

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/19/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	9
Notes to Financial Statement	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Source (Uses), and Cash and Investment Balances – Regulatory Basis	16-19
Schedule of Capital Assets	20
Schedule of Long-Term Debt	21
Audit Results and Comments: Cellular Phones – Additional Charges	22
Credit Cards	22-24
Fund Sources and Uses – Barrier Removal Program	24
Internal Controls Over the Authorization of Salaries and Wages	24-25
Average Daily Membership (ADM) – Supporting Documentation	25
Textbook Reimbursement Claims	25-26
Supplemental Audit of Federal Awards: 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	28-29
Schedule of Expenditures of Federal Awards	32-33
Notes to Schedule of Expenditures of Federal Awards	34
Schedule of Findings and Questioned Costs	35-36
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings	37
Corrective Action Plan	38
Exit Conference	39
Official Response	40-42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Daniel J. Riley	07-01-09 to 06-30-12
Business Manager/ Assistant Treasurer	Tina Sherrard	07-01-09 to 06-30-12
Principal/Chief Operating Officer (COO)	Scott Bess	07-01-09 to 06-30-12
Chairman of the School Board	Fred C. Tucker III C. Perry Griffith, Jr.	07-01-09 to 12-31-10 01-01-10 to 06-30-12
President of Goodwill Education Initiatives	James McClelland	07-01-09 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying Financial Statement of the Indianapolis Metropolitan High School (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its Financial Statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 9, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments 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, School Board, others within the entity, 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

February 9, 2012



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

TO: THE OFFICIALS OF THE INDIANAPOLIS METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statement of the Indianapolis Metropolitan High School (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 9, 2012. 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. 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, School Board, others within the entity, 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

February 9, 2012

FINANCIAL STATEMENT

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

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INDIANAPOLIS METROPOLITAN HIGH SCHOOL
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 71,015	\$ 2,953,462	\$ 3,168,327	\$ (11,556)	\$ (155,406)	\$ 4,198,185	\$ 3,880,949	\$ (11,898)	\$ 149,932	
School Lunch	12,114	151,174	139,909	-	23,379	160,399	183,773	-	5	
Textbook Rental	6,363	20,769	1,695	-	25,437	59,856	7,769	-	77,524	
Alternative Education	-	3,126	-	-	3,126	-	3,126	-	-	
Ruth Lilly Grant	13,790	-	-	-	13,790	-	13,790	-	-	
Miscellaneous Programs	8,600	25,497	28,422	-	5,675	75,906	69,533	-	12,048	
Gifts and Donations	75,280	361,991	434,357	-	2,914	315,270	318,184	-	-	
Title I 2008-2009	25,346	20,000	45,346	-	-	-	-	-	-	
Title I 2009-2010	-	281,165	226,312	-	54,853	14,999	69,455	(397)	-	
Title I 2010-2011	-	-	-	-	-	242,169	249,958	397	(7,392)	
Title I School Improvement Innovative Education Program	-	-	-	-	-	460,393	524,417	-	(64,024)	
Strategies Title V (Part A)	-	50,000	44,586	-	5,414	-	-	-	5,414	
IDEA Special Education 2009-2010	-	71,577	71,577	-	-	-	-	-	-	
IDEA Special Education 2010-2011 Improving Teaching Quality, No Child Left, Title II, Part A	-	-	-	-	-	76,207	71,758	-	4,449	
Fiscal Stabilization - Education	-	33,316	-	-	33,316	-	33,316	-	-	
Title I - Grants to LEAs	-	72,534	72,534	-	-	-	-	-	-	
Special Education - Part B	-	170,044	100,113	-	69,931	74,400	144,331	-	-	
Education Technology	-	44,790	44,790	-	-	44,793	44,793	-	-	
School Lunch Equipment	-	147,000	142,127	-	4,873	-	4,873	-	-	
	-	14,540	14,540	-	-	-	-	-	-	
Totals	\$ 212,508	\$ 4,420,985	\$ 4,534,635	\$ (11,556)	\$ 87,302	\$ 5,722,577	\$ 5,620,025	\$ (11,898)	\$ 177,956	

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other financing sources and uses

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

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

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's chartering agency.

