and Science Partnerships	84.366	FY 2006-07	<u>123,891</u>
Improving Teacher Quality State Grants	84.367	S376A020013	<u>5,736,462</u>
Hurricane Education Recovery	84.938	FY 2006-07	<u>11,500</u>
Total for federal grantor agency			<u>61,826,282</u>
<u>CORPORATION FOR NATIONAL SERVICE</u>			
Pass-Through Indiana Department of Education Learn and Serve America - School and Community Based Programs	94.004	01-5385	<u>46,902</u>
Total for federal grantor agency			<u>46,902</u>
Total federal awards expended			<u>\$ 78,347,598</u>

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

INDIANAPOLIS PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Indianapolis Public Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the year ending June 30, 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007
School Breakfast Program	10.553	\$ 293,341
National School Lunch Program	10.555	807,101

INDIANAPOLIS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
--	----

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.357	Reading First State Grants
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$2,350,428

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

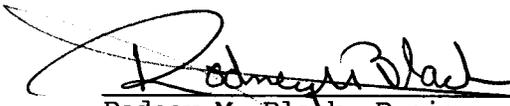
Finding Number: 2006-1, Internal Control Reportable Condition/Cash Management
Audit Period: July 1, 2006 to June 30, 2007
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Auditee Contact: Aaron Groves
Title of Contact Person: Grant Accounting Supervisor
Phone Number: (317) 226-4839

Status of Finding:

The primary problem was the failure to compare the Cash Forecast request prepared at the beginning of the Grant Award with the monthly cash expenditures. This is the responsibility of each Grant Director.

In order to correct this problem, Grant Accounting has prepared a monthly report for the Grant Director/Grant Fiscal Officer showing cash on hand and estimated length of time before the fund has a negative Cash Balance. The estimated length of time is based determined based upon the historical expenditure history of each fund. Where the estimated length of time is more than one month, the Grant Director or Grant Fiscal Officer must reply in writing as to why the Cash Balance is necessary, and also provide a forecast that supports their conclusion.

Based upon the answers received from the Grant Director or Grant Fiscal Officer, the Cash Request is modified to reflect actual requirements.


Rodney M. Black, Business Manager
Indianapolis Public Schools

February 19, 2008

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

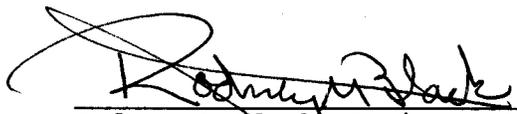
Finding Number: 2006-1, Internal Control Reportable Condition/Cash Management
Audit Period: July 1, 2006 to June 30, 2007
Federal Program: Reading First State Grants
CFDA Number: 84.357
Auditee Contact: Aaron Groves
Title of Contact Person: Grant Accounting Supervisor
Phone Number: (317) 226-4839

Status of Finding:

The primary problem was the failure to compare the Cash Forecast request prepared at the beginning of the Grant Award with the monthly cash expenditures. This is the responsibility of each Grant Director.

In order to correct this problem, Grant Accounting has prepared a monthly report for the Grant Director/Grant Fiscal Officer showing cash on hand and estimated length of time before the fund has a negative Cash Balance. The estimated length of time is based determined based upon the historical expenditure history of each fund. Where the estimated length of time is more than one month, the Grant Director or Grant Fiscal Officer must reply in writing as to why the Cash Balance is necessary, and also provide a forecast that supports their conclusion.

Based upon the answers received from the Grant Director or Grant Fiscal Officer, the Cash Request is modified to reflect actual requirements.


Rodney M. Black, Business Manager
Indianapolis Public Schools

February 19, 2008

INDIANAPOLIS PUBLIC SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 12, 2008, with Dr. Eugene G. White, Superintendent of Schools; Rodney M. Black, Treasurer; Kelly E. Bentley, Board member; and Diane Arnold, Board member. The official response has been made a part of this report and may be found on pages 94 through 102.



Indianapolis Public Schools

The John Morton-Finney Center for Educational Services
120 East Walnut Street
Indianapolis, IN 46204
TEL 317-226-4411 FAX 317-226-4936

Eugene G. White, Ed.D.
Superintendent

March 18, 2008

Indiana State Board of Accounts
302 W. Washington Street
Room E418
Indianapolis, IN 46204

Dear Sir or Madam:

Please find attached the responses to the State Board of Accounts 2006-2007 audit of Indianapolis Public Schools.

