

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

EXAMINATION REPORT  
OF  
INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
MARION COUNTY, INDIANA  
July 1, 2007



**FILED**  
05/21/2010



## TABLE OF CONTENTS

| <u>Description</u>                                                              | <u>Page</u> |
|---------------------------------------------------------------------------------|-------------|
| Officials .....                                                                 | 2           |
| Independent Accountant's Report.....                                            | 3           |
| Financial Information:                                                          |             |
| Government-Wide Financial Information:                                          |             |
| Statement of Cash Activities and Net Assets .....                               | 4           |
| Fund Financial Information:                                                     |             |
| Governmental Funds:                                                             |             |
| Statement of Receipts, Disbursements, and Cash and Investment Balances          |             |
| – Governmental Funds .....                                                      | 5           |
| Notes to Financial Information .....                                            | 6-9         |
| Supplementary Information:                                                      |             |
| Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and |             |
| Changes in Fund Balances – Cash and Investment Basis –                          |             |
| Other Governmental Funds .....                                                  | 10          |
| Exit Conference.....                                                            | 11          |

#### OFFICIALS

| <u>Office</u>                                  | <u>Official</u>    | <u>Term</u> |
|------------------------------------------------|--------------------|-------------|
| Treasurer                                      | Daniel J. Riley    | 07-01-07    |
| Chairman of the<br>Board of Directors          | Fred C. Tucker III | 07-01-07    |
| Chief Administrative Officer                   | Scott E. Bess      | 07-01-07    |
| President of<br>Goodwill Education Initiatives | Jim McClelland     | 07-01-07    |



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANAPOLIS METROPOLITAN  
CAREER ACADEMY #2, MARION COUNTY, INDIANA

We have examined the financial information presented herein of Indianapolis Metropolitan Career Academy #2 (School Corporation), for the period of July 1, 2007. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the School Corporation for July 1, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 25, 2010

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Period Ended July 1, 2007

|                           |                      | Net<br>(Disbursements)<br>Changes in<br>Net Assets |
|---------------------------|----------------------|----------------------------------------------------|
| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Totals</u>                                      |
| Governmental activities:  |                      |                                                    |
| Nonprogrammed charges     | \$ 64,260            | \$ (64,260)                                        |
|                           |                      |                                                    |
| Change in net assets      |                      | (64,260)                                           |
| Net assets - beginning    |                      | 64,260                                             |
| Net assets - ending       |                      | \$ -                                               |
| <u>Assets</u>             |                      |                                                    |
| Cash and investments      |                      | \$ -                                               |
| <u>Net Assets</u>         |                      |                                                    |
| Unrestricted              |                      | \$ -                                               |

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

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Period Ended July 1, 2007

|                                                                                   | General     | Ruth<br>Lilly | McCabe<br>Fund | Student<br>Activities | Other       | Totals      |
|-----------------------------------------------------------------------------------|-------------|---------------|----------------|-----------------------|-------------|-------------|
| Disbursements:                                                                    |             |               |                |                       |             |             |
| Current:                                                                          |             |               |                |                       |             |             |
| Nonprogrammed charges                                                             | \$ 23,664   | \$ 9,395      | \$ 21,365      | \$ 7,338              | \$ 2,498    | \$ 64,260   |
| Deficiency of receipts over<br>disbursements                                      | (23,664)    | (9,395)       | (21,365)       | (7,338)               | (2,498)     | (64,260)    |
| Other financing sources (uses):                                                   |             |               |                |                       |             |             |
| Transfer In                                                                       | -           | -             | -              | -                     | 20,765      | 20,765      |
| Transfer out                                                                      | (20,765)    | -             | -              | -                     | -           | (20,765)    |
| Total other financing sources                                                     | (20,765)    | -             | -              | -                     | 20,765      | -           |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements | (44,429)    | (9,395)       | (21,365)       | (7,338)               | 18,267      | (64,260)    |
| Cash and investments - beginning                                                  | 44,429      | 9,395         | 21,365         | 7,338                 | (18,267)    | 64,260      |
| Cash and investments - ending                                                     | <u>\$ -</u> | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>           | <u>\$ -</u> | <u>\$ -</u> |
| <u>Cash and Investment Assets - Ending</u>                                        |             |               |                |                       |             |             |
| Cash and investments                                                              | <u>\$ -</u> | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>           | <u>\$ -</u> | <u>\$ -</u> |
| <u>Cash and Investment Fund Balance - Ending</u>                                  |             |               |                |                       |             |             |
| Unrestricted                                                                      | <u>\$ -</u> | <u>\$ -</u>   | <u>\$ -</u>    | <u>\$ -</u>           | <u>\$ -</u> | <u>\$ -</u> |

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

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

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

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial 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, 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.

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 Ruth Lilly fund is used to account for proceeds of a grant from the foundation.

The mccabe fund accounts for financial resources relating to lumina foundation grants.

The student activities fund accounts for contributions and other donations used in student related activities.

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
NOTES TO FINANCIAL INFORMATION  
(Continued)

B. Measurement Focus and Basis of Accounting

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

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

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial 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.

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

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

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

Note 3. Budgets

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

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

Note 6. Interfund Transfers

Interfund Transfers were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> |                  |
|----------------------|--------------------|------------------|
| General              | School Lunch       | <u>\$ 20,765</u> |

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

Note 7. 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 (Indiana Code 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

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 8. School Consolidation

On July 1, 2007, Indianapolis Metropolitan Career Academy #2 was consolidated with Indianapolis Metropolitan Career Academy #1 to form one school named Indianapolis Metropolitan High School. All assets, liabilities and cash and investment balances of Indianapolis Metropolitan Career Academy #2 were transferred to Indianapolis Metropolitan High School.

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
 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 Period Ended July 1, 2007

|                                                                                                               | School<br>Lunch | Textbook<br>Rental | Title I  | Totals   |
|---------------------------------------------------------------------------------------------------------------|-----------------|--------------------|----------|----------|
| Disbursements:                                                                                                |                 |                    |          |          |
| Current:                                                                                                      |                 |                    |          |          |
| Nonprogrammed charges                                                                                         | \$ -            | \$ 1,051           | \$ 1,447 | \$ 2,498 |
| Deficiency of receipts over disbursements                                                                     | -               | (1,051)            | (1,447)  | (2,498)  |
| Other financing sources:                                                                                      |                 |                    |          |          |
| Transfer in                                                                                                   | 20,765          | -                  | -        | 20,765   |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | 20,765          | (1,051)            | (1,447)  | 18,267   |
| Cash and investments - beginning                                                                              | (20,765)        | 1,051              | 1,447    | (18,267) |
| Cash and investments - ending                                                                                 | \$ -            | \$ -               | \$ -     | \$ -     |
| <u>Cash and Investment Assets - Ending</u>                                                                    |                 |                    |          |          |
| Cash and investments                                                                                          | \$ -            | \$ -               | \$ -     | \$ -     |
| <u>Cash and Investment Fund Balance - Ending</u>                                                              |                 |                    |          |          |
| Unrestricted                                                                                                  | \$ -            | \$ -               | \$ -     | \$ -     |

INDIANAPOLIS METROPOLITAN CAREER ACADEMY #2  
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2010 with Daniel J. Riley, Treasurer; Scott E. Bess, Chief Administrative Officer; and Jim McClelland, President of Goodwill Education Initiatives. Our examination disclosed no material items that warrant comment at this time.