Note 3. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

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

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	School Lunch	Textbook Rental	Alternative Education	Ruth Lilly Grant	Miscellaneous Programs	Gifts and Donations	Title I 2008-2009	Title I 2009-2010
Cash and investments - beginning	\$ 71,015	\$ 12,114	\$ 6,363	\$ -	\$ 13,790	\$ 8,600	\$ 75,280	\$ 25,346	\$ -
Receipts:									
Local sources	64,363	44,672	-	-	-	25,497	361,991	-	-
State sources	2,889,099	11,482	20,769	3,126	-	-	-	-	-
Federal sources	-	95,020	-	-	-	-	-	20,000	281,165
Total receipts	<u>2,953,462</u>	<u>151,174</u>	<u>20,769</u>	<u>3,126</u>	<u>-</u>	<u>25,497</u>	<u>361,991</u>	<u>20,000</u>	<u>281,165</u>
Disbursements:									
Current:									
Instruction	1,330,429	-	1,695	-	-	3,092	183,330	45,200	223,853
Support services	1,556,102	120	-	-	-	(27)	133,004	-	2,459
Noninstructional services	70,579	139,789	-	-	-	25,357	6,387	146	-
Facilities acquisition and construction	158,527	-	-	-	-	-	62,355	-	-
Debt services	50,095	-	-	-	-	-	2,968	-	-
Nonprogrammed charges	2,595	-	-	-	-	-	46,313	-	-
Total disbursements	<u>3,168,327</u>	<u>139,909</u>	<u>1,695</u>	<u>-</u>	<u>-</u>	<u>28,422</u>	<u>434,357</u>	<u>45,346</u>	<u>226,312</u>
Excess (deficiency) of receipts over disbursements	<u>(214,865)</u>	<u>11,265</u>	<u>19,074</u>	<u>3,126</u>	<u>-</u>	<u>(2,925)</u>	<u>(72,366)</u>	<u>(25,346)</u>	<u>54,853</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(11,556)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(11,556)</u>	<u>-</u>	<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>(226,421)</u>	<u>11,265</u>	<u>19,074</u>	<u>3,126</u>	<u>-</u>	<u>(2,925)</u>	<u>(72,366)</u>	<u>(25,346)</u>	<u>54,853</u>
Cash and investments - ending	<u>\$ (155,406)</u>	<u>\$ 23,379</u>	<u>\$ 25,437</u>	<u>\$ 3,126</u>	<u>\$ 13,790</u>	<u>\$ 5,675</u>	<u>\$ 2,914</u>	<u>\$ -</u>	<u>\$ 54,853</u>

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Innovative Education Program Strategies Title V (Part A)	IDEA Special Education 2009-2010	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,508
Receipts:									
Local sources	-	-	-	-	-	-	-	-	496,523
State sources	-	-	-	-	-	-	-	-	2,924,476
Federal sources	50,000	71,577	33,316	72,534	170,044	44,790	147,000	14,540	999,986
Total receipts	50,000	71,577	33,316	72,534	170,044	44,790	147,000	14,540	4,420,985
Disbursements:									
Current:									
Instruction	18,186	-	-	6,185	3,583	5,549	-	-	1,821,102
Support services	12,000	69,557	-	55,779	838	5,075	142,127	-	1,977,034
Noninstructional services	-	-	-	9,500	-	-	-	14,540	266,298
Facilities acquisition and construction	14,400	2,020	-	1,070	95,692	34,166	-	-	368,230
Debt services	-	-	-	-	-	-	-	-	53,063
Nonprogrammed charges	-	-	-	-	-	-	-	-	48,908
Total disbursements	44,586	71,577	-	72,534	100,113	44,790	142,127	14,540	4,534,635
Excess (deficiency) of receipts over disbursements	5,414	-	33,316	-	69,931	-	4,873	-	(113,650)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(11,556)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(11,556)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,414	-	33,316	-	69,931	-	4,873	-	(125,206)
Cash and investments - ending	\$ 5,414	\$ -	\$ 33,316	\$ -	\$ 69,931	\$ -	\$ 4,873	\$ -	\$ 87,302