Sincerely,

A handwritten signature in cursive script that reads "Eugene G. White". The signature is written in black ink and is positioned above the printed name and title.

Eugene G. White, Ed.D.
Superintendent

Cc: Regina May, Staff Auditor
Rodney Black, Business Manager
File

Attachment
Audit Responses

Indiana State Board of Accounts Audit Comment- Federal and State Agencies- Compliance Requirements- Title I

For complete wording of the State Board of Accounts Audit Comments, please reference the Audit Results and Comments section listed in the prior pages.

IPS Response to State Board of Account Comment- Federal and State Agencies- Compliance Requirements- Title I

The IPS Title I Office is aware of the findings from the Indiana Department of Education's onsite monitoring review and has made the applicable changes. With respect to the last issue raised concerning the inventory requirements of EDGAR 74.34, the Title I Office is currently in the process of designing a report supported by the districts new software system to meet these requirements.

Indiana State Board of Accounts Audit Comment – Form W-4 Not Retained:

A Form W-4 was not presented for audit for seventeen percent of employees examined.

Political Subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

IPS Response to State Board of Accounts Comment – Form W-4 Not Retained:

IPS will initiate a procedure to review all personnel files to assure that there is a current W-4 Form on file for each employee.

Indiana State Board of Accounts Audit Comment –Overdrawn Cash Balances:

The cash balance of the Textbook Rental Fund, Special Education Carryover Fund, and Title II Improving Teacher Quality Fund was overdrawn at June 30, 2007.

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).

IPS Response to State Board of Accounts Comment – Overdrawn Cash Balances:

The very nature of reimbursable funds within a cash basis operation is that they will incur negative cash balances while reimbursement requests are being processed since there is no accounting method to show the accounts receivable. However, the State Board of Accounts acknowledges that IPS had sufficient cash balances in the General Fund to cover the negative cash balances identified in the audit comment.

It is the District's policy to cover reimbursable fund negative cash balances with General Fund cash balances.

Indiana State Board of Accounts Audit Comment – Cell Phone Policy:

The School Corporation does not have a policy concerning the use of cell phones provided to employees by the Corporation. Employees do not maintain a log indicating the business and personal use of the phones.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for School Corporations, Chapter 13)

IPS Response to State Board of Accounts Comment – Cell Phone Policy:

IPS will begin the process to create an appropriate and feasible policy concerning cell phone use district-wide.

Indiana State Board of Accounts Audit Comment – Textbook Rental Receipts and Student Accounts:

Textbook rental receipts for some of the elementary and middle schools for the school year were not presented for audit. The system used to maintain individual textbook rental accounts for students in the elementary and middle schools do not allow prior year receipts to be retrieved. Information provided for audit did not allow textbook rental payments to be traced to bank deposits or posting to student's accounts. A similar comment appeared in prior Report No. B29637.

IC 5-15-6-3(f) concerning destruction of public records, states in part: (Original records may be disposed of only with the approval of the commission according to guidelines established by the commission.”

IPS Response to State Board of Accounts Comment – Textbook Rental Receipts and Student Accounts:

IPS has modified the software to allow for the sequential numbering of receipts by individual schools in such a manner that all textbook rental payments can be traced from an individual school to the appropriate bank deposit and subsequently to the individual students account. This change took effect after the issue arose in the prior audit. However, due to the timing, the textbook rental payments were mostly collected for the audited year in question.

Indiana State Board of Accounts Comment –Grant Funds:

Numerous grant funds were collected, retained, and accounted for in the Extra-Curricular Accounts at 67 different schools, ranging in amounts from \$34 to \$88,490. The total funds collected at all schools amounted to \$627,606 during the school year. Similar comments have appeared in the prior ten audit reports.

All financial transactions related to the School Corporation should be accounted for in the School Corporation records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8).

IC 20-5-3-1(c), concerning duties of the School Corporation Treasurer, states in part: 'The treasurer shall be the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for all the funds....'. Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8).

IPS Response to State Board of Accounts Comment – Grant Funds:

The grants in question are primarily private foundation dollars and were awarded to the specific schools, many with the understanding that the dollars were not to be accounted for at the corporation level. Under PL340, IPS has decentralized much of the individual school daily operation and allowed the school to seek grants for the specific operation of their buildings. IPS officials require that such grants be accounted for in accordance with accounting procedures described in the Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts. IPS Officials have not become aware, nor have they been informed by any of the grantors, nor the Indiana State Board of Accounts that expenditures were inconsistent with the requirements of the grants.

From the examples identified, it would appear that question raised does not deal with the legitimacy, purpose, or consistency with the grant requirements, but rather the fact that the State Board of Accounts wants the paperwork dealing with the day-to-day activities of the grant maintained at the central office rather than the building. To maintain the day-to-day activity of these grants at the district level is inconsistent with the philosophy of PL-340.

IPS Officials will review and evaluate with the principals and treasurers the procedure currently used for the accountability of grant funds. IPS will also hold staff accountable for any deviation from grant requirements that are not approved by the grantor.

Indiana State Board of Accounts Audit Comment – Facility Usage Fees:

Fees collected for the public's use of the School Corporation facilities and equipment have been collected, retained and accounted for in the extra-curricular accounts at 34 different schools, ranging in amounts totaling from \$38 to \$56,066. The total fees collected at all schools amounted to \$207,703 during the school year. These schools used the fees collected to purchase such items as lunches and /or food for staff meetings, shirts for staff members, staff appreciation gifts, student awards and incentives, and items used for the maintenance and upkeep on their particular facility. Similar comments have appeared in the prior ten audit reports.

IC 20-5-3-1(c), concerning duties of the School Corporation Treasurer, states in part: 'The treasurer shall be the official custodian of all funds of the school corporation and shall be responsible for the proper safeguarding and accounting for all the funds....'. Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8).

IPS Response to State Board of Accounts Comment – Facility Usage Fees:

Under PL 340, IPS has decentralized much of the individual school daily operation and allowed the school to control usage fees directly related to the operation of their building. IPS Officials require that such usage fees be accounted for in accordance with accounting procedures described in the Accounting and Uniform Compliance Guidelines Manual for Extracurricular Accounts.

From the examples identified, it would appear that the question raised does not deal with the legitimacy, purpose, or consistency with the accounting of the funds, but rather the fact that the State Board of Accounts wants the paperwork dealing with the day-to-day activities of the usage fees maintained at the central office rather than the building. To maintain the day-to-day activity of these usage fees at a district level is inconsistent with the philosophy of PL-340.

IPS Officials will review and evaluate with principals and treasurers the procedure currently used for the accountability of usage fees. IPS will also hold staff accountable for any deviation from approved accounting procedures.

Arlington High School

PETTY CASH FUND ACTIVITY

As stated in the previous audit report responses, IPS General Counsel interprets the provisions of IC-36-1-8-1, and IC-36-1-8-3 to grant authority to a School Board to establish a petty cash fund for any of its offices. Pursuant to the provisions of this code the IPS Board of School Commissioners by Resolution #3102-91 August 1991, granted authority to schools to establish and maintain a petty cash fund.

EXPENSE REIMBURSEMENT ITEMIZATION

School officials have re-evaluated and adjusted practices to provide more detail on meals and ticketed items as to who is benefiting and why the purchase is made from Extracurricular Funds.

UNAUTHORIZED FEES

This process has been suspended until such time as the approval for such fees is granted by the school board.

Arsenal Technical High School

TEXTBOOK INDEBTEDNESS

Due to the large amount of students who do not pay for their textbooks, payment of the textbook invoices is often dependant on the state reimbursement. If sufficient balances do not exist in the textbook rental funds a payment plan will be agreed upon prior to ordering. The bill in question has since been paid.

CASH FUND MISUSE

School officials understand the intent of a cash change fund and have addressed proper procedures with the fund custodians.

PETTY CASH FUND ACTIVITY

As stated in the previous audit report responses, IPS General Counsel interprets the provisions of IC-36-1-8-1, and IC-36-1-8-3 to grant authority to a School Board to establish a petty cash fund for any of its offices. Pursuant to the provisions of this code the IPS Board of School Commissioners by Resolution #3102-91 August 1991, granted authority to schools to establish and maintain a petty cash fund.

TEXTBOOK RENTAL

These situations are exceptions to current operational practices, as current practice does reconcile the student accounts and track credits to reduce future obligations or create a refund upon leaving the school. However, school officials will monitor the student accounts much closer to ensure that ALL student records are being posted correctly and reconciled with the actual textbook rental charges.

INTERNAL CONTROLS

School officials will begin to use all aspects of the program currently in place to provide reconciliations from the computer system used to the handwritten receipts issues in the bookstore and thru the busy registration times.