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	Alternative Education	Ruth Lilly Grant	Miscellaneous Programs	Gifts and Donations	Title I 2009-2010	Title I 2010-2011
Cash and investments - beginning	\$ (155,406)	\$ 23,379	\$ 25,437	\$ 3,126	\$ 13,790	\$ 5,675	\$ 2,914	\$ 54,853	\$ -
Receipts:									
Local sources	448,926	52,365	-	-	-	75,906	315,270	-	-
State sources	3,242,515	214	59,856	-	-	-	-	-	-
Federal sources	-	107,820	-	-	-	-	-	14,999	242,169
Temporary loans	506,744	-	-	-	-	-	-	-	-
Total receipts	<u>4,198,185</u>	<u>160,399</u>	<u>59,856</u>	<u>-</u>	<u>-</u>	<u>75,906</u>	<u>315,270</u>	<u>14,999</u>	<u>242,169</u>
Disbursements:									
Current:									
Instruction	1,600,015	-	7,769	-	-	61,211	97,321	66,224	186,006
Support services	1,857,477	50	-	3,126	-	62	15,113	-	23,395
Noninstructional services	6,925	183,723	-	-	-	8,260	44,606	-	13
Facilities acquisition and construction	174,417	-	-	-	13,790	-	50,996	3,231	40,544
Debt services	188,966	-	-	-	-	-	-	-	-
Nonprogrammed charges	53,149	-	-	-	-	-	110,148	-	-
Total disbursements	<u>3,880,949</u>	<u>183,773</u>	<u>7,769</u>	<u>3,126</u>	<u>13,790</u>	<u>69,533</u>	<u>318,184</u>	<u>69,455</u>	<u>249,958</u>
Excess (deficiency) of receipts over disbursements	<u>317,236</u>	<u>(23,374)</u>	<u>52,087</u>	<u>(3,126)</u>	<u>(13,790)</u>	<u>6,373</u>	<u>(2,914)</u>	<u>(54,456)</u>	<u>(7,789)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	397
Transfers out	(11,898)	-	-	-	-	-	-	(397)	-
Total other financing sources (uses)	<u>(11,898)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(397)</u>	<u>397</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>305,338</u>	<u>(23,374)</u>	<u>52,087</u>	<u>(3,126)</u>	<u>(13,790)</u>	<u>6,373</u>	<u>(2,914)</u>	<u>(54,853)</u>	<u>(7,392)</u>
Cash and investments - ending	<u>\$ 149,932</u>	<u>\$ 5</u>	<u>\$ 77,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,392)</u>

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I School Improvement	Innovative Education Program Strategies Title V (Part A)	IDEA Special Education 2010-2011	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Education Technology	Totals
Cash and investments - beginning	\$ -	\$ 5,414	\$ -	\$ 33,316	\$ 69,931	\$ -	\$ 4,873	\$ 87,302
Receipts:								
Local sources	-	-	-	-	-	-	-	892,467
State sources	-	-	-	-	-	-	-	3,302,585
Federal sources	460,393	-	76,207	-	74,400	44,793	-	1,020,781
Temporary loans	-	-	-	-	-	-	-	506,744
Total receipts	460,393	-	76,207	-	74,400	44,793	-	5,722,577
Disbursements:								
Current:								
Instruction	395,171	-	-	33,316	35,750	1,574	-	2,484,357
Support services	83,407	-	70,291	-	13,575	6,073	4,873	2,077,442
Noninstructional services	3,316	-	-	-	-	-	-	246,843
Facilities acquisition and construction	42,523	-	1,467	-	95,006	37,146	-	459,120
Debt services	-	-	-	-	-	-	-	188,966
Nonprogrammed charges	-	-	-	-	-	-	-	163,297
Total disbursements	524,417	-	71,758	33,316	144,331	44,793	4,873	5,620,025
Excess (deficiency) of receipts over disbursements	(64,024)	-	4,449	(33,316)	(69,931)	-	(4,873)	102,552
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	397
Transfers out	-	-	-	-	-	-	-	(12,295)
Total other financing sources (uses)	-	-	-	-	-	-	-	(11,898)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(64,024)	-	4,449	(33,316)	(69,931)	-	(4,873)	90,654
Cash and investments - ending	\$ (64,024)	\$ 5,414	\$ 4,449	\$ -	\$ -	\$ -	\$ -	\$ 177,956

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

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

	Ending <u>Balance</u>
Other:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 1,696,246</u>

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Notes and loans payable:			
Common School Loan #1 04 A020	\$ 181,208	\$ -	General
Common School Loan #2 05 A029	52,286	-	General
Common School Loan #3 05 A042	68,208	-	General
Common School Loan #4 06	122,205	-	General
Common School Loan #4 06 A074	112,022	-	General
Common School Loan #1 04 A021	181,208	-	General
Common School Loan #2 05 A030	55,926	-	General
Common School Loan #3 05 A043	91,815	-	General
Common School Loan Met Growth Loan A0185	<u>318,120</u>	<u>-</u>	General
 Total debt	 <u>\$ 1,182,998</u>	 <u>\$ -</u>	

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS

CELLULAR PHONES – ADDITIONAL CHARGES

The School Corporation paid for cellular phones for administrators, teachers, and other school staff during the audit period. Monthly statements for cellular phones for four months during 2009-2010 were presented late in the audit and were not reviewed. We reviewed 20 monthly cellular statements and observed additional charges, over the allowable monthly usage, totaling \$8,041 assessed and paid. Additional charges included: calls to information totaling \$616, international text messages totaling \$4, 3rd party charges (applications, downloads, monthly automated texting services) totaling \$362, equipment and retail totaling \$6,538, and excessive text messages (over the limit) totaling \$521. Additionally, late fees in the amount of \$416 were paid on the monthly statements reviewed.

As of April 2011, which was the last monthly cellular phone statement presented, a total of 64 cellular phones were paid for by the School Corporation. The School Corporation did not have a formal policy in place to address who would be provided cellular phones, allowable usage, or additional charges.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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 Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

During 2010-2011, the School Corporation used several credit cards to make purchases. Some credit card statements were not presented for audit. We reviewed credit card statements that were attached to paid claims totaling \$90,423. A vendor history provided by the School Corporation reported payments to the credit card vendor totaling \$105,000. Documentation for the remaining \$14,577 in credit card payments was not presented for audit. Also, sufficient supporting documentation was not provided for 9 of the 16 credit card claims reviewed. The following deficiencies were noted:

- Credit card purchases totaling \$13,445 did not have original receipts or invoices or were supported only by the credit card slip which did not include itemization of the purchases.
- Credit cards were used for sales tax, gift cards, prepaid credit cards, and student/family assistance. The total amount of sales tax paid was \$764; however additional amounts may have been paid on other purchases that did not have supporting documentation.
- Gift cards and prepaid credit cards totaling \$2,445 were purchased for student and staff incentives and awards. However, documentation was not provided to determine who received the gift cards and prepaid credit cards.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

- Credit cards were also used for student/family assistance through a barrier removal program operated by the School Corporation. Credit cards were used to pay utility bills, a car payment, gas cards, and gift cards which did not always have enough information to verify the credit card purchases were for the proper amounts or credited to the proper student/family. Credit card purchases related to the barrier removal program totaled \$4,123.

In addition to the credit cards noted above, the School Corporation also used a gas card in which finance charges were paid. Finance charges totaling \$73 were paid during 2010-2011.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

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 Indiana Public School Corporations, Chapter 9)

FUND SOURCES AND USES - BARRIER REMOVAL PROGRAM

The General Fund and Gifts and Donations Fund were used to provide assistance to students and their families through a barrier removal program. Based on documentation presented for audit, disbursements for this program included payments for utility bills, rent, a car payment, clothing, food, gas cards, and gifts cards to various stores. General Fund receipts consist of state and local sources. Local sources consisted primarily of refunds and reimbursements. The General Fund did not receive any specific funding that would support the use of General Funds to operate the program. The barrier removal coordinator for 2010-2011 kept an electronic log of assistance payments for the school year; however, we were not able to verify all the transactions on the log to the financial records. Records related to the program were not presented for the 2009-2010 school year. The transactions were recorded in two different funds and multiple line items which did not always include enough description to identify the transactions. Therefore, we were not able to determine the total amount of disbursements for this program for the audit period.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS OVER THE AUTHORIZATION OF SALARIES AND WAGES

Internal controls over payroll disbursements were not adequate. Salaries and wages during the audit period were not established by a formal salary resolution or schedule approved and signed by the governing board. The total amount budgeted for salaries and wages was approved by the governing board; however, individual salaries and wages were not approved by the governing board.

Salaries and wages were determined by Goodwill Industries and offer letters were sent to employees. After employees accepted the offers, "Employee Status Change Forms" were prepared and signed by the Principal and sent to the Business Manager/Assistant Treasurer who entered the information into the payroll system. New "Employee Status Change Forms" were to be completed for any changes in salaries and wages. Two employees tested were paid amounts that did not agree with the "Employee Status Change Forms" presented for audit. There is no evidence that anyone other than the Principal authorized salaries and wages.

Failure to maintain adequate controls over the authorization of salaries and wages could result in incorrect or unauthorized compensation being paid to employees.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
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 Indiana Public School Corporations, Chapter 9)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

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."

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 Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - SUPPORTING DOCUMENTATION

School Corporation records to support the ADM claimed by the School Corporation for the September 18, 2009 and September 17, 2010 count dates were not presented for audit. Documentation presented for audit included electronic files that were generated from information obtained from the Department of Education's (DOE) website. Therefore, ADM could not be verified to the schools records.

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."

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 163, September 2003, and Volume 182, June 2008)

TEXTBOOK REIMBURSEMENT CLAIMS

Textbook Reimbursement Claims presented for the audit period were not properly calculated. The claims included disbursements for educational materials that were not textbooks or consumables. Additionally, the amounts included were for the total invoice amounts paid. The 2010-2011 claim included all the costs reported on the 2009-2010 claim plus current year disbursements for educational materials. Reimbursement amounts should be calculated based on a per pupil cost for textbooks and consumables for each grade and multiplied by the number of eligible students to determine the amount to be included as costs on the claim for reimbursement. Sufficient information was not provided to determine the correct reimbursement amounts for 2009-2010 and 2010-2011.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
AUDIT RESULTS AND COMMENTS
(Continued)

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)

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 METROPOLITAN
HIGH SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Indianapolis Metropolitan High School (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 years ended June 30, 2010 and 2011. 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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 years ended June 30, 2010 and 2011.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the finding identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

February 9, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY10 FY11	\$ 23,392 -	\$ - 19,156
Total for program			<u>23,392</u>	<u>19,156</u>
National School Lunch Program	10.555	FY10 FY11	71,878 -	- 77,816
Total for program			<u>71,878</u>	<u>77,816</u>
Total for cluster			<u>95,270</u>	<u>96,972</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability School Lunch Equipment	10.579	FY10	14,540	-
Total for federal grantor agency			<u>109,810</u>	<u>96,972</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-9670 10-9670 11-9670	45,346 226,312 -	- 69,455 249,958
Total for program			<u>271,658</u>	<u>319,413</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-9670	100,113	144,331
Total for cluster			<u>371,771</u>	<u>463,744</u>
Special Education Cluster				
Special Education - Grants to States	84.027	FY10 FY11	71,577 -	- 71,758
Total for program			<u>71,577</u>	<u>71,758</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY10	44,790	44,793
Total for cluster			<u>116,367</u>	<u>116,551</u>

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2010 and 2011
 (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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Educational Technology State Grants Cluster				
ARRA - Education Technology State Grants, Recovery Act	84.386	FY10	142,127	4,873
Total for cluster			142,127	4,873
School Improvement Grants Cluster				
ARRA - School Improvement Grants, Recovery Act	84.388	FY11	-	524,417
Total for cluster			-	524,417
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	72,534	-
Total for cluster			72,534	-
State Grants for Innovative Programs	84.298	FY10	44,586	-
Improving Teacher Quality State Grants	84.367	FY10 FY11	- -	- 33,316
Total for program			-	33,316
Total for federal grantor agency			747,385	1,142,901
Total federal awards expended			\$ 857,195	\$ 1,239,873

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

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 61	\$ 1,325
National School Lunch Program	10.555	188	5,228

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	no
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
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?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I Part A Cluster
School Improvement Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

No matters are reportable.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Finding and Questioned Costs

FINDING 2011-1 - INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I, Part A Cluster
CFDA Number: 84.010, 84.389
Federal Award Number and Year (or Other Identifying Number): 10-9670, 11-9670
Pass-Through Entity: Indiana Department of Education

Proper internal controls were not in place to ensure that surplus cash was not on hand. Amounts received by the School Corporation for the Title I, Part A Cluster Grant were drawn down in advance. School Corporation Officials were required to review needs and draw funds as needed in accordance with federal guidelines. A schedule of draw downs was included in the application for grant funds. The cash balances of the Title I grants exceeded the allowable cash balance based on estimated future requirements for 8 of the 12 months in 2009-2010. The total cash balance of all Title I grants at June 30, 2010, as reported to the Indiana Department of Education, was \$124,784, which was approximately 26 percent of the total Title I grants received during 2009-2010. The estimated cash needs in the few months subsequent to year end did not substantiate the need for this amount of cash. Cash drawdown requests were not revised to ensure there would not be excess cash on hand throughout the school years. In 2010-2011, the method used for draw downs changed and resulted in a negative total cash balance of \$7,392 for June 30, 2011.

Due to the magnitude of noncompliance and weaknesses in internal controls, we have determined this to be a significant deficiency.

34 CFR 80.20 (b)(7) states:

"Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirement as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

February 6, 2012

FEDERAL FINDING 2011-1, INTERNAL CONTROLS OVER CASH MANAGEMENT

Corrective Action Plan

Address cash management of Title 1 funding

Corrective Action Statement for ISBA Auditor

In the matter of the Title 1 funds cash management the Indianapolis Metropolitan High School received funding in advance during the 2009-10 school year. The total amount of the grant was taken and divided out for a 12 month period. The timing of the purchases for Netbooks for each student enrolled in the high school did not match up with the grant money. During the 2010-11 school year, the method used to draw down funds changed to a reimbursement based system, which eliminated the issue found. School funds are now spent in advance and then reimbursed from the Department of Education. It is believed that this method will eliminate any reoccurrence of this problem.

Signed

Tina Sherrard

Director of Business Services
Goodwill Education Initiative
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INDIANAPOLIS METROPOLITAN HIGH SCHOOL
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2012, with Daniel J. Riley, Treasurer; Tina Sherrard, Business Manager/Assistant Treasurer; C. Perry Griffith, Jr., Chairman of the School Board; Scott Bess, Principal/Chief Operating Officer (COO); and James McClelland, President of Goodwill Education Initiatives. The Official Response has been made a part of this report and may be found on pages 40 through 42.



Relationships • Relevance • Rigor

February 14, 2012

Indiana State Board of Accounts
302 West Washington Street Room E418
Indianapolis, Indiana 46204-2765

RE: Goodwill Education Initiatives, Inc.
Indianapolis Metropolitan High School
Written Response to SBOA Audit Results and Comments

State Board of Accounts,

Goodwill Education Initiatives, Inc. and The Indianapolis Metropolitan High School appreciate the opportunity to respond to SBOA's audit results and comments. We also appreciate the courtesy and expediency with which your staff conducted the biennial audit of the Metropolitan High School.

Audit Comment : CELLULAR PHONES – ADDITIONAL CHARGES

Management Response:

We concur with SBOA that certain charges identified by SBOA in their review of monthly cell phone bills can be reduced or eliminated. The nature of our student population and our education model are such that we have asked our staff to be available to our students well beyond the hours of a regular school day. Students often communicate with their teachers and counselors via voice and text. We have taken steps to significantly reduce the number of school-paid cell phones, as the phone contracts expire in calendar year 2012. In addition, we take advantage of educational rates, or e-rates, for items like cell phones, computers, etc. SBOA's findings reflect the undiscounted charges on the cell phone invoices. After applicable e-rate discounts, the net amount paid for cell phones is reduced significantly – more than 80% - from the amounts reflected in SBOA's findings. Still, we will continue to exercise prudence in issuing additional cell phones, and we will carefully monitor ongoing usage.

Audit Comment: CREDIT CARDS

Management Response:

We have found the use of corporate purchasing cards (p-cards) to be a convenient, efficient way for staff to make purchases for field trips, events, non-recurring items, etc. The p-card program we utilize allows us to set transaction and account limits, set geographic boundaries, and control the types of transactions cardholders can make. Each cardholder signs a p-card policy which indicates proper use of and documentation requirements for p-card purchases. In addition, the same individuals are provided with a copy of the current Indiana ST-105 (sales tax exemption certificate) for the school. They are instructed to present the exemption certificate with all purchases, p-card or otherwise. We concur with SBOA's findings that the documentation supporting p-card purchases is sometimes inconsistent, and

sales taxes have been incorrectly paid on occasion. We have re-emphasized our internal documentation requirements, and will revoke p-card privileges for individuals who do not comply with our policies.

SBOA also commented on the use of gift cards as incentives for students and staff, and that controls can be improved for tracking gift card recipients and the reasons for the awards. We will implement a complete inventory system for incentive gift cards so that we can easily track the number and dollar value of cards purchased and the distribution of the gift cards to recipients.

Audit Comments: BARRIER REMOVAL PROGRAM

Management Response:

A number of our students have extraordinarily difficult home lives and face many challenges in their educational lives. Quite often, such students are unable to do school work, study, read, or even come to school due to crises in their homes and personal lives. To the extent we are able, we will assist a student and/or his or her family by helping remove a barrier to their education. Assistance with rent, utilities, transportation or clothing often allows a student to stay in or return to school and continue their education and progress towards graduation. We are not aware of a prohibition against using general fund dollars to provide occasional assistance to students and families in dire need of help.

Audit Comments: INTERNAL CONTROLS OVER THE AUTHORIZATION OF SALARIES AND WAGES

Management Response:

SBOA is accustomed to seeing formal salary resolutions and/or salaries governed by collective bargaining agreements. Because Indianapolis Metropolitan does not have collective bargaining arrangements, salaries are approved by the Board of Directors via the annual budget process. When the annual budget is finalized and submitted to the Board for review and approval, a key element of the budget package is a list of current and budgeted salaries for existing employees, and projected salaries for new positions. The board considers the budget as a whole, and based on its review and questions regarding the detailed information and assumptions contained therein, approves it in its entirety for the coming school year. Within the approved budget, school leadership has the ability to manage salaries as it sees fit, recognizing and rewarding performance (and adjusting as needed where lack of performance is evident). It has been the Board's philosophy, and school leadership's intent, to manage within the total approved budget for each school year. Going forward, the Board will consider in greater detail the budgeted salaries schedule that lists all existing and new positions. The Board will also designate the Chief Operating Officer and Treasurer or Assistant Treasurer (in the Treasurer's absence) to sign off on all salary adjustments during a school year.

Audit Comments: AVERAGE DAILY MEMBERSHIP (ADM) – SUPPORTING DOCUMENTATION

Management Response:

It is our understanding that SBOA and the Indiana Department of Education (DOE) differ in their interpretations regarding what constitutes adequate supporting documentation for ADM. We followed DOE's prescribed compliance requirements for substantiating our ADM. Going forward the SBOA would like to see a report, generated from our student management system, of the students reported per grade level with written remarks of any adjustments or corrections made before final submission of our count-day ADM. The report should have the superintendent's signature in addition to the ADM signature page that verifies the students submitted matches the final count submitted. This process will be implemented and followed for future school years.

Audit Comments: TEXTBOOK REIMBURSEMENT CLAIMS

Management Response:

We concur with SBOA that calculations used for determining textbook reimbursement were not fully consistent with DOE procedures. As stated by the SBOA auditor, instructions for textbook reimbursement are not entirely clear, and that findings are frequently cited for schools new to the process or with personnel who are new to the process. While the full cost of some textbook materials (including certain computer software fees) can be included with the full purchase price applied across our free/reduced student population, we now understand that other items must have the cost spread out over five years. Our business management staff will work directly with the Department of Education finance staff to reconcile our filing in error with the correct calculations and to receive in depth training on the proper preparation of the reimbursement report.

We look forward to working with the SBOA team in the future.

Regards,

A handwritten signature in black ink, appearing to read "Dan Riley", written in a cursive style.

Daniel J. Riley
Treasurer, Goodwill Education Initiatives, Inc.