Broad Ripple High School

PETTY CASH FUND ACTIVITY

As stated in the previous audit report responses, IPS General Counsel interprets the provisions of IC-36-1-8-1, and IC-36-1-8-3 to grant authority to a School Board to establish a petty cash fund for any of its offices. Pursuant to the provisions of this code the IPS Board of School Commissioners by Resolution #3102-91 August 1991, granted authority to schools to establish and maintain a petty cash fund.

Emmerich Manual High School

TEXTBOOK INDEBTEDNESS

Emmerich Manual High School has a large population of students who receive state assistance. Others who do not pay are sent to the collection agency, with Manual receiving little result. The school continues to work with the textbook vendors to pay the obligations as soon as possible.

CASH CHANGE FUND

School officials understand the process necessary for appropriate use of a cash change fund. Procedures have been reviewed with the fund custodian to ensure the money is deposited prior to the year end.

Northwest High School

PETTY CASH FUND ACTIVITY

As stated in the previous audit report responses, IPS General Counsel interprets the provisions of IC-36-1-8-1, and IC-36-1-8-3 to grant authority to a School Board to establish a petty cash fund for any of its offices. Pursuant to the provisions of this code the IPS Board of School Commissioners by Resolution #3102-91 August 1991, granted authority to schools to establish and maintain a petty cash fund.

TEXTBOOK RENTAL

Due to staff changes, this comment carried forward from the prior audit. This practice has been changed and current bookstore staff is posting accounts more accurately and timely. Reconciliations are being made allowing for refunds or additional charges to be collected.

New Horizons Alternative School

NONUSE OF FORM SA-7, CLAIM FOR PAYMENT

Due to staff changes and program relocation some of the documentation from the previous treasurer could not be located or followed into the next school year. As the new treasurer came on board, this issue was rectified and the Claim for Payment form was used.

CASH DISBURSEMENTS

This issue has been addressed with the principal. Cash withdrawals were stopped immediately.

New Horizons Alternative School (cont.)

STUDENT ACTIVITY FEE

Student activity fees ceased being charged when the issue was addressed in the prior audit. This is a carryover due to the timing of that audit. Fees will not be charged until approval is sought from and granted by the school board.

RECEIPT ISSUANCE

Due to staff changes there was some miscommunication concerning the use of the receipt book. As the new treasurer came on board, this issue was rectified and the Receipt book was used as prescribed.

TIMELY DEPOSITS

School officials have been made aware of the required timeline for deposits and have adjusted practices to allow for daily deposits.

George Washington Community School

ECA DEPOSITS

School officials have reviewed practices and are currently making deposits within one business day of receipt. This issue was a carryover due to timing of the prior audit and has been corrected.

PENALTIES, INTEREST AND OTHER CHARGES

Since school officials became aware of this bill, they have been working with the vendor and making monthly payments to ensure that payment was made in full as soon as possible. The bill in question was paid off completely by June 30, 2007. Purchasing procedures have been reviewed with staff and unauthorized purchases may be the personal responsibility of staff in the future.

Washington Irving Elementary School #14

SUPPORTING DOCUMENTATION

School officials understand this comment and will work on being more complete with adequate documentation in the future.

Riverside Elementary School #44

SALES TAX

IPS officials have reviewed the purchasing process with all staff to include using the tax exempt certificate when making direct purchases. Reimbursements will be watched more carefully to ensure that any tax paid is deducted prior to a reimbursement.

Rousseau McClellan Elementary School #91

GIFT CARDS

The gift card in question was purchased using the social dues collected from staff for a staff member to receive a service oriented gift. In the future, the school will be sure not to make any expenditures for gift cards or gift certificates.

T.C. Steele Elementary School #98

SALES TAX

School officials will watch receipts more carefully to ensure that any tax paid is deducted prior to a reimbursement.

PRESCRIBED FORMS

Signatures will be obtained for all locations on the Claim for Payment (SA-7) form.

Francis Bellamy Elementary School #102

USE OF FORM SA-7, CLAIM FOR PAYMENT

School officials have reviewed their documentation practices. Complete documentation will be attached to all Claim for Payment (SA-7) forms. The forms themselves will contain adequate itemization and signatures to constitute a valid claim in the future.

GIFT CARDS

School officials understand this comment and have found additional methods to provide rewards and incentives so as not to provide gift cards any